The Narragansett Electric Company d/b/a Rhode Island Energy

Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan

December 31, 2024

Docket No. 24-55-NG

Submitted to: Rhode Island Public Utilities Commission

Submitted by:



Filing Letter & Motion 280 Melrose Street Providence, RI 02907 Phone 401-784-4263



December 31, 2024

VIA HAND DELIVERY AND ELECTRONIC MAIL

Stephanie De La Rosa, Commission Clerk Rhode Island Public Utilities Commission 89 Jefferson Boulevard Warwick, RI 02888

RE: Docket No. 24-55-NG – The Narragansett Electric Company d/b/a Rhode Island Energy <u>Proposed Fiscal Year 2026 Gas Infrastructure, Safety, and Reliability Plan</u>

Dear Ms. De La Rosa:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company"), enclosed is the Company's proposed Gas Infrastructure, Safety, and Reliability Plan (the "Gas ISR Plan") for fiscal year ("FY") 2026 for review and approval by the Public Utilities Commission ("PUC") in the above-referenced docket. This Gas ISR Plan is being filed in accordance with R.I. Gen. Laws § 39-1-27.7.1(d) and in response to PUC counsel's December 30, 2024 email to the service list as further described below.

Procedural Background

The Company initially filed its FY2026 Gas ISR Plan with the PUC on December 20, 2024, consisting of the following:

- Book 1 Transmittal Letter, Motion for Protective Treatment of Confidential Information, Pre-filed Direct Testimonies of Company Witnesses Philip LaFond,¹ Laeyeng Hunt, Dr. Lee Gresham, Jeffery D. Oliveira, Natalie Hawk, and Tyler G. Shields
- Book 2 Company Responses to the first set of data requests from the Division of Public Utilities and Carriers (the "Division") related to the FY2026 Gas ISR Plan
- Book 3 Company Responses to the second and third sets of data requests from the Division related to the FY2026 Gas ISR Plan (Public Version)
- Book 4 Company Responses to the second and third sets of data requests from the Division related to the FY2026 Gas ISR Plan (Confidential Version)

On December 24, 2024, the PUC's counsel indicated to the Company's counsel via telephone that the Company's FY2026 Gas ISR Plan filed on December 20, 2024, was being

¹ The FY2026 Gas ISR Plan is provided as Attachment 1 to Mr. Lafond's Pre-Filed Direct Testimony.

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rejected, which was confirmed via email sent to the service list on December 30, 2024. To rectify the identified cause of this rejection, the Company is resubmitting Book 1 of its FY2026 Gas ISR Plan filing, which now includes two separate calculations of revenue requirements, proposed factors and bill impacts.² One set of calculations, described in Sections 3 and 4 of the FY2026 Gas ISR Plan, treats the cost of curb-to-curb paving as operation and maintenance ("O&M") expense consistent with calculation of the FY2025 Gas ISR Plan revenue requirement. For the PUC's consideration, this FY2026 Gas ISR Plan includes an alternative proposal to treat curb-to-curb paving costs as capital investment rather than O&M expense, which is reflected in the calculations described in Sections 5 and 6 of the FY2026 Gas ISR Plan.

The Company respectfully requests that the PUC approve the enclosed Gas ISR Plan as filed and employ the Company's alternative proposal to treat the costs of curb-to-curb paving as capital investment for the purpose of revenue requirement calculation.

Division Consultation

On October 23, 2024, the Company submitted an earlier version of the proposed Gas ISR Plan to the Division for review.³ The Division's review included the initial walk-through of the plan, issuing informal and formal discovery requests to the Company, reviewing responses to those requests, and engaging in discussions with Company representatives. After discussions with the Company, the Division and the Company were able to tentatively agree on the plan and budget that has been filed with the PUC.⁴ The Division's review of the budget and plan is ongoing.

² The Company's responses to the Division's data requests were included in Books 2, 3, and 4 of its December 20, 2024 filing and the responses have not changed since that time. The Company has been informed by the Commission Clerk that the PUC still has the hard copies of Books 2, 3, and 4 that were previously filed and, therefore, the Company is not resubmitting them at this time.

³ Please note that the Company filed Section 1 (Introduction and Summary) and Section 2 (Gas Capital Investment Plan) of the plan with the Division on October 23, 2024. The Company provided Section 3 (Revenue Requirement) and Section 4 (Rate Design) to the Division on October 31, 2024. Company personnel confirmed this approach with the Division's Chief Regulatory Analyst.

⁴ The Company has attempted to reach the Division to confirm that its position is unaffected by the changes to this filing as compared to the FY2026 Gas ISR Plan that was submitted on December 20, 2024 and is awaiting confirmation at this time. There have been no changes to the Company's proposed budget or workplan since the Company's December 20, 2024 filing.

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Gas Capital Investment Plan

The Gas ISR Plan sets forth proposals the Company has identified as necessary to sustain and enhance the safety and reliability of its gas distribution system. As detailed in Sections 1 and 2 of the Gas ISR Plan, the Company is proposing a total budget of \$186.62 million for capital investments other than curb-to-curb paving in FY 2026. The Company is also proposing \$22.0 million for curb-to-curb paving costs that are necessary to complete the proposed work whether those costs are treated as O&M expense or capital investment. The Company has included an additional \$14.64 million of spending in FY2026 to support a contingency plan to address the Pipeline and Hazardous Materials Safety Administration's ("PHMSA") Notice of Proposed Rulemaking concerning gas pipeline leak detection and repair, or "LDAR," which would obligate the Company to act on Grade 3 leaks and result in more leak repairs and main replacement and abandonment. Including the FY2026 PHMSA contingency plan spending, the overall total is \$223.26 million. Please see the table below for a comparison of the proposed FY2026 budget to the approved FY2025 budget.

Description	FY 2025 Approved	FY 2026 Paving as O&M	FY 2026 Paving as Capital
Capital Investments	\$168.24 M	\$186.62 M	\$208.62 M
PHMSA Contingency Plan	\$10.79 M	\$14.64 M	\$14.64 M
Operation and Maintenance	\$12.00 M	\$22.00M	\$0.00 M
Total Budget	\$191.03 M	\$223.26 M	\$223.26 M

In support of Sections 1 and 2 of the FY2026 Gas ISR Plan, please see the Pre-Filed Direct Testimony of Company witnesses Philip LaFond, Laeyeng Hunt, and Lee Gresham.

Revenue Requirement

As detailed in Section 3 of the Gas ISR Plan, if curb-to-curb paving costs are treated as O&M expense for FY2026 the Company proposes capital spending that results in an incremental revenue requirement of \$24,581,919 over the amount in the FY2025 Gas ISR Plan to be collected through the Distribution Adjustment Charge ("DAC") effective April 1, 2024. The Total Net Capital Investment Component of Revenue Requirement for FY2026 is \$108,561,885 compared to FY2025, which was \$83,979,966. In support of the revenue requirement calculations, please see Pre-Filed Direct Testimony of Company witness Jeffrey D. Oliveira.

The FY2026 revenue requirement described above factors in a downward Tax Hold Harmless Adjustment of \$4,741,345. In support of the tax calculations in the revenue

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requirement and the hold harmless adjustment, please see Pre-Filed Direct Testimony of Company witness Natalie Hawk.

Bill Impacts

As indicated in Section 4 of the proposed Gas ISR Plan, the Company proposes changes to gas distribution rates that would take effect April 1, 2024.

The impact on an average residential heating customer using 845 therms annually is an increase of \$78.58, from \$1,785.11 to \$1,863.68, or 4.4%, if curb-to-curb paving costs are treated as O&M expense. The impact on other customer rate classes will vary depending upon the rate class and usage. In support of the bill impact calculations, please see Pre-Filed Direct Testimony of Company witness Tyler G. Shields.

Alternative Proposal for Paving Costs

The proposed budget for FY2026 includes an estimated \$22 million for curb-to-curb paving. Last year, the PUC directed the Company to calculate the FY2025 revenue requirement by treating curb-to-curb paving costs as an O&M expense. Since that time, the Company has learned of certain tax implications, explained in Sections 3 and 5 of the Gas ISR Plan and in the Pre-Filed Direct Testimony of Company witnesses Philip LaFond and Natalie Hawk, that result in the treatment of paving costs as O&M being more expensive for customers in both the short-and long-term. In light of this information, the Company has included an alternative proposal to treat curb-to-curb paving costs as capital investments. The Company, therefore, respectfully requests that the PUC consider this new information when determining the appropriate classification of paving costs for FY2026.

Responses to Division Discovery (Books 2, 3, and 4)

As part of this filing, the Company is including its responses to three sets of data requests issued by the Division with respect to the FY2026 Gas ISR Plan. Please be advised that the Company's response to Division 3-10 and Attachments DIV 3-3-2, DIV 3-4-2, DIV 3-5, and DIV 3-6-1 through 6 contain Critical Energy Infrastructure Information ("CEII"). Pursuant to 810-RICR-00-00-1.3(H)(3) and R.I. Gen. Laws § 38-2-2(4)(B) and § 38-2-2(4)(F), the Company respectfully requests that the PUC treat the requests with CEII as confidential.

In support of this request, the Company has enclosed a Motion for Protective Treatment of Confidential Information. In accordance with 810-RICR-00-00-1.3(H)(2), the Company also respectfully requests that the PUC make a preliminary finding that the confidential information is exempt from the mandatory public disclosure requirements of the Rhode Island Access to Public Records Act.

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Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-4263.

Very truly yours,

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Andrew S. Marcaccio

Enclosure

cc: Docket No. 24-55-NG Service List Al Mancini, Division (w/confidential versions) John Bell, Division (w/confidential versions)

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were 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.

Jido

Heidi J. Seddon

December 31, 2024 Date

Docket No. 24-55-NG- RI Energy's Gas Infrastructure, Safety and Reliability (ISR) Plan 2026 – Service List 12/20/2024

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STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

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THE NARRAGANSETT ELECTRIC COMPANY d/b/a RHODE ISLAND ENERGY'S FY 2026 GAS INFRASTRUCTURE, SAFETY AND RELIABILITY PLAN

DOCKET NO. 24-55-NG

MOTION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A RHODE ISLAND ENERGY FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION

The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company") hereby respectfully requests that the Public Utilities Commission ("PUC") grant protection from public disclosure certain confidential information submitted by the Company in the above referenced docket. The reasons for the protective treatment are set forth herein. The Company also requests that, pending entry of that finding, the PUC preliminarily grant the Company's request for confidential treatment pursuant to 810-RICR-00-00-1.3(H)(2).

The records that are the subject of this Motion that require protective treatment from public disclosure are the Company's response to data request Division 3-10 and Attachments DIV 3-3-2, DIV 3-4-2, DIV 3-5, and DIV 3-6-1 through 3-6-6 ("Confidential Records") which were submitted to the Division of Public Utilities and Carriers ("Division") in response to the Third Set of Data Requests issued by the Division during the pre-filing stage and then filed by the Company in the above referenced docket on December 31, 2024. The Company requests protective treatment of the Confidential Records in accordance with 810-RICR-00-00-1.3(H) and R.I. Gen. Laws § 38-2-2-(4)(B).

I. LEGAL STANDARD

For matters before the PUC, a claim for protective treatment of information is governed by the policy underlying the Access to Public Records Act ("APRA"), R.I. Gen. Laws § 38-2-1, *et*

seq. <u>See</u> 810-RICR-00-00-1.3(H)(1). Under APRA, any record received or maintained by a state or local governmental agency in connection with the transaction of official business is considered public unless such record falls into one of the exemptions specifically identified by APRA. <u>See</u> R.I. Gen. Laws §§ 38-2-3(a) and 38-2-2(4). Therefore, if a record provided to the PUC falls within one of the designated APRA exemptions, the PUC is authorized to deem such record confidential and withhold it from public disclosure.

II. BASIS FOR CONFIDENTIALITY

The Confidential Records, which are the subject of this Motion, are exempt from public disclosure pursuant to R.I. Gen. Laws § 38-2-2(4)(B) and 2(4)(F) as "[t]rade secrets and commercial or financial information obtained from a person, firm, or corporation that is of a privileged or confidential nature," and, "[s]cientific and technological secrets...the disclosure of which would endanger the public welfare and security." The Rhode Island Supreme Court has held that the confidential information exemption of R.I. Gen. Laws § 38-2-2(4)(B) applies where the disclosure of information is likely either (1) to impair the government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. <u>Providence Journal v. Convention Center Authority</u>, 774 A.2d 40 (R.I. 2001). The first prong of the test is satisfied when information is provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. <u>Providence Journal</u>, 774 A.2d at 47.

With respect to the exemption provided under R.I. Gen. Laws § 38-2-2(4)(F), the Confidential Record include detailed drawings of the Company's gas distribution system, which

could be used to perpetrate acts that could endanger public safety and welfare. CEII is defined by

the Federal Energy Regulatory Commission ("FERC") as:

[S]pecific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that:

- 1. Relates details about the production, generation, transmission, or distribution of energy;
- 2. Could be useful to a person planning an attack on critical infrastructure;
- 3. Is exempt from mandatory disclosure under the [Federal] Freedom of Information Act, 5 U.S.C. § 552; and
- 4. Does not simply give the general location of the critical information.

18 CFR § 388.113(c)(2). In turn, "critical infrastructure" is defined as:

[E]xisting and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.

18 CFR § 388.113(c)(4).

The Confidential Records consist of information the Company deems Critical Energy Infrastructure Information ("CEII"). The Company would customarily not release this information to the public. The Company's submission of the Confidential Records stem from data requests issued by the Division in the above-referenced docket. Accordingly, the Company is providing the Confidential Records to fulfil its regulatory responsibilities.

Public disclosure of the information identified as CEII in the Confidential Records would negatively impact the Company's ability to safely and reliably serve its customers as the CEII contained in the Confidential Records includes detailed renderings of gas system assets, whether physical or virtual, the incapacity or destruction of which would negatively affect national security, economic security, public health or safety, or any combination of such matters. As such, the Company would not release this information to the public. Therefore, this information satisfies the exceptions found in R.I. Gen. Laws § 38-2-2(4)(B) and 2(4)(F).

III. CONCLUSION

For the foregoing reasons, the Company respectfully requests that the PUC grant this motion for protective treatment of the Confidential Records.

Respectfully submitted,

The Narragansett Electric Company d/b/a Rhode Island Energy

By its attorneys,

and &

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Dated: December 31, 2024

CERTIFICATE OF SERVICE

I hereby certify that on December 31, 2024, I delivered a true copy of the foregoing Motion via electronic mail to the parties on the Service List for Docket No. 24-55-NG.

Aradon Nerge

Heidi J. Seddon

Philip LaFond Testimony

PRE-FILED DIRECT TESTIMONY

OF

PHILIP LAFOND

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1	I.	Introduction and Qualifications
2	Q.	Please state your name and business address.
3	A.	My name is Philip LaFond. My business address is 477 Dexter Street, Providence,
4		Rhode Island 02907.
5		
6	Q.	By whom are you employed and in what capacity?
7	A.	I am employed by The Narragansett Electric Company d/b/a Rhode Island Energy
8		("Rhode Island Energy" or the "Company") as the Manager of Resource and Investment
9		Planning for the Rhode Island Gas Division. My group creates the gas business
10		investment plan and creates work plans to align human and material resources to the
11		Company's strategic and mandated capital plans. The group manages the work during
12		the investment plan year, directing executing groups on prioritization and work volumes.
13		In my role, I work closely with the Rhode Island Jurisdictional President, the Vice
14		President - Gas, and jurisdiction staff on all local gas issues related to the natural gas
15		distribution system in the Rhode Island service territory.
16		
17	Q.	Please describe your educational background and professional experience.
18	A.	In 1998, I graduated from the Massachusetts Institute of Technology with a Bachelor of
19		Science in Nuclear Engineering. I was hired by National Grid USA ("National Grid") in
20		2016 in the role of Lead Program Manager for the Leak Prone Pipe replacement and
21		rehabilitation programs in the Massachusetts jurisdiction. Prior to joining National Grid,

1		I was a Program Manager, Operations Manager, and Lead Engineer for Yankee
2		Scientific, Inc. in Medfield, Massachusetts. On May 25, 2022, PPL Rhode Island
3		Holdings, LLC, a wholly owned indirect subsidiary of PPL Corporation, acquired 100%
4		of the outstanding shares of common stock of the Company from National Grid (the
5		"Acquisition"). I have been the manager of Resource Planning for the Company's gas
6		division since 2019 and added the Investment Planning team to my area of responsibility
7		following the Acquisition.
8		
9	Q.	Have you previously testified before the Rhode Island Public Utilities Commission
10		("PUC" or the "Commission")?
11	A.	Yes, in 2022, 2023, and 2024, I testified before the PUC in support of the Company's
12		Fiscal Year ("FY") 2023, FY2024, and FY2025 Gas Infrastructure, Safety and Reliability
13		("ISR") Plans in Docket Nos. 5210, 22-54-NG, and 23-49-NG, respectively.
14		
15	II.	Purpose of Testimony
16	Q.	What is the purpose of your testimony?
17	A.	The purpose of my testimony is to adopt and describe the Company's proposed FY2026
18		Gas ISR Plan ("Gas ISR Plan" or "Plan"). ¹ The Company's Gas ISR Plan details the
19		work the Company expects to complete under the Plan, the anticipated capital

¹ The Company is required by statute to annually file an infrastructure, safety, and reliability spending plan with the PUC for review and approval. *See* R.I. Gen. Laws § 39-1-27.7.1(d).

1		investments associated with that work, and the resulting plant additions. In addition, my
2		testimony discusses the rationale of the Company's alternative proposal to treat curb-to-
3		curb paving costs as capital investment as opposed to operation and maintenance
4		("O&M") expense.
5		
6		The testimony of Company witness Laeyeng Hunt details the technical engineering
7		aspects of the investments proposed in the Plan and Company Witness Lee Gresham
8		details the Company strategy and efforts underway to support the achievement of the Act
9		on Climate's greenhouse gas emissions reduction requirements. Company witnesses
10		Jeffrey D. Oliveira and Natalie Hawk present the calculation the revenue requirement
11		associated with the Company's Plan, and the testimony of Company witness Tyler G.
12		Shields provides (1) an explanation of how the Company calculated the rate design for
13		the ISR mechanism; (2) the calculation of the ISR factors; and (3) the customer bill
14		impacts of the proposed ISR factors.
15		
16	III.	<u>Overview</u>
17	Q.	What is the Gas ISR Plan designed to accomplish?
18	A.	Overall, the Gas ISR Plan will allow the Company to meet state and federal safety and
19		reliability requirements and maintain and upgrade its gas distribution system to a safe and
20		reliable condition. The Plan has been developed to improve the safety and reliability of

1 the Company's gas system for the immediate and continuing benefit of Rhode Island's 2 natural gas customers. 3 4 The Gas ISR Plan is designed to establish a spending plan, together with a reconcilable 5 allowance for the anticipated capital additions being placed in service for the fiscal year 6 and other spending needed to maintain and upgrade the Company's gas distribution 7 system,² such as proactively replacing leak-prone pipe; upgrading the gas delivery system's custody transfer stations; pressure regulating facilities; and peak shaving plants; 8 9 responding to emergency leak situations; and addressing infrastructure conflicts that arise 10 out of state, municipal, and third-party construction projects. The Company intends to 11 attain these safety and reliability goals through a cost-effective, coordinated work plan. 12 The level of work that the Plan provides will sustain and enhance the safety and 13 reliability of the Rhode Island gas pipeline infrastructure, promote efficiency in the 14 management and operation of the gas distribution system and directly benefit Rhode 15 Island gas customers. The Plan also helps reduce the annual methane emissions released 16 by the gas distribution system, primarily through the replacement and abandonment of 17 leak-prone pipe with its Proactive Main Replacement programs. Where possible, the 18 Company seeks to employ cost effective scalable solutions, such as portable LNG 19

² See R.I. Gen. Laws § 39-1-27.7.1(c)(2). In accordance with the PUC's Order in Docket No. 5099 (FY2022 Gas ISR Plan), effective April 1, 2021, the Company implemented a plant-in-service methodology to calculate the Gas ISR revenue requirement.

1		equipment, to adapt the gas distribution system to any changes to the delivery of energy
2		that might arise because of the mandates of the Act on Climate while fulfilling the duty to
3		safely and reliably deliver natural gas to customers.
4		
5	Q.	Please explain the review of the Gas ISR Plan that has occurred to date.
6	А.	The Company developed the Gas ISR Plan and submitted it to the Rhode Island Division
7		of Public Utilities and Carriers ("Division") for review on October 23, 2023 in
8		accordance with R.I. Gen. Laws § 39-1-27.7.1 (the "Revenue Decoupling Law"). ³ On
9		November 4 and 6, 2024, the Company met with the Division and provided an initial
10		walk-through of the Plan and subsequently responded to informal discovery and forty-
11		nine formal data requests from the Division regarding various components of the Plan.
12		After discussions with the Company, the Division and the Company were able to
13		tentatively agree on the plan and budget that has been filed with the PUC. The Division's
14		review of the budget and plan is ongoing. The Company now submits the Plan to the
15		PUC for review and approval in accordance with the Revenue Decoupling Law. ⁴
16		

³ Pursuant to R.I. Gen. Laws § 39-1-27.7.1(d), the Company must consult with the Division on a proposed plan, and the Division must cooperate in good faith with the Company to reach an agreement on the proposed plan within sixty (60) days. If the Company and the Division cannot agree on a plan, the Company shall file a proposed plan with the PUC for review, and if the PUC finds that the investments and spending are reasonably needed to maintain safe and reliable distribution service over the short and long term, the PUC must approve the plan within ninety (90) days.

⁴ See R.I. Gen. Laws § 39-1-27.7.1(d); Note 3, supra.

1	Q.	Are you sponsoring any attachments to your testimony?
2	A.	Yes. The proposed Gas ISR Plan is attached as Attachment 1 to my testimony. The Plan
3		is organized as follows:
4		Section 1 – Introduction and Summary
5		Section 2 – Gas Capital Investment Plan (including major groups of work)
6		Section 3 – Revenue Requirement Calculation (Paving as O&M Expense)
7		Section 4 – Rate Design and Bill Impacts (Paving as O&M Expense)
8		Section 5 – Revenue Requirement Calculation (Paving Treated as Capital)
9		Section 6 – Rate Design and Bill Impacts (Paving Treated as Capital)
10		Schedule 1 – 2023 System Integrity Report
11		
12		My testimony focuses on Sections 1 and 2 of the Plan. Ms. Hunt's and Mr. Gresham's
13		testimonies also focus on Sections 1 and 2 and discuss engineering and greenhouse gas
14		emissions reductions, respectively. As noted above, Mr. Oliveira and Ms. Hawk are
15		sponsoring the revenue requirement calculations included in Sections 3 and 5 of the Plan;
16		and Mr. Shields is sponsoring the rate design and bill impacts included in Sections 4 and
17		6 of the Plan.
18		
19	Q.	What types of infrastructure, safety, and reliability work does the Gas ISR Plan
20		include?
21	A.	The Gas ISR Plan seeks not only to maintain the Company's distribution system, but also
22		to proactively upgrade the system's condition to address problems before they arise. A
23		safe and reliable gas delivery system in Rhode Island is essential to the health, safety, and

1	well-being of its citizens, and for maintaining a healthy economy and continuing to
2	attract new residents and businesses to Rhode Island. Initially, in 2008, the PUC
3	embarked on a course to address Rhode Island's aging gas infrastructure with the
4	establishment of the Accelerated Replacement Plan, and the ISR mechanism followed
5	thereafter. The Company filed its first Gas ISR Plan, for FY2012, on December 20,
6	2010. In addition to the type of infrastructure, safety, and reliability work performed
7	under the Accelerated Replacement Plan, the Gas ISR Plan contains spending related to
8	safety and reliability for public works, mandated programs, and reliability programs,
9	including Southern RI Gas Expansion. Included in the Plan is a description of the
10	Company's proposed budget for capital investments for the FY2026 Gas ISR Plan, the
11	capital additions projected to be placed in service during FY2026, and a five-year capital
12	plan forecast that covers the period of April 1, 2025 through March 31, 2030 (also
13	referred to as FY2026 through FY2030).
14	
15	This year's Plan also includes a section describing the history and effectiveness of the
16	Gas ISR Plan, along with a section regarding the Act on Climate and the historical and
17	forecasted methane emissions reductions from the abandonment of leak prone pipe. The
18	Plan also includes a copy of the most recent System Integrity Report, as ordered by the
19	PUC in Docket No. 4781.
20	

1	IV.	<u>Gas ISR Plan Budgetary Framework</u>
2	Q.	Please briefly describe the Company's proposed Gas ISR Plan budgetary
3		framework, which was approved by the PUC in Docket No. 23-49-NG.
4	A.	In the course of the PUC's consideration of the FY2025 Gas ISR Plan in Docket No. 23-
5		49-NG, the Company proposed and the PUC approved a new budgetary framework for
6		Gas ISR plans. Specifically, the Company proposed grouping budget categories
7		differently than it had in prior ISR plan proposals. The most apparent change is a
8		realignment of categories that were previously used for the formulation of Gas ISR plans.
9		In the FY2025 and FY2026 Gas ISR Plans, the categories that were previously presented
10		to the Commission are grouped into five separate Level 1 groups: Main Replacement &
11		Rehabilitation, Mandated & Non-Main Reactive, Reliability & Pressure Regulation,
12		Separately Tracked Categories, and Separately Tracked Major Projects. The Gas ISR
13		Plans for FY2025 and FY2026 have also included a group to account for the anticipated
14		adoption of regulations by the Pipeline and Hazardous Materials Safety Administration's
15		("PHMSA") governing Leak Detection and Repair ("LDAR"). This sixth group, entitled
16		PHMSA – Gas Pipeline Leak Detection and Repair (LDAR), provides a budget the
17		spending of which would be contingent on PHMSA's adoption of enhanced LDAR
18		regulations.

1	Q.	Why are the budget categories grouped in this manner?
2	A.	The budget categories are grouped according to the similarity of work type and/or
3		resource needs for the purposes of managing sub-budgets within the overall ISR plan
4		portfolio. The goal of this realignment is to allow the Company the necessary flexibility
5		to manage its work plan throughout the ISR plan year while providing for budget
6		thresholds applicable to certain Level 1 groups.
7		
8		The first Level 1 group, Main Replacement & Rehabilitation, is comprised of all safety
9		and reliability main installation, abandonment, replacement, and/or rehabilitation work.
10		This work is all conducted by the same Construction Oversight department using the
11		same Company and Contractor resource pools, same materials, and same construction
12		techniques.
13		
14		The Mandated & Non-Main Reactive group includes projects that are generally shorter
15		cycle projects, ranging from less than one hour to a few days, undertaken by Company
16		operations departments, including Field Operations, Customer Meter Services,
17		Instrumentation and Regulation, and others. All work in this group is required to be
18		performed by Federal or State regulations and/or in reaction to field conditions. This
19		work is time bound and cannot be significantly delayed or deferred.
20		

1	Reliability & Pressure Regulation projects all relate in some way to supporting the
2	Company's ability to reliably maintain system pressure under foreseeable circumstances
3	and conditions. Projects in this group include Liquified Natural Gas ("LNG"), Regulator
4	and Take Station upgrades and replacements, including heaters, and sectionalizing valve
5	replacements.
6	
7	The Separately Tracked Categories group is currently comprised solely of the Purchase
8	Meters (Replacement) category. In Docket No. 23-49-NG, concerning the Company's
9	FY2025 Gas ISR Plan, the PUC instructed the Company to track this category separately,
10	so the Separately Tracked Categories group was created in the new budgetary framework.
11	
12	The Separately Tracked Major Projects group includes large, and typically multi-year,
13	projects with expected lifetime expenditures of greater than \$10 million. These projects
14	are separate from the Main Replacement & Rehabilitation and Reliability & Pressure
15	Regulation groups due to the potential variability in spend timing, allowing for budgets in
16	the former groups to be insulated from in-year under- or over-spend on large project work
17	that often entails cost as well as timing and schedule variability. It also provides
18	enhanced visibility of the major projects with the Gas ISR portfolio for the PUC and
19	other parties.
20	

1		The PHMSA LDAR group includes funding for the Company's PHMSA Rules
2		Contingency Plan to address PHMSA's potential adoption of enhanced regulations
3		governing LDAR should currently proposed rules take effect in FY2025, and carry
4		forward into FY2026 and beyond, as the Company expects they will. In FY2026, as was
5		the case in FY2025, the Company proposes to seek approval for spending in the FY2026
6		Plan associated with additional capital work resulting from PHMSA's proposed LDAR
7		rules, but use of the funds would remain contingent on the timing and substance of any
8		new rules adopted.
9		
10	Q.	Please explain how the Company intends to prioritize work within the new Main
11		Replacement & Rehabilitation Level 1 Group.
12	A.	The Company will prioritize work within the new Level 1 Main Replacement &
13		Rehabilitation grouping from projects driven by reactive forces, such as third-party
14		construction and paving and discovery of unacceptable material condition, to long-term
15		planning and reliability projects, through to Proactive Main Replacement leak prone pipe
16		replacements. The proposed category prioritization order is:
17 18 19 20 21 22 23		 Latent Damages Reactive Main Replacement City/State Construction and Public Works Gas System Reliability Large Diameter Pipe Rehabilitation Low Pressure System Elimination Replace Pipe on Bridges
24		 Proactive Main Replacement – Leak Prone Pipe (including the Atwells Avenue)

1		Within the Proactive Main Replacement category, the Company will prioritize projects
2		with high risk scores. In light of PHMSA's anticipated adoption of enhanced LDAR
3		rules, and considering the mandates of the Act on Climate, the Company will also
4		secondarily prioritize pipe segments with a greater than average number of open leaks per
5		mile.
6 7	0	Does each I evel 1 Group have a maximum allowable budget?
/	Q.	Does each Level 1 Group have a maximum anowable budget:
8	А.	No. Only certain Level 1 groups would have a maximum allowable budget. The
9		Company has provided a proposed budget for each category in the ISR Plan proposal.
10		Based upon its planning process, the Company plans to spend each budget as proposed.
11		However, due to the numerous unknown variables inherent in gas construction, such as
12		ongoing supply chain and labor uncertainties, weather, permit restrictions, inflation, field
13		conditions, and others, the Company intends to manage each top level group, excluding
14		Mandated & Non-Main Reactive and Separately Tracked Major Projects, as a grouping
15		of fungible or exchangeable categories from a budget perspective. The total budget for
16		each Level 1 group is the sum of all individual category budgets within each Level 1
17		group. Because of the reactive nature of the work in the Mandated & Non-Main Reactive
18		group, the Company intends to spend what is necessary to meet its mandates.
19		Additionally, because the Purchase Meters (Replacement) category is currently the sole
20		category within the Separately Tracked Categories group, that budget is solely dedicated
21		to that category, by default.

22

1	Q.	Please explain what would occur if the Company exceeded the maximum allowable
2		budget within a category to which such a spending cap applied.
3	A.	Consistent with the Company's proposal to the PUC in Docket 23-49-NG, the Company
4		would make a downward revenue requirement adjustment as described in more detail
5		below.
6		
7	Q.	Are there any overspending tolerances before potential revenue requirement
8		adjustments would apply? If so, please explain.
9	A.	Yes, during the FY2025 Gas ISR proceedings, in Docket No. 23-49-NG, the Company
10		proposed and the PUC approved overspending allowances to account for the risks and
11		uncertainties inherent in gas construction. For the Main Replacement & Rehabilitation,
12		Reliability & Pressure Regulation, and Separately Tracked Categories groups this
13		overspending tolerance is 2.5 percent. This overspend allowance is in recognition that
14		the Company may face a late fiscal year need to perform work within these groups that is
15		in reaction to an unplanned external event, discovery of untenable field condition or
16		similar circumstances.
17		
18	Q.	If the Company exceeds the proposed 2.5 percent overspending tolerance, how
19		would a potential downward revenue requirement adjustment be applied?
20	A.	Overspend up to the tolerance level is permitted. However, if the Company exceeds the
21		2.5 percent overspending tolerance in the Main Replacement & Rehabilitation, and/or

1	Reliability & Pressure Regulation, and/or Separately Tracked Categories Level 1 groups,
2	then the Company will make a one-time reduction to the revenue requirement in that year
3	that is equal to one year of revenue requirement dollars associated with the total amount
4	of overspend in excess of the approved budget for each applicable group. There is no
5	offsetting adjustment if the Company exceeds the spending tolerance in one group
6	(i.e. Main Replacement & Rehabilitation) and underspends the budget in another group
7	(i.e. Reliability & Pressure Regulation). In subsequent years, the Company would
8	recover the normal amount on the overspend amount with no adjustment to the revenue
9	requirement. As an example, if the Company overspent on the Main Replacement &
10	Rehabilitation group by 2.4 percent, no downward revenue requirement adjustment
11	would be applied. However, if the Company overspent the Main Replacement &
12	Rehabilitation group by 2.6 percent, the potential downward revenue requirement
13	adjustment would be the revenue requirement attributable to hypothetical capital
14	additions placed in service equal to the dollar amount of the 2.6 percent of overspend.
15	
16	The Company proposed and the PUC approved this approach to allow for overspend
17	when necessary to meet mandates or complete work as needed while still providing a
18	strong incentive to avoid utilizing the allowed 2.5 percent as a <i>de facto</i> approved budget
19	that is higher than the actual budget approved.
20	

1	Q.	Has the Company calculated the revenue requirement attributable to \$1.0 million of
2		FY2026 capital additions placed in-service? Please utilize the Company's \$193.669
3		million of proposed capital additions for the FY2026 Plan as the baseline to answer
4		this question.
5	A.	Yes. The revenue requirement associated with the Company's forecasted FY2026 capital
6		additions of \$193.669 million is calculated to be \$88,134,152. The revenue requirement
7		associated with FY2026 capital additions placed in-service of \$192.669 million (or \$1
8		million less than plan) is calculated to be \$88,055,189, for a difference of \$78,963 in the
9		first year using a half year convention. The revenue requirement value of \$1.0 million
10		plant in service for a full year is approximately \$130,000.
11		
12	Q.	What is the estimated cost of curb-to-curb, final restoration paving the Company
13		expects to complete in support of this plan?
14	A.	The Company estimates the curb-to-curb, final restoration paving costs that will be
15		incurred in the FY2026 Gas ISR Plan will be approximately \$22 million. This is a \$10
16		million increase compared to the \$12 million that was budgeted for FY2025, which is
17		being influenced by a variety of factors, including timing of project work and inflationary
18		factors such as cost of materials and anticipated paving contractor cost increases.
19		Additionally, this cost has continued to rise steadily over the last several years in
20		response to the passage of the Rhode Island Utility Fair Share Roadway Repair Act in

1		2019. Many municipalities in the state have adopted the provisions of this statute, and in
2		issuing work permits, have required curb-to-curb restoration for gas projects.
3		
4	Q.	Please describe how the Company has presented the treatment of the estimated cost
5		of curb-to-curb, final restoration paving in this filing as capital investment or O&M
6		expense.
7	A.	The Company has provided a calculation of revenue requirements, rates and bill impacts
8		under both scenarios. For the reasons provided in this testimony and in the pre-filed
9		direct testimony of Ms. Hawk, the Company proposes to treat the estimated cost of curb-
10		to-curb, final restoration paving as capital investment as an alternative to treatment as
11		O&M expense through the FY2026 Gas ISR Plan. Sections 3 and 4 of the Plan provide
12		the calculation of revenue requirements, factors and bill impacts if curb-to-curb paving
13		costs are treated as O&M expense. Sections 5 and 6 of the Plan provide the calculations
14		of revenue requirements, factors and bill impacts if all paving costs are treated as capital
15		investment.
16		
17	Q.	Please compare the revenue requirement associated with treating curb-to-curb
18		paving costs as an O&M expense rather than a capital investment through the
19		FY2026 Gas ISR Plan.
20	А.	The Company has calculated a total FY2026 revenue requirement of \$108,561,885 if the
21		final curb-to-curb restoration paving costs of \$22 million were treated as O&M versus
22		capital in calculating the revenue requirement. Compared to FY2025, this results in an

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1		annual bill increase to a residential heating customer using 845 therms annually of
2		\$78.58, or 4.4 percent (Section 4, Attachment 2). If curb-to-curb paving costs were
3		treated as capital investment the annual bill increase to a residential heating using 845
4		therms annually would be \$17.75, or 1.0 percent (Section 6, Attachment 2).
5		
6		Treating paving costs, which are integral to the completion of most gas capital projects,
7		as operating expenses will be overly burdensome to customers and runs counter to
8		Federal Energy Regulatory Commission guidance on cost capitalization for gas
9		construction projects.
10		
11	Q.	Please explain any other reasons that the Company believes it is appropriate to treat
12		curb-to-curb paving costs as capital investment rather than O&M expense
13		notwithstanding the PUC's directive in Docket No. 23-49-NG that curb-to-curb
14		paving costs be treated as an O&M expense in the calculation of the FY2025 Gas
15		ISR revenue requirement.
16	А.	As discussed in the Company's response to data request Division 3-1, and illustrated in
17		Attachment DIV 3-1, page 1, in this docket, as the Company was working through the
18		full implications of treating curb-to-curb paving as O&M expense rather than capital
19		investment within the Gas ISR Plan, new information came to light that was not apparent
20		during the PUC's consideration of the FY2025 Gas ISR Plan. Specifically, and as
21		described in more detail in the pre-filed direct testimony of Ms. Hawk, the treatment of

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1	paving as an O&M expense causes a difference between the book (O&M expense) and
2	tax (capital) treatment of curb-to-curb paving costs. This gives rise to a deferred tax asset
3	("DTA") that is included in rate base in the year that the paving costs are incurred. When
4	the Company includes the DTA's impact to rate base in its expense versus capital
5	comparison, the Company found that the net present value ("NPV") of future payments
6	by customers related to paving costs is actually higher when paving costs are treated as
7	an O&M expense. The DTA impact was not known by the Company during the FY2025
8	Gas ISR proceedings in Docket No. 23-49-NG.
9	
10	Utilizing FY2025 and \$12 million in curb-to-curb paving costs as an illustrative example,
11	Attachment DIV 3-1, page 1, shows an NPV of Revenue Requirement totaling \$12.04
12	million when expensing paving costs and an NPV of Revenue Requirement totaling
13	\$10.70 million when capitalizing paving costs. This NPV difference would likely be
14	compounded in a FY2026 model where the curb-to-curb paving costs increase to \$22
15	million.
16	
17	It is for this reason, as well as forecasted increases in paving costs for FY2026, that the
18	Company has included an alternative proposal in its Gas ISR Plan that provides for the
19	capitalization of paving costs for book purposes in the FY2026 vintage within the
20	FY2026 Gas ISR Plan filing. Additional details regarding the DTA impact to rate base

1 can be found within Section 5 of the FY2026 Gas ISR Plan and in Ms. Hawk's pre-filed 2 direct testimony. 3 4 Q. Please explain the inclusion of a separate budget group to address potential PHMSA 5 rules regarding LDAR. 6 A. The Company has been actively engaged in industry discussions and formal workshops 7 conducted by the American Gas Association, Northeast Gas Association, and other trade 8 organizations relating to PHMSA's proposed rules imposing additional LDAR 9 requirements. Based on information from gas industry trade associations the Company 10 anticipates adoption of final LDAR rules could occur in January 2025 which is the 11 beginning of the fourth quarter of FY2025. Due to uncertainties regarding the precise 12 timing and substance of the proposed regulations, as well as the unknown impact that the 13 upcoming change in presidential administration may have, the Company has separated its 14 anticipated budget requirement for additional leak repairs as well as supplemental main 15 replacement work into a separate category. 16 17 Q. Please explain how the Company proposes to address the spending budget and 18 revenue requirement associated with potential changes to PHMSA's leak detection 19 and repair regulations. 20 The FY2026 Gas ISR Plan includes a PHMSA Rules Contingency Plan to address the A. 21 potential that PHMSA's proposed LDAR rules could take effect in FY2025, and carry
1		forward into FY2026 and beyond, as the Company expects that they will. The Company
2		is seeking authorization of \$14.64 million for the PHMSA Rules Contingency Plan to
3		accelerate efforts to repair or replace leak prone pipe to comply with the proposed
4		regulations. However, because potential changes to PHMSA's LDAR rules have not yet
5		become final, the Company is proposing to exclude the PHMSA Rules Contingency Plan
6		funding from this initial FY2026 revenue requirement calculation, and instead would
7		seek recovery of the resulting capital additions placed in-service during the FY2026
8		reconciliation if new PHMSA LDAR rules become final and take effect during FY2026.
9		This is the same type of treatment the Company proposed, and the PUC approved in the
10		Docket No. 23-49-NG. If new PHMSA LDAR rules become final and take effect prior to
11		the PUC's approval of a FY2026 Plan, the Company may seek to include the anticipated
12		PHMSA LDAR related capital additions placed in-service in its calculation of the
13		revenue requirement attributable to FY2026 capital additions placed in-service.
14		
15	V.	Conclusion
16	Q.	Does the Gas ISR Plan fulfill the Company's statutory obligation to plan for the safe
17		and reliable delivery of gas through the Company's distribution system in Rhode
18		Island?
19	A.	Yes. The Gas ISR Plan will permit the capital investment in Rhode Island that is
20		necessary to meet the needs of the Company's customers, together with a spending and

- 1 work plan to maintain the overall safety and reliability of the Company's Rhode Island
- 2 gas distribution system.
- 3 Q. Does this conclude your testimony?
- 4 A. Yes.

Laeyeng Hunt Testimony

PRE-FILED DIRECT TESTIMONY

OF

LAEYENG HUNT

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1	I.	Introduction and Qualifications
2	Q.	Please state your name and business address.
3	A.	My name is Laeyeng Hunt. My business address is 477 Dexter Street, Providence, RI
4		02907.
5		
6	Q.	By whom are you employed and in what capacity?
7	A.	I am employed by The Narragansett Electric Company d/b/a Rhode Island Energy
8		("Rhode Island Energy" or the "Company") as the Director of Engineering and Asset
9		Management. In my role, I oversee asset management, engineering and design and
10		provide input to capital investment strategies for the Company.
11		
12	Q.	Please describe your educational background and professional experience.
13	A.	In 1994, I graduated from Tufts University with a Bachelor of Science in Civil Engineering
14		and earned a Master of Science in Environmental Engineering from Tufts University in
15		1995. In 2004, I joined National Grid USA ("National Grid") as a Lead Engineer in the
16		Operations Engineering group. I remained with National Grid through until 2022 and,
17		during that time, held a variety of positions in Integrity Engineering, Public Works
18		Engineering, Resource Planning, and Resource Coordination and Scheduling. In addition,
19		from 1995 to 2004, I worked for engineering consultant firms that provide services for the
20		Massachusetts Water Resource Authority and Boston Water & Sewer Commission. On
21		May 25, 2022, PPL Rhode Island Holdings, LLC, a wholly owned indirect subsidiary of

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1		PPL Corporation, acquired 100 percent of the outstanding shares of common stock of the
2		Company from National Grid (the "Acquisition"). Upon the closing of the Acquisition, I
3		assumed my current position with Rhode Island Energy.
4		
5	Q.	Ms. Hunt, have you previously testified before the Rhode Island Public Utilities
6		Commission ("PUC")?
7	A.	Yes, in 2023 and 2024, I testified before the PUC in support of the Company's Fiscal
8		Year ("FY") 2024 and FY2025 Gas infrastructure, Safety and Reliability ("ISR") Plans in
9		Docket Nos. 22-54-NG and 23-49-NG, respectively.
10		
11	II.	Purpose and Structure of Testimony
12	Q.	What is the purpose of your testimony?
13	A.	My testimony explains steps the Company is taking to explore ways to reduce the
14		greenhouse gas emissions associated with the Company's natural gas distribution system
15		while fulfilling its continuing obligation to provide safe, reliable and affordable service to
16		its customers. The steps explained in my testimony are further explained in Sections 1
17		and 2 of the Company's FY2026 Gas ISR Plan to which I contributed.
18		
19	Q.	How is your testimony structured?
20	A.	Section I is the introduction. Section II explains the purpose and structure of my
21		testimony. Section III explains the steps the Company is taking to find ways to reduce

1		the greenhouse gas emissions associated with the natural gas distribution system. Section
2		IV is the conclusion.
3		
4	III.	The Company's Efforts to Identify Opportunities for Greenhouse Gas Emissions
5		<u>Reductions</u>
6	Q.	What additional steps, besides repairing leaks and performing main and service
7		replacements can the Company take to reduce its carbon footprint?
8	A.	To advance the effort to reduce greenhouse gas emissions from the natural gas
9		distribution system beyond leak repairs and the replacement of leak prone pipe, the
10		Company has taken the following steps to pursue a reduction of the carbon footprint of
11		the natural gas distribution system:
12		
13		First, the Company participated in a free demonstration with ULC Technologies, LLC
14		involving the use of a drawdown compressor to transfer natural gas from an isolated
15		section of gas main to an active section of the main. On May 23, 2024, 3,165 SCFG ¹ of
16		natural gas was recovered from 3,600 feet of 16" 10 PSIG ² gas main in 18 minutes. Past
17		practice would have involved venting this gas to the atmosphere. In the Spring of 2025,
18		the Company is planning to contract with ULC to perform a similar drawdown of
19		approximately 2 miles of 12" 200 PSIG in East Providence in connection with the
20		Pipeline Integrity – Wampanoag Trail Pipeline Replacement project. The Company is

 ¹ Standard cubic feet gauge.
 ² Pounds per square inch gauge.

1	actively evaluating purchase of this drawdown compressor equipment for future internal
2	use. The estimated cost for this equipment is approximately \$215,500. Please note, the
3	potential purchase of this equipment is not currently in the Company's FY2025 Forecast
4	or the Company's FY2026 Gas ISR Plan Proposal.
5	
6	Second, the Company's electric and gas engineering groups have formed an integrated
7	planning team to consider segments of the gas system that could potentially be
8	abandoned with affected customers' equipment converted to electric or alternative
9	energy. The integrated team of engineers is working to identify candidates based on a set
10	of criteria that was included within the Company's Gas Segment Decommissioning
11	criteria filed on July 24, 2024 in Docket No. 23-49-NG regarding the Company's
12	FY2025 Gas ISR Plan. ³ Pages 27 to 32 of that presentation set forth the gas and electric
13	technical criteria that the Company would employ to evaluate segments of the gas system
14	for decommissioning. Generally, these criteria are broken down into three categories:
15	a. Risk Reduction / System Vulnerability
16	b. Geography
17	c. Program Integration
18	If a segment of the gas system satisfies the criteria, the Company's gas engineering group
19	must also evaluate the segment to determine whether its decommissioning is
20	hydraulically feasible so that decommissioning of the segment will not jeopardize

³ This submission was provided as Attachment DIV 3-23 in response to Rhode Island Division of Public Utilities and Carriers' data request Division 3-23 in this docket.

1	reliability. It is important to note that the Company does not currently have data to
2	generate cost benefit analysis associated with this effort.
3	
4	Third, the Company is planning to perform a feasibility study during FY2026 on the
5	potential for a hydrogen blending project within the Company's service territory. The
6	feasibility study will include system review, technology options, potential customer
7	impact, permitting requirements, and a cost benefit analysis.
8	
9	While the Company undertakes these steps, as Mr. Gresham details in his testimony, it is
10	the Company's position that no single technology or implementation strategy can
11	currently be leveraged to reliably or cost-effectively decarbonize natural gas end uses,
12	and that the most effective approach for reducing greenhouse gas emissions associated
13	with the natural gas distribution system is through the continued replacement of leak-
14	prone pipe. As new data emerges and technical and economic uncertainties are reduced,
15	the Company may be in a better position to explore nuances associated with natural gas
16	distribution and end use decarbonization strategies and deploy the most promising
17	technologies to meet climate targets while remaining primarily focused on safety,
18	reliability, and affordability for all customers.
19	

1	Q.	Please explain the costs and benefits, and technical challenges, associated with the
2		blending of hydrogen into the Company's natural gas distribution system.
3	A.	The Company has not yet developed a full understanding of the costs and benefits of
4		hydrogen blending within its distribution system for its natural gas customers as this time.
5		Analyses performed in connection with the Public Utilities Commission's Investigation
6		Into the Future of the Regulated Gas Distribution Business in Rhode Island in Light of
7		the Act on Climate (Docket No. 22-01-NG) and the Heating Sector Transformation
8		Initiative (Executive Order 19-06) provide a starting point for understanding potential
9		costs and benefits of hydrogen blending in the state and these analyses have identified
10		potential technical challenges. ⁴ The Company anticipates that some of the identified
11		costs and benefits and technical challenges, to some degree, would be applicable to
12		hydrogen blending in its distribution system.
13		
14		To gain a fuller understanding, the Company will be conducting a hydrogen blending
15		feasibility study in fiscal year 2026, which is funded outside of the ISR. The feasibility
16		study will include system review, technology options, potential customer impact,
17		permitting requirements, and cost benefit analyses.
18		

⁴ See E3 Technical Analysis Report submitted April 2024 in Docket No. 22-01-NG; Heating Sector Transformation in Rhode Island: Pathways to Decarbonization by 2050, May 7, 2020, prepared for the Rhode Island Office of Energy Resources and Division of Public Utilities and Carriers, at 19-20, available at https://energy.ri.gov/sites/g/files/xkgbur741/files/documents/HST/RI-HST-Final-Pathways-Report-5-27-20.pdf.

1 IV. <u>Conclusion</u>

- 2 Q. Does this conclude your testimony?
- 3 A. Yes.

Dr. Lee Gresham Testimony

PRE-FILED DIRECT TESTIMONY

OF

LEE GRESHAM

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1 I. Introduction

2	Q.	Please state your name and business address.
3	A.	My name is Lee Gresham. My business address is 280 Melrose Street, Providence, Rhode
4		Island 02907.
5		
6	Q.	By whom are you employed and in what position?
7	A.	I am employed by The Narragansett Electric Company d/b/a Rhode Island Energy
8		("Rhode Island Energy" or the "Company") as Head of Gas Regulatory Strategy within
9		the External Affairs team. In this role, I am responsible for general regulatory matters,
10		policy development, and filings, including providing strategic support to inform business
11		decisions that advance safe, reliable, affordable natural gas distribution.
12		
13	Q.	Please describe your educational background and professional experience.
14	A.	I graduated from the College of the Holy Cross with a Bachelor of Arts degree in
15		Psychology and concentration in Pre-Medicine in 1999. In 2007, I graduated from
16		Vermont Law School with a Juris Doctorate degree. In 2010, I received a Doctor of
17		Philosophy degree in Engineering and Public Policy from Carnegie Mellon University.
18		From 2010 to 2011, I was a Post-Doctoral Fellow with the Carbon Capture and
19		Sequestration Regulatory Institute. I worked as a Senior Consultant at SAIC, Inc. in its
20		Energy, Environment, and Infrastructure division from 2011 to 2012. From 2012 to
21		2018, I held roles of increasing responsibility as an Associate with The Brattle Group in

1		the firm's utility practice. In 2019 I joined National Grid USA Service Company, Inc. as
2		a Lead Analyst for the Utility of the Future team within the Regulatory and Customer
3		Strategy departments where I worked closely with the Massachusetts Jurisdictional
4		President and staff, leading efforts to reduce methane and carbon emissions, developing
5		strategies to support National Grid's objectives regarding decarbonization-related
6		investments in the gas system, and providing testimony regarding capital investments to
7		enable National Grid's operating companies, including Boston Gas Company d/b/a
8		National Grid and the former Colonial Gas d/b/a National Grid, to decarbonize the gas
9		network.
10		
11	Q.	Have you previously testified before the Rhode Island Public Utilities Commission
11 12	Q.	Have you previously testified before the Rhode Island Public Utilities Commission ("PUC") or other regulatory bodies?
11 12 13	Q. A.	Have you previously testified before the Rhode Island Public Utilities Commission("PUC") or other regulatory bodies?Yes. I provided pre-filed direct testimony for the Company's 2024-2026 Gas Demand
11 12 13 14	Q. A.	 Have you previously testified before the Rhode Island Public Utilities Commission ("PUC") or other regulatory bodies? Yes. I provided pre-filed direct testimony for the Company's 2024-2026 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 23-46-EE and 2025 Gas Demand
 11 12 13 14 15 	Q. A.	 Have you previously testified before the Rhode Island Public Utilities Commission ("PUC") or other regulatory bodies? Yes. I provided pre-filed direct testimony for the Company's 2024-2026 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 23-46-EE and 2025 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 24-37-EE.
 11 12 13 14 15 16 	Q. A.	 Have you previously testified before the Rhode Island Public Utilities Commission ("PUC") or other regulatory bodies? Yes. I provided pre-filed direct testimony for the Company's 2024-2026 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 23-46-EE and 2025 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 24-37-EE.
 11 12 13 14 15 16 17 	Q. A.	 Have you previously testified before the Rhode Island Public Utilities Commission ("PUC") or other regulatory bodies? Yes. I provided pre-filed direct testimony for the Company's 2024-2026 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 23-46-EE and 2025 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 24-37-EE.
 11 12 13 14 15 16 17 18 	Q. A. Q.	Have you previously testified before the Rhode Island Public Utilities Commission ("PUC") or other regulatory bodies? Yes. I provided pre-filed direct testimony for the Company's 2024-2026 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 23-46-EE and 2025 Gas Demand Response Pilot SRP Investment Proposal, Docket No. 24-37-EE. What was your role with respect to the Company's proposed Fiscal Year 2026 Gas Infrastructure, Safety and Reliability ("Gas ISR Plan") Plan?
 11 12 13 14 15 16 17 18 19 	Q. A. Q.	Have you previously testified before the Rhode Island Public Utilities Commission("PUC") or other regulatory bodies?Yes. I provided pre-filed direct testimony for the Company's 2024-2026 Gas DemandResponse Pilot SRP Investment Proposal, Docket No. 23-46-EE and 2025 Gas DemandResponse Pilot SRP Investment Proposal, Docket No. 24-37-EE.What was your role with respect to the Company's proposed Fiscal Year 2026 GasInfrastructure, Safety and Reliability ("Gas ISR Plan") Plan?I provided strategic advice to the teams within Rhode Island Energy gas business

1		respect to strategies and investments that facilitate the reduction of greenhouse gas
2		("GHG") emissions associated with the natural gas distribution system in support of the
3		Act on Climate while maintaining safe, reliable and affordable service.
4		
5	II.	Purpose and Structure of Testimony
6	Q.	Please explain the purpose of your testimony.
7	A.	My testimony explains how certain capital work proposed in the Gas ISR Plan will
8		contribute to efforts to reduce greenhouse gas emissions and explains the uncertainties
9		that currently exist with respect to decarbonization strategies that are being considered in
10		other fora.
11		
12	Q.	How is your testimony structured?
13	A.	Section I of my testimony is the introduction. Section II explains the purpose and
14		structure of my testimony. Section III explains how the work proposed in the Gas ISR
15		Plan fits in the broader context of Rhode Island's decarbonization efforts. Section IV is
16		the conclusion.

17

1	III.	Decarbonization Considerations in the Gas ISR Plan
2	Q.	How is Rhode Island Energy supporting the achievement of the Act on Climate's
3		(the "Act") GHG emissions reduction requirements?
4	A.	The Company is committed to being a strong partner in advancing Rhode Island's Act on
5		Climate net-zero mandate by 2050. The Company also supports, and has been actively
6		engaged in, the effort underway to develop a regulatory framework for implementing the
7		Act's requirements with respect to the gas distribution business through the ongoing
8		Investigation Into the Future of the Regulated Gas Distribution Business in Rhode Island
9		in Light of the Act on Climate, PUC Docket No. 22-01-NG (the "Future of Gas Docket").
10		The Company will utilize and respond to findings and recommendations from the PUC
11		that emerge from the Future of Gas Docket, the Executive Climate Change Coordinating
12		Council's ("EC4") 2025 Climate Action Strategy (which will be informed by the Future
13		of Gas Docket recommendations), and additional Company analysis associated with the
14		Act to inform future Gas ISR plans.
15		
16	Q.	Does the Company have a position as the most effective method for reducing GHG
17		emissions attributable to the operation of the gas distribution network in the near-
18		term?
19	A.	Yes. The most effective approach for reducing greenhouse gas emissions associated with
20		the natural gas distribution system itself is through the continued replacement of leak-
21		prone pipe. Low or zero emission fuels such as biomethane or hydrogen, in theory, could

1		be blended into the distribution network to reduce the carbon content of the fuel being
2		transported and delivered, but there exists significant uncertainty regarding the
3		availability and cost-effectiveness of these fuels. Of course, decommissioning segments
4		of the distribution network and transitioning customers to electric-based forms of heating
5		would completely eliminate the GHG emissions associated with those portions of the
6		network, but much work is needed to determine whether decommissioning any segment
7		on the system is hydraulically feasible and could be accomplished without jeopardizing
8		reliability, and to determine the extent to which customers are willing to and capable of
9		converting to electric heat. As such, the only feasible method currently available for
10		reducing GHG emissions is the replacement of leak-prone pipe.
11		
11		
11	Q.	Is the Company proactively exploring approaches to reducing GHGs associated
11 12 13	Q.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential
11 12 13 14	Q.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential future application?
11 12 13 14 15	Q. A.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential future application? Yes. As detailed in the pre-filed direct testimony of Company witness Laeyeng Hunt, the
11 12 13 14 15 16	Q. A.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential future application? Yes. As detailed in the pre-filed direct testimony of Company witness Laeyeng Hunt, the Company is evaluating the purchase of equipment that could eliminate the venting of
11 12 13 14 15 16 17	Q. A.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential future application? Yes. As detailed in the pre-filed direct testimony of Company witness Laeyeng Hunt, the Company is evaluating the purchase of equipment that could eliminate the venting of natural gas into the atmosphere when performing capital improvement work.
11 12 13 14 15 16 17 18	Q. A.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential future application? Yes. As detailed in the pre-filed direct testimony of Company witness Laeyeng Hunt, the Company is evaluating the purchase of equipment that could eliminate the venting of natural gas into the atmosphere when performing capital improvement work. Additionally, the Company's gas and electric engineering teams formed an integrated
11 12 13 14 15 16 17 18 19	Q. A.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential future application? Yes. As detailed in the pre-filed direct testimony of Company witness Laeyeng Hunt, the Company is evaluating the purchase of equipment that could eliminate the venting of natural gas into the atmosphere when performing capital improvement work. Additionally, the Company's gas and electric engineering teams formed an integrated planning team to evaluate segments of the gas system that could potentially be
11 12 13 14 15 16 17 18 19 20	Q. A.	Is the Company proactively exploring approaches to reducing GHGs associated with the gas distribution system other than replacing leak-prone pipe for potential future application? Yes. As detailed in the pre-filed direct testimony of Company witness Laeyeng Hunt, the Company is evaluating the purchase of equipment that could eliminate the venting of natural gas into the atmosphere when performing capital improvement work. Additionally, the Company's gas and electric engineering teams formed an integrated planning team to evaluate segments of the gas system that could potentially be decommissioned with the affected customers' heating appliances (along with hot water,

1		in the planning stages of developing a feasibility study to examine the potential of
2		conducting a hydrogen blending project within the Company's service territory.
3		
4	Q.	Has the Company identified a technology or strategy that it believes is the most
5		reliable and cost-effective method for reducing GHG emissions associated with the
6		natural gas distribution system and natural gas end uses?
7	A.	It is the Company's opinion, as set forth in greater detail in the Company's Comments on
8		E3's Final Technical Report submitted on August 23, 2024 in the Future of Gas Docket,
9		provided as Attachment LG-1, supported by the results of the E3 Technical Analysis
10		Report provided as Attachment LG-2, that no currently existing single technology or
11		implementation strategy can reliably or cost-effectively reduce emissions associated with
12		the natural gas distribution system itself or and decarbonize natural gas end uses. Rather,
13		decarbonization will likely require a portfolio of potential technologies and
14		implementation strategies, each with its own set of opportunities, challenges, and
15		uncertainties. This approach is consistent with the state's own comprehensive assessment
16		of heating sector decarbonization. That assessment concluded, "for policy to support
17		Rhode Island's heating sector transformation, the next 10 years should not focus on
18		advancing a single or limited set of solutions. Instead, Rhode Island should ensure
19		that it is making progress, regardless of which solution (or mix of solutions)

1	ultimately prevails." ¹ (Emphasis added.) This report also recommends "enacting a set
2	of technology-neutral measures that will reduce the carbon intensity of all energy
3	sources used for heating – electricity, gas, oil, and propane – over time." ² (Emphasis
4	added.)
5	
6	Identifying an optimal combination of potential technologies and implementation
7	strategies is also not feasible at this time given the limited experience – both in Rhode
8	Island and jurisdictions across the United States – with the decarbonization measures
9	considered in the Technical Analysis.
10	
11	Nevertheless, the Company recognizes that the Technical Analysis provided as
12	Attachment LG-2 provides certain results regarding the relative impact of
13	decarbonization technologies and implementation strategies for natural gas end uses that
14	are helpful as a starting point for identifying safe, reliable, and cost-effective
15	decarbonization methods. For example, the Technical Analysis emphasizes that energy
16	efficiency is a critical component of decarbonization strategies that might be pursued. ³
17	The Technical Analysis also shows that the Continued Use of Gas scenario – a scenario

 2 Id.

¹ Heating Sector Transformation in Rhode Island – Pathways to Decarbonization by 2050, prepared for the Rhode Island Office of Energy Resources and Rhode Island Division of Public Utilities & Carriers, by The Brattle Group, at v, *available at* https://energy.ri.gov/sites/g/files/xkgbur741/files/documents/HST/RI-HST-Final-Pathways-Report-5-27-20.pdf.

³ Attachment LG-2, at 33.

1		that includes significant energy efficiency, electrification, ⁴ and continued utilization of
2		and investment in the gas distribution system (while replacing natural gas with
3		biomethane and hydrogen) – results in the lowest overall costs for customers regardless
4		of whether they remain on the gas system or choose to migrate to electric technologies.
5		Customer bill impacts for residential, commercial, and industrial customers, as well as
6		upfront costs, are lowest in the Continued Use of Gas scenario. ⁵
7		
8	Q.	How does the Company anticipate leveraging learnings from the Technical Analysis
9		in the Future of Gas Docket to inform the development of future ISR proposals?
10	A.	The Technical Analysis serves as the initial step in exploring the implications of certain
11		decarbonization pathways for the natural gas distribution system and natural gas end
12		uses; however, the modeling results cannot be viewed in isolation and need to be
13		augmented with (i) learning opportunities from monitoring industry developments; and
14		(ii) the testing and deployment of a wide variety of innovative resources in Rhode Island.
15		As new data emerges and technical and economic uncertainties are reduced, the Company
16		may be in a better position to explore nuances associated with natural gas distribution and

⁴ The Continued Used of Gas scenario assumes 25 percent of buildings convert to all-electric heat pumps and an additional 30 percent of buildings convert to hybrid heating systems.

⁵ Attachment DIV 3-28-2, at 70 and 93. Figure 40 and Figure 41 illustrate that the Continued Use of Gas scenario results in the most affordable gas delivery rates for residential and large C&I customers. Figure 57 illustrates that upfront costs associated with decarbonization measures are lowest for gas customers.

1		climate targets while remaining primarily focused on safety, reliability, and affordability
2		for all customers.
3		
4	IV.	Conclusion
5	Q.	Does this conclude your testimony?

6 A. Yes, it does.

The Narragansett Electric Company d/b/a Rhode Island Energy

Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan

December 31, 2024

Docket No. 24-55-NG

Submitted to: Rhode Island Public Utilities Commission

Submitted by:



Section 1 Introduction and Summary The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG In Re: FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 1: Introduction and Summary

Section 1 Introduction and Summary

Proposed FY2026 Gas Infrastructure, Safety, and Reliability ("ISR") Plan

Introduction and Summary FY2026 Gas ISR Plan

In consultation with the Rhode Island Division of Public Utilities and Carriers ("Division"), Rhode Island Energy¹ has developed the following proposed fiscal year ("FY") 2026 Gas Infrastructure, Safety, and Reliability ("ISR") plan ("Gas ISR Plan" or "Plan") in compliance with R.I. Gen. Laws § 39-1-27.7.1 ("Revenue Decoupling Law"), which provides for the filing of "[a]n annual gas infrastructure, safety and reliability spending plan for each fiscal year and an annual rate reconciliation mechanism that includes a reconcilable allowance for the anticipated capital investments and other spending pursuant to the annual pre-approved budget."²

The proposed Gas ISR Plan addresses capital spending on gas infrastructure and other costs related to maintaining the safety and reliability of the Company's gas distribution system. Through the Plan, the Company will maintain and upgrade its gas delivery system by proactively replacing leak-prone pipe; upgrading the gas delivery system's custody transfer stations, pressure regulating facilities, and peak shaving plants; responding to emergency leak situations; and addressing infrastructure conflicts that arise out of state, municipal, and third-party construction projects. The Company intends to attain these safety and reliability goals through a cost-effective, coordinated work plan. The level of work that the Plan provides will sustain and enhance the safety and reliability of the Rhode Island gas distribution infrastructure, promote efficiency in the management and operation of the gas distribution system and directly benefit

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

² R.I. Gen. Laws § 39-1-27.7.1(c)(2).

Rhode Island gas customers. The Plan also helps reduce the annual methane emissions released by the gas distribution system, primarily through the replacement and abandonment of leakprone pipe with its Proactive Main Replacement programs. Where possible, the Company seeks to employ cost effective scalable solutions, such as portable LNG equipment, to adapt the gas distribution system to any changes to the delivery of energy that might arise because of the mandates of the Act on Climate while fulfilling the duty to safely and reliably deliver natural gas to all existing customers.

Included in this proposal is a plan (referred to herein as the "PHMSA Rules Contingency Plan") to address the Pipeline and Hazardous Material Safety Administration's ("PHMSA") Notice of Proposed Rulemaking ("NPRM") Concerning Gas Pipeline Leak Detection and Repair ("LDAR") should currently pending proposed rules take effect in FY2025, and carry forward into FY2026 and beyond, as the Company expects that they will. The Company proposes to seek approval for spending in the FY2026 Plan associated with additional capital work resulting from PHMSA's proposed LDAR rules, but use of the funds would remain contingent on the timing and substance of these rules. The proposed regulatory amendments are driven by Congressional mandates to reduce methane emissions and limit the impacts of climate change. It should be noted that any potential changes and associated impacts cannot be fully evaluated until a final rule is issued. The Company has reviewed the draft rule, in close collaboration with industry peers and trade associations, to begin assessing the potential business and operational impacts. In its current form, the proposed LDAR rules would require gas operators to implement Advanced Leak Detection Programs and deploy new technology, make significant changes to The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 1: Introduction and Summary Page 3 of 15

leakage survey processes and leak classification criteria, increase the frequency at which leakage surveys need to be conducted, and shorten leak repair schedules. A significant change within the proposed rule includes a requirement to remediate all Grade 3 leaks, whether through individual repairs or replacement of leaking assets, within a two- to five-year timeframe after issuance of a final rule based on a prescribed set of repair schedule criteria.

This Introduction and Summary presents: (1) a history of the Gas ISR program in Rhode Island and a statement regarding how the ISR program has contributed to safety and reliability; and (2) an overview of the proposed FY2026 Plan for the statutory categories of costs and the capital additions projected to be placed in-service in FY2026. The Company now submits the Plan to the Rhode Island Public Utilities Commission ("PUC" or the "Commission") for review and approval.³

The Gas ISR Plan describes the Company's safety and reliability activities and the multiyear plan upon which the FY2026 Plan is based. The Plan also addresses capital investment in utility infrastructure for FY2026. The Plan itemizes the recommended work activities by general groups, then categories, and provides budgets for capital investment.

The Company will continue to file quarterly reports with the Division and the PUC concerning the progress of its Gas ISR programs. In addition, when the Company makes its reconciliation and rate adjustment filing described below, the Company will file an annual report

³ In accordance with R.I. Gen. Laws § 39-1-27.7.1(d), the Company and the Division must work together over the course of 60 days in an attempt to reach an agreement on a proposed Plan, which must then be submitted to the PUC for review and approval within 90 days.

on the prior fiscal year's activities and the resulting capital additions placed in-service. In implementing an ISR plan in any fiscal year, the circumstances encountered during the year may require reasonable deviations from the original ISR plan. In such cases, the Company will include in its quarterly reports an explanation of any significant deviations.

The level of spending provided in the FY2026 Plan (excluding incremental PHMSA Rules Contingency Plan funding) to maintain the safety and reliability of the Company's gas delivery infrastructure is \$208.62⁴ million, of which \$22 million represents curb-to-curb paving costs, which would contribute to capital additions placed in-service of \$171.67 million if the cost of curb-to-curb paving is treated as operation and maintenance ("O&M") expense.

Also, the Company is seeking contingent approval of \$14.64 million in additional spending for the PHMSA Rules Contingency Plan to accelerate efforts to repair or replace leak prone pipe to comply with pending PHMSA rulemaking regarding Gas Pipeline LDAR. Because potential changes to PHMSA's LDAR rules have not yet become final, the Company has not yet included the PHMSA Rules Contingency Plan costs in the ratemaking calculation for FY2026. If new PHMSA LDAR rules are implemented before the FY2026 Plan is approved by the PUC, the Company may propose to include the projected capital additions placed in-service for FY2026 in FY2026 rates. However, if the rules are not implemented before the PUC approves the FY2026 Plan, the Company will continue to propose recovery of any capital additions placed in-service in FY2026 for this program through the FY2026 reconciliation process. For reference

⁴ Dollar value numbers throughout this report are rounded to the nearest hundredth of a million. For example, \$208.618 million has been rounded to \$208.62 million. Please see Tables 1,2,3, and 4 for numbers rounded to nearest thousandth.

purposes, the PHMSA Rules Contingency Plan funding would result in total proposed ISR Plan spending for FY2026 of \$223.26 million.

A description of the Company's proposed capital investment plan and capital additions projected to be placed in-service for the FY2026 Plan period is included in Section 2. The revenue requirement description and calculations are contained in Section 3. A description of the rate design and bill impacts are provided in Section 4. Section 5 provides the revenue requirement description and calculations if the forecasted \$22 million cost of curb-to-curb paving costs for FY2026 are treated as capital investment rather than O&M expense. Section 6 describes the rate design and bill impacts that would result from the treatment of curb-to-curb paving costs for FY2026 as capital investment.

History of the ISR Plan

The Rhode Island natural gas distribution system is one of the oldest in the United States and includes a large proportion of leak-prone and deteriorating infrastructure installed, in some instances, more than 100 years ago. The Company, which owns and operates the gas distribution system, has an obligation to provide safe and reliable service to customers in compliance with applicable state and federal pipeline safety statutes and regulations. The challenge of meeting this obligation is amplified, however, on the portions of the distribution system containing leakprone pipe, consisting of unprotected steel, cast iron, wrought iron, and vintage Aldyl-A and Polybutylene plastic pipe. In accordance with the Revenue Decoupling Law, the Company filed its first Gas ISR Plan on December 20, 2010 for FY2012. The ISR program replaced the Accelerated Replacement Program ("ARP"), which began as part of the Company's 2008 rate case in Docket No. 3943. The ARP targeted the replacement of cast iron and non-cathodically protected steel mains and non-cathodically protected steel inside services. The ISR program expanded on the ARP through inclusion of other capital programs related to safety and reliability for public works, mandated programs, and reliability. Starting with the FY2021 Reconciliation, in accordance with the PUC's Order in Docket No. 5099 (regarding the Company's FY2022 Gas ISR Plan), effective as of April 1, 2021, the Company aligned "the calculation of its Gas ISR revenue requirement with the Electric ISR"⁵ and implemented the capital additions placed inservice methodology which was used to calculate the FY2026 Plan revenue requirement.

From FY2012 to through FY2024, the Company has invested a total of \$1.49 billion through the Gas ISR program. This includes a total of \$894 million that targeted the replacement or rehabilitation of leak-prone pipe through the Company's Proactive Main Replacement and Public Works programs. When the ISR program was first implemented, approximately forty eight percent (48%) of the Company's gas distribution system in Rhode Island was comprised of leak-prone pipe. As of December 31, 2023, that percentage has been reduced and approximately twenty seven percent (26%) of the Company's gas distribution system in Rhode Island is comprised of leak-prone pipe. The table below provides the annual amount of leak prone pipe

⁵ Report and Order 24042, RIPUC Docket No. 5099, dated May 6, 2021.

abandonment, and associated estimate of leaks eliminated, for each fiscal year from 2012

through 2024.

Description	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Total
Total ISR Abandonment Miles	46	47	53	55	59	63	62	60	62	30	68	66	34.7	705
Gas Leaks Eliminated	191	186	140	121	150	103	178	160	160	79	190	215	97	1,970

To monitor its system performance, the Company prepares an annual System Integrity Report. A copy of the most recent System Integrity Report (2023) is provided as Schedule 1 at the end of the Plan. The System Integrity Report provides historical data on leak receipts, leak repairs, open leaks, and inventory of mains and services. Additional data is provided around material type for each of the listed categories. The Company considers leak receipts to be an important system performance indicator regarding the effectiveness of its leak-prone pipe abandonment program. Since 2010, the Company has seen an overall downward trend in leak receipts, which indicates that the ISR and ARP programs have contributed to this result. The System Integrity Report shows that there was a slight increase in leak receipts from 2017 to 2019, but the volume decreased in 2020 and 2021 and in 2022 to 2023. Notably, variability in year-to-year annual leaks per mile will occur. Contributing factors include weather, public awareness, and overall system deterioration rates.

For FY2026 the workplan will target approximately eighty five percent (85%) cast iron mains and fifteen percent (15%) unprotected steel. The workplan will include a few more higher priority steel projects, versus what has been included in recent prior year plans, as the projects recently emerged, are workable, and have a priority score above 10. The FY2026 workplan

continues to conform to the Commission's directive in Report and Order 24802 in Docket No. 22-54-NG regarding the Company's FY2024 Gas ISR Plan that the Company focus its main replacement efforts on mains with higher risk rankings.⁶

Act on Climate

The Company has an obligation to provide safe and reliable gas service to customers today and into the future. In addition, the 2021 Act on Climate established economy-wide mandatory reduction targets for greenhouse gas emissions. The Gas ISR Plan contributes to achieving both of those objectives. Since the inception of the ISR program, a major component of the Company's annual workplan has and will continue to include the replacement and abandonment of leak prone pipe, which contributes to the safe and reliable operation of the gas distribution system. An additional benefit of leak prone pipe replacement is that it helps to reduce the emissions from the gas distribution system. Through the Proactive Main Replacement Program, the Company measures methane emissions reductions on a calendar year basis. From 2012 through 2023 the Company has reduced emissions from its gas distribution system by 117,676 thousand cubic feet ("MCF"). In FY2026 the Company plans to reduce emissions by an estimated 14,357 MCF through the abandonment of 57.2 miles of leak prone pipe. In the FY2026 Plan, the Company will also reduce emissions from the Cumberland Portable LNG operations by completing the installation of a Boil-off Gas Recovery Manifold.

⁶ Report and Order No. 24802, at 37, RIPUC Docket No, 22-54-NG (Aug. 22, 2023).

Section 2: Gas Capital Investment Plan

The Company's proposed gas capital investment plan set forth in Section 2 summarizes the Company's planned capital investments and capital additions projected to be placed in-service for the Top Level (or Level 1) category groups, listed directly below, and their subsidiary Level 2 categories, which are explained in further detail below:

- A. Main Replacement & Rehabilitation
- B. Mandated & Non-Main Reactive
- C. Reliability & Pressure Regulation
- D. Separately Tracked Categories Purchase Meters (Replacement)
- E. Separately Tracked Major Projects
- F. PHMSA Contingency Gas Pipeline Leak Detection and Repair
 - Please note, as explained above, because potential changes to PHMSA's LDAR rules have not yet become final, the Company has not yet included the PHMSA Rules Contingency Plan costs in the ratemaking calculation for FY2026. If new PHMSA LDAR rules are implemented before the FY2026 Plan is approved by the PUC, the Company may propose to include the related projected capital additions placed in-service for FY2026 in FY2026 rates. However, if the rules are not implemented before the PUC approves the FY2026 Plan, the Company will continue to propose recovery of any capital additions placed in-service in FY2026 for this program through the FY2026 reconciliation process.
The Company has included its capital budget, a description of relevant projects that that are part of the Gas ISR Plan, an explanation of the need for and benefit of performing such work to provide safe and reliable service to the Company's customers, and the resulting capital additions that would be added to the revenue requirement over the FY2026 Plan. The Company has also included its five-year ISR capital plan forecast that covers the period of April 1, 2025 through March 31, 2030 (also referred to as FY2026 and FY2027 through FY2030). Finally, the Company has provided the most recent five-year history of ISR capital spend for reference.

The Company's FY2026 Plan includes the elimination of a total of approximately 57.2 miles of leak-prone pipe (approximately 32.5 miles of proactive main replacement, 13.0 miles of public works replacement, 5.6 miles of reactionary main replacement, 1.4 miles from reliability work, 2.5 miles from Low Pressure System Elimination, 0.04 mile from Replace Pipe on Bridges, 1.9 miles from the Pipeline Integrity – Wampanoag Trail Pipeline Replacement project, and 0.3 mile of reinforcement work). For FY2026, the workplan for the Proactive Main Replacement program will target abandonment of approximately eighty five percent (85%) cast iron main and fifteen percent (15%) unprotected steel.

Section 3: Revenue Requirement

In Section 3 the Company has provided a calculation of the revenue requirements for the capital investment forecasted to be placed in service through the proposed FY2026 Plan. Section 3 of the Plan contains a description of the revenue requirement model and an illustrative calculation for the FY2026 Plan assuming that the cost of curb-to-curb final restoration paving is

treated as O&M expense. This calculation will form the basis for the Plan rate adjustment for effect on April 1, 2025. As provided in Section 3 of the Plan, in accordance with the Company's gas tariff, RIPUC RIE-GAS No. 101, Section 3, Schedule A, Item No. 3.3, the Company will reconcile this rate adjustment as part of its annual Distribution Adjustment Clause filing. The pre-tax rate of return on rate base is the rate of return approved by the PUC in the Amended Settlement Agreement in the Company's most recent general rate case, Docket No. 4770. In the future, the pre-tax rate of return would change to reflect changes to the rate of return approved by the PUC in a future base rate case. Any change in the rate of return would be applicable on a prospective basis, effective at the time of the change.

Section 4: Rate Design

For purposes of rate design, the revenue requirement associated with total net capital investment is allocated to rate classes based upon the most recent rate base allocator approved in the Amended Settlement Agreement in Docket No. 4770. For each rate class, the allocated revenue requirement is divided by the plan year (12-month period) forecasted therm deliveries to arrive at a per-therm factor unique to each rate class.

The proposed rate design and associated estimated typical bill impacts are provided in Section 4. If the cost of curb-to-curb final restoration paving is treated as O&M expense, the estimated bill impact of the Gas ISR Plan for the average Residential Heating customer, using 845 therms annually, would be an annual increase of \$ \$78.58, or 4.4 percent, from current bills. The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 1: Introduction and Summary Page 12 of 15

Section 5: Alternative Revenue Requirement

In Section 5 the Company has provided an alternative calculation of the revenue requirements for the capital investment forecasted to be placed in service through the proposed FY2026 Plan, capitalizing all paving costs. This section explains the Company's proposal to treat the costs of curb-to-curb paving as capital investments as opposed to O&M expenses. In Docket No. 23-49-NG, concerning the Company's FY2025 Gas ISR Plan, the PUC directed the Company to treat FY2025 paying costs, resulting from the passage of the Rhode Island Utility Fair Share Roadway Repair Act, as an O&M expense instead of a capital investment for purposes of cost recovery and calculation of the revenue requirement. The change in the book treatment of these costs does not change the tax treatment of these costs; hence for tax purposes, these paving costs continue to be capitalized under Section 263(a) of the Internal Revenue Code. The treatment of paving costs as expense for book purposes creates a temporary difference that requires the recording of a deferred tax asset ("DTA"), thus reducing accumulated deferred income tax ("ADIT"). A DTA is created because the Company pays taxes in the year paying costs are incurred and expensed for books, but the Company will recognize a future tax benefit when the Company claims tax depreciation of the capitalized paving costs over the life of the asset. This DTA increases rate base in the year paving costs are incurred. Rate base will subsequently decrease over time as the DTA reverses over the depreciable life of the asset. The new paving cost temporary difference ("263a basis difference") is reflected with the computation of the FY2025 tax depreciation. The 263a basis difference is reflected because it is subject to the repairs deduction rate. The 263a basis difference is reflected to calculate the originating deferred

tax impact (i.e., a DTA or a reduction in a DTL) in the year paving costs are incurred. The 263a basis difference is reflected to capture the increase in tax basis net of the repairs tax deduction, which will depreciate over the 20-year tax life of the asset pursuant to the IRC Modified Accelerated Cost-Recovery System ("MACRS") and will reverse the originating deferred tax. The total impact of this 263a basis difference in year 1 is used to calculate deferred taxes. The tax impacts of the 263a basis difference were not included in the FY2025 Plan filing but will be included in the FY2025 Reconciliation filing as part of the tax true-up.

The decrease in ADIT resulting from this new 263a basis difference increases rate base and has a negative impact on customers. It is for this reason, as well as forecasted increases in paving costs, that the Company proposes to capitalize paving costs for book purposes in the FY2026 vintage within the FY2026 Gas ISR Plan filing. As mentioned above, the Company is finding that its initial annual cost estimate for curb-to-curb paving was understated. Instead of seeing expense in the range of \$12 million per fiscal year, the expense is in the range of \$12 - \$13 million for FY2025 and is forecasted to rise to \$22 million in FY2026. The Company is concerned about the near-term bill impacts to customers resulting from the treatment of curbto-curb paving as an O&M expense, plus the resulting revenue requirement on the increased rate base from the DTA. In light of these facts, that were not known and, therefore, not brought to the PUC's attention last year, the Company proposes that curb-to-curb paving costs be treated as capital investment in the FY2026 Plan.

Section 5 of the Plan contains a description of the revenue requirement model and a calculation for the FY2026 Plan if all paving costs are treated as capital investment. This

calculation forms the basis for the alternative Plan rate adjustment, which is proposed for effect on April 1, 2025. In accordance with the Company's gas tariff, RIPUC RIE-GAS No. 101, Section 3, Schedule A, Item No. 3.3, the Company would reconcile this rate adjustment as part of its annual Distribution Adjustment Clause filing if the Commission approves the treatment of curb-to-curb paving costs as capital investment. The pre-tax rate of return on rate base is the rate of return approved by the PUC in the Amended Settlement Agreement in the Company's most recent general rate case, Docket No. 4770. In the future, the pre-tax rate of return would change to reflect changes to the rate of return approved by the PUC in a future base rate case. Any change in the rate of return would be applicable on a prospective basis, effective at the time of the change.

Section 6: Alternative Rate Design

For purposes of an alternative rate design if curb-to-curb paving costs are treated as capital investment, the revenue requirement associated with total net capital investment is allocated to rate classes based upon the most recent rate base allocator approved in the Amended Settlement Agreement in Docket No. 4770. For each rate class, the allocated revenue requirement is divided by the plan year (twelve-month period) forecasted therm deliveries to arrive at a per-therm factor unique to each rate class.

The proposed alternative rate design and associated estimated typical bill impacts are provided in Section 6. The estimated bill impact of the Gas ISR Plan for the average Residential Heating customer, using 845 therms annually, would be an annual increase of \$17.75, or 1.0

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percent, from current bills (assuming curb-to-curb paving costs are treated as capital investments

in the FY2026 Gas ISR).

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Section 2 Gas Capital Investment Plan

Proposed FY2026 Gas ISR Plan

Gas Capital Investment Plan FY2026 Gas ISR Plan

Background

The Company developed its proposed capital investment plan to meet its obligation to provide safe, reliable, and efficient gas distribution service for customers at reasonable costs.⁷ The Gas ISR Plan includes capital investment spending needed to meet state and federal regulatory requirements applicable to the Company's gas system and to maintain its distribution infrastructure in a safe and reliable condition. To address the replacement of leak-prone pipe, the Plan includes infrastructure, safety, and reliability work for cast-iron and non-cathodically protected steel mains. The Plan also contains capital spending related to safety and reliability for public works projects, mandated programs, and gas reliability.

Consistent with the goals of the Revenue Decoupling Law, to continue providing safe and reliable gas delivery service to Rhode Island customers, it is critical that the Company remain vigilant with respect to investing in its infrastructure and have appropriate and timely cost recovery. To that end, the Company's proposed Plan identifies the capital spending investments that it expects to complete during FY2026 along with capital assets that are forecasted to be placed in service during the twelve-month period of the Plan. At the end of this section, Table 1 contains a description of the proposed budget for the FY2026 Plan, and the resulting forecasted Capital Additions placed In-Service. Table 1 lists the ISR categories within the Top Level (or

⁷ The Company delivers natural gas to approximately 279,000 Rhode Island residential and commercial and industrial customers in 32 cities and towns in Rhode Island. To provide this service, the Company owns and maintains approximately 3,223 miles of gas mains and approximately 195,200 gas services.

Level 1) groups, which aligns with the budgetary framework adopted in the Docket No. 23-49-NG with respect to the Company's FY2025 Gas ISR Plan. Table 2 contains the Top Level (or Level 1) groups for FY2026 with the Overspend Allowance Percentage for each group, where applicable, and the resulting Total Allowable Spend per group. Table 3 contains a proposed five-year ISR spending forecast that covers the period of April 1, 2025 through March 31, 2030. Table 4 contains actual spending based on the prior five-year period, FY2020 through FY2024. For the FY2026 Plan, the Company proposes \$208.62 million of ISR investments,⁸ which includes \$151.35 million for Main Replacement & Rehabilitation, \$12.83 million for Mandated & Non-Main Reactive, \$19.97 million for Reliability & Pressure Regulation, \$5.29 million for Separately Tracked Categories - Purchase Meters (Replacement), and \$14.64 million for Separately Tracked Major Projects. The total of \$208.62 million includes \$8.34 million related to Cost of Removal as well as \$22 million in paying costs. If curb-to-curb paying costs are treated as O&M expenses, then the capital additions projected to be placed in-service for the FY2026 Plan are \$171.67 million and are included in the FY2026 Gas ISR recovery mechanism. The Company has also developed and presented its PHMSA Rules Contingency Plan which includes funding of \$14.64 million to address PHMSA's proposed enhanced LDAR rules; including those incremental funds, the FY2026 proposed budget totals \$223.26 million. The Company is proposing to exclude the PHMSA Rules Contingency Plan funding from this initial

⁸ During FY2026 the Company plans to invest \$239.96 million of capital excluding \$14.64 million for the PHMSA Rules Contingency Plan funding or \$254.60 including \$14.64 million for the PHMSA Rules Contingency Plan funding. Of the Company's total FY2026 capital plan, \$31.34 million (excluding the PHMSA Rules Continency Plan funding) is associated with projected growth, other non-ISR spending, and capital projects not currently included in the ISR and are not included for recovery in the FY2026 Gas ISR Plan.

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FY2026 revenue requirement calculation, and instead would seek recovery of the resulting capital additions placed in-service during the FY2026 reconciliation if new PHMSA LDAR rules take effect during FY2026. If new PHMSA LDAR rules become final and take effect prior to the PUC's approval of a FY2026 Plan, the Company may seek to include the anticipated related capital additions placed in-service in its calculation of the revenue requirement attributable to FY2026 capital additions placed in-service. Based on information from gas industry trade associations the Company anticipates that new PHMSA LDAR rules could take effect in January 2025.

Description of Programs and Projects

As set forth in Table 1 at the end of this section, the Company proposes the following spending for each category of programs or projects that are included in the proposed \$208.62 million FY2026 Plan budget. Please note that the forecasted capital additions resulting from spending in each category listed below includes a total of \$22 million in forecasted curb-to-curb paving costs. As explained in Section 3, for the purposes of calculation of revenue requirements the Company has reduced its total forecast of capital additions placed in service by \$22 million to provide a revenue requirement calculation that treats these paving costs as O&M expense. In Section 5, the Company has not reduced its forecast of capital additions to be placed in service to provide an alternative revenue requirement calculation that treats all ISR paving costs as capital investments.

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A. Main Replacement & Rehabilitation

	Α	В	
1	Investment Categories & Groups	F	/2026 Budget (\$000)
2	A. Main Replacement & Rehabilitation		
3	Damage / Failure (Reactive)	\$	30
4	Reactive Main Replacement - Leak Prone Pipe & Maintenance	\$	11,933
5	CSC/Public Works - Non-Reimbursable	\$	30,560
6	CSC/Public Works - Reimbursable	\$	2,071
7	CSC/Public Works - Reimbursements	\$	(1,035)
8	Gas System Reliability	\$	10,016
9	Proactive Main Rehabilitation - Large Diameter	\$	1,800
10	Proactive Low Pressure System Elimination	\$	9,002
11	Replace Pipe on Bridges	\$	6,600
12	Proactive Main Replacement - Leak Prone Pipe	\$	78,400
13	Atwells Avenue	\$	100
14	Proactive Service Replacement	\$	1,875
15	Main Replacement & Rehabilitation Total	\$	151,350

A1. Damage/Failure (Reactive)

The Company proposes to include funding for safety and reliability projects associated with remediation of damage or failure occurrences. Damage or failure projects are initiated in response to events outside the Company's control that require immediate action. The Company proposes a FY2026 budget of \$0.03 million for such work, which would contribute to capital additions placed in-service of \$0.029 million.

A2. Reactive Main Replacement – Leak Prone Pipe & Maintenance

The Maintenance component of this category consists of emergency main replacements or modifications because of leaks or other unplanned events where main conditions typically dictate immediate replacement and/or because gas facilities are subject to water intrusion or exposure and require a timely remedy. The reactive main and service replacement work at Oxbow Farms in Middletown, which was included in the FY2023 plan, continues to be on hold until the Company determines options for a long-term solution and one is agreed to with the property manager and owner.

The Reactive – Leak Prone Pipe component of this category is for leak prone pipe replacement that occurs on a reactionary basis. Projects in this category will be leak prone pipe replacement jobs that were not part of the FY2026 Proactive Main Replacement workplan list. Funding has been allocated to this category for the purpose of replacing gas mains when immediate replacement is necessitated by material condition. For example, main replacement would be initiated under this category upon the discovery of unsatisfactory material conditions necessitating replacement through the course of other excavation work, such as a leak repair, or third-party damages. This category of work currently includes \$3.56 million for the Cumberland Hill Road Area projects in Woonsocket, which is comprised of 4-miles of total installation and will result in 4-miles of abandonment (the majority of which is 12-inch 60# bare steel) on Cumberland Hill Road, Park Place, and the Hamlett Avenue Bridge. A joint weld on this segment of main cracked, causing a significant gas leak in The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan Page 6 of 44

February 2022. Since that time, the Company performed inspections including the digging of test holes and X-ray analysis to investigate the condition of the pipe and joints/welds on nearby segments of the same main, and the Company determined that a reactionary main replacement was needed. Thus far, main has been installed on the Park Place portion of the project and there are several remaining services to replace, main installation is ongoing on the Cumberland Hill portion of the project and is expected to be gassed-in in FY2025, and the Company has received permits to start work on the Hamlet Avenue bridge. For FY2026, the planned work includes final restoration for Park Place, abandonment of the main and restoration work on Cumberland Hill Road, and main replacement on the Hamlet Avenue bridge.

The Reactive Main Replacement – Leak Prone Pipe & Maintenance category has a total proposed budget of \$11.93 million for FY2026 which will contribute to forecasted capital additions placed in-service totaling approximatley \$9.47 million in FY2026. In total, this program is forecasted to install 4.1 miles of new gas main and abandon 5.6 miles of leak prone pipe in FY2026.

Additionally, as part of Group F, the Company has forecasted \$9.79 million of incremental funding for Mandated Reactive Main Replacement – Leak Prone Pipe (PHMSA) for the PHMSA Rules Contingency Plan, but this funding is not currently included in the revenue requirement for the FY2026 Plan.

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A3. Public Works

The purpose of the Public Works program is to address existing gas infrastructure conflicts, as appropriate, and to improve the safety and reliability of the Company's natural gas distribution system in conjunction with municipal construction, water and sewer projects, and other third-party excavation projects, which provide significant incremental benefits to customers and communities. Municipal, water and sewer, and other third-party work affords the Company an opportunity to replace additional leak-prone pipe and reduce paying costs by coordinating the Company's gas main replacement work with planned third-party construction projects. This also benefits customers and communities by improving service delivery and minimizing construction impacts and inconvenience. The Company has an ongoing plan to replace targeted gas mains with a risk-based approach. Coordinating the Company's Integrity programs with planned municipal and water and sewer projects has yielded increased system reliability and integrity, and optimized capital spending. Although one of the primary purposes of Public Works spending is to address direct conflicts between planned third-party projects and existing gas infrastructure, Public Works spending provides the additional opportunity to coordinate other system improvement work, such as the replacement of leak-prone pipe, system reliability upgrades, elimination of redundant main, and regulator station upgrades.

The Company will manage multiple projects to address the dynamic nature of the Public Works process through effective liaison activity. Although municipal schedules and plans

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change largely due to funding, other factors also contribute to the scheduling of these projects (e.g., political demand and maintenance). Changes in municipal projects can and do create additional work in developing and coordinating the Company's planning and budgeting processes. Using the Company's five-year work planning process, the Company can provide some flexibility in scheduling, coordinating, and engineering projects in concert with municipal public works initiatives. The Plan incorporates \$31.60 million in net spending under the Public Works category, which includes \$32.63 million in capital spend and \$1.04 million in forecasted reimbursements from third parties. Overall, the Public Works budget provides for the installation of 13.0 miles of gas main and the abandonment of 13.0 miles of leak-prone gas main, consisting of cast iron and unprotected steel main. The forecasted capital additions placed in-service for this category during the term of the Plan total \$28.03 million.

A4. Gas System Reliability

The Gas System Reliability program includes projects that support system reliability through standardization and simplification of system operations (e.g., system up-ratings and deratings and regulator elimination), integration of systems (e.g., tie-ins), and new supply sources (e.g., take stations). The FY2026 budget includes continued funding for ongoing multi-year projects designed to eliminate single-feed systems (and low-pressure segments where applicable). These projects include the Greenwich Avenue project in East Providence, Waterman Avenue project in North Providence, Allandale Avenue project in Johnston, Beverly Drive project in Lincoln, Roger Williams Avenue project in East Providence, the beginning of construction on Phase 2 and 3 of the Bypass Installation to support the Allens Avenue Regulator Station in Providence (also known as 99# System Integration), Hartford Avenue project in Providence, and the Harris Avenue project in Providence. This program is forecasted to install 5.2 miles of new gas main and contribute to the abandonment of approximately 5.2 miles of main (including 1.4 miles of leak prone pipe) in FY2026. For the FY2026 Plan, the Company proposes to spend a total of \$10.02 million for this program, which would contribute to capital additions placed in-service of approximately \$9.34 million.

A5. Proactive Main Rehabilitation - Large Diameter Pipe Rehabilitation

The Company's distribution system includes approximately 31 miles of large diameter (greater than or equal to 16-inches) leak-prone gas mains. The Proactive Large Diameter Program consists of rehabilitating large diameter leak-prone pipe through the implementation of a sealing and lining program. Lining and sealing are cost-effective alternatives for remediating large diameter leak-prone pipe. Additional benefits of this program include minimization of impacts to customers and communities, a shortened construction period and use of existing space in areas with significant underground utility congestion. For the FY2026 Plan, the Company proposes to spend a total of \$1.80 million on this overall category, which would contribute to capital additions placed in-service of approximately \$0.97 million in FY2026. The Company will finalize the service transfers (started in FY2025), engineering, and materials procurement in the Cast-Iron Lining ("CI Lining") program for the Petteys Avenue project in Providence, but the actual main rehabilitation (lining of pipe) will not occur until FY2027. Additionally, the Company does not have any Cast-Iron Sealing Robot ("CISBOT") jobs planned for FY2026; the historical CISBOT work the Company has completed and the strategy of completing low pressure to high pressure conversions, when possible, on main replacement projects has reduced the remaining number of targeted Large Diameter Rehabilitation (CISBOT) projects.

A6. Proactive Low Pressure System Elimination

The purpose of this program is to systematically replace low pressure ("LP") gas systems with high pressure ("HP") gas systems to enhance gas system safety. The Company implemented this program in response to recommendations from Federal and State government agencies following the Columbia Gas incident in Massachusetts in 2018. Proactive LP System Elimination will systematically retire entire LP systems by transferring customers to HP systems through the installation of new distribution mains, services (or service transfers), and service regulators. The new HP services will be installed to current standards with excess flow valves and service regulators at each customer premise providing enhanced over pressure protection. In the FY2026 Plan, the Company will continue work on LP elimination projects on Tuckerman Avenue (including Wolcott Avenue) in Middletown, Morton Avenue in Johnston, Charles Street in Providence, Priviledge Street in Woonsocket, Tiffany Street in North Providence, Social Street in Woonsocket, and Mitris Boulevard in Woonsocket, and will begin work on Harrison Avenue in West Warwick. In total, the work planned for FY2026 will install 4.4 miles of new gas main and contribute to the abandonment of approximately 8.6 miles of main (including 2.5 miles of leak prone pipe). For the FY2026 Plan, the Company proposes to spend \$9.00 million for this program, which would contribute to capital additions placed in-service of \$9.73 million.

A7. Replace Pipe on Bridges

For the FY2026 Plan, the Company will spend \$6.60 million on the Replace Pipe on Bridges program including planned activities at the following locations: Glenbridge Avenue bridge in Providence (support of existing utility bridge trestle and engineering design), River Street in Woonsocket (8" coated steel main relay), Greystone bridge connecting North Providence to Johnson (Horizontal Directional Drill or "HDD"), along with replacement of gas main crossing the Goat Island bridge project in Newport (project was deferred from FY2025). As mentioned in the Reactive Main Replacement – Leak Prone Pipe & Maintenance category, above, work on Hamlet Avenue Bridge in Woonsocket will be performed as part of the Cumberland Hill Road area project scope and will be reported under that Reactive Main Replacement category. Spending in the Replace Pipe on Bridge category will contribute to capital additions placed in-service of \$5.57 million during FY2026.

A8. Proactive Main Replacement – Leak Prone Pipe

The value of and need for targeted spending on the replacement of leak-prone gas main is well-documented and has been acknowledged by the PUC and Division. For the FY2026

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Plan, the Company forecasts spending \$78.40 million on its Proactive Main Replacement – Leak Prone Pipe program, which will result in the installation of 33.1 miles of new gas main and the abandonment of approximately 32.5 miles of leak-prone gas main and associated service relays, inserts, or tie-ins. The Company will target leak prone gas main segments with some of the highest priorty ratings on the gas distribution system. These projects tend to be focused in urban areas where project coordination and final abandonment is more complex than in more rural settings due to factors such as street closures and higher meter counts per mile. Consequently, the Company anticipates variability in the actual number of miles abandoned inside FY2026. Spending in the Proactive Main Replacement – Leak Prone Pipe category will contribute to capital additions placed in-service of approximately \$68.69 million during FY2026.

A9. Atwells Avenue - Proactive Main Replacement – Leak Prone Pipe

The Company began work on Segment 3 of the Atwells Avenue project in FY2024 and continued work into FY2025. This segment of the project has a high concentration of services and customer meters, which was a contributing factor in the length of time required to finish this project. The Company forecasts that the majority of work will be completed on this segment by the end of FY2025, including the abandonment of the leak prone main. However, it is probable that additional final restoration costs will carryover in FY2026, so the Company has budgeted a final \$0.10 million in the FY2026 Plan, which would close out the overall Atwells Avenue project.

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A10. Proactive Service Replacement

For the FY2026 Plan, the Company is proposing to substantially increase the proactive service replacements from 38 in FY2025 to 250 in FY2026. Within the past year, the Company completed an in-depth review of the pool of potential leak prone services on non-leak prone gas main, which was performed in response to the Division's data request Division 1-26 in RIPUC Docket No. 23-49-NG. Based on that review, the number of potential leak prone services on non-leak prone main increased from 150 to 1,759 on March 6, 2024 (when the analysis was finalized) and the count as of December 16, 2024 was 1,720. Some potential leak prone services will be eliminated from the list once a field visit is completed. Based upon the increased number of potential services in the population, the Company is proposing to increase the volume of proactive service replacements in FY2026.

Across all Main Replacement & Rehabilitation categories for FY2026, the Company plans to spend \$151.35 million, which will contribute to capital additions placed in-service of \$133.51 million during FY2026.

In summary, the Company's FY2026 Plan includes the elimination of a total of approximately 57.2 miles of leak-prone pipe (approximately 32.5 miles of proactive main replacement, 13.0 miles of public works replacement, 5.6 miles of reactionary main replacement, 1.4 miles from reliability work, 2.5 miles from Low Pressure System Elimination, 0.04 mile from Replace Pipe on Bridges, 1.9 miles from the Pipeline Integrity – The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan Page 14 of 44

Wampanoag Trail Pipeline Replacement project, and 0.3 mile of reinforcement work). The

table below provides a summary of the planned main installation and leak prone pipe

abandonment by category.

	Α	В	C
1	Investment Categories & Groups	FY2026 Main Installation	FY2026 Leak Prone Pipe Abandonment
2	A. Main Replacement & Rehabilitation		
3	Reactive Main Replacement - Leak Prone Pipe & Maintenance	4.1	5.6
4	CSC/Public Works - Non-Reimbursable	12.0	12.0
5	CSC/Public Works - Reimbursable	1.0	1.0
6	Gas System Reliability	5.2	1.4
7	Proactive Low Pressure System Elimination	4.4	2.5
8	Replace Pipe on Bridges	0.3	0.04
9	Proactive Main Replacement - Leak Prone Pipe	33.1	32.5
10	Main Replacement & Rehabilitation Total	60.1	55.0
11	B. Mandated & Non-Main Reactive		
12	Mandated Total	-	-
13	C. Reliability & Pressure Regulation		
14	Reliability & Pressure Regulation Total	-	-
15	D. Separately Tracked Categories		
16	Purchase Meters (Replacement)	-	-
17	E. Separately Tracked Major Projects		
18	Pipeline Integrity (Wampanoag Trail Pipeline Replacement)	-	1.9
19	Separately Tracked Major Projects Total	-	1.9
20			
21	Gas ISR Total (without PHMSA LDAR)	60.1	56.9
22	Reinforcement	-	0.3
23	FY2026 ISR Installation and LPP Abandonment - Total	60.1	57.2

Narragansett Gas - FY2026 - Mileage Targets

24 *Note: Abandonment totals are approximate and may vary inside FY2026 based upon timing of field work.

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B. Mandated & Non-Main Reactive

	Α		В
1	Investment Categories & Groups	FY2	2026 Budget (\$000)
2	B. Mandated & Non-Main Reactive		
3	Reactive Leaks (CI Joint Encapsulation/Service Replacement)	\$	8,320
4	Corrosion	\$	1,250
5	Reactive Service Replacements - Non-Leaks/Other	\$	1,766
6	I&R - Reactive	\$	1,430
7	Access Protection Remediation	\$	60
8	Mandated Total	\$	12,826

B1. Reactive Leaks (CI Joint Encapsulation/Service Replacement)

This category provides funding for the leak sealing of cast iron bell joints that are discovered during proactive leak surveys, public odor calls, or other activities. In addition, it provides funding for remediating leaking gas services through insertion, replacement, and/or abandonment of the services. For the FY2026 Plan, the Company proposes to spend \$8.32 million for this work. The forecasted capital additions placed in-service for this category for the FY2026 Plan total \$7.70 million.

In addition to the \$8.32 million budget for Reactive Leaks in Group B, the Company has also forecasted \$4.64 million of incremental funding for Reactive Leaks (PHMSA) in Group F, for the PHMSA Rules Contingency Plan, but this funding is not included in the revenue requirement for the FY2026 Plan at this time.

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B2. Corrosion

The Rhode Island Corrosion Control Program has two components: Underground and Atmospheric Corrosion Protection. The underground corrosion controls consist of pipe coatings and cathodic protection. Cathodic protection is accomplished by establishing proper coatings on the steel pipe segments and the installation of rectifiers, anodes, insulators, and test stations for the steel pipes. In addition, the underground corrosion program includes control lines at existing regulator stations. The atmospheric corrosion controls require periodic inspections of exposed gas pipes and coatings (where presented) and repairs of deficiencies found. Under the corrosion control program, the Company installs, inspects, tests, maintains, repairs, and upgrades the underground and atmospheric corrosion control components to be compliant with Federal and State mandates. For the FY2026 Plan, the Company proposes to spend \$1.25 million on this program. The forecasted capital additions placed in-service for this category for the FY2026 Plan total approximately \$1.33 million.

B3. Reactive Service Replacements – Non-Leaks/Other

This program contains the capital costs for service relocations, service abandonments, and the installation of curb valves. For the FY2026 Plan, the Company plans to spend \$1.77 million in connection with this program. The forecasted capital additions placed in-service for this category in the FY2026 Plan total \$1.87 million; the primary driver of the variance between FY2026 spending and in-service is the in-service timing of work that will begin in FY2025 but will only be placed in-service in FY2026.

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B4. I&R - Reactive

The I&R Reactive program is established to address capital project requirements over and above the Pressure Regulation capital budget. Projects range from instrumentation replacement due to failure; replacement of obsolete/unreliable equipment, such as regulators, pilots, boilers, heat exchangers, odorant equipment, and station valves; and replacement of building roofs or doors due to deterioration. In the FY2026 Plan, the Company plans to spend \$1.43 million for this program, which would contribute to forecasted capital additions placed in-service of \$1.33 million.

B5. Access Protection Remediation

The Access Protection Remediation program is designed to reduce the risk of public injury by restricting and/or deterring public access to the Company's elevated gas facilities. The FY2026 budget of \$0.06 million is to address access protection remediation at three known locations. As the Company is coming to the end of the known locations to remediate, the Company will explore the incorporation of access protection remediation panels into the future design of bridge crossings instead of charging such work to this separate program. The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan Page 18 of 44

C. <u>Reliability & Pressure Regulation</u>

	Α		В
1	Investment Categories & Groups	FY	2026 Budget (\$000)
2	C. Reliability & Pressure Regulation		
3	LNG	\$	6,921
4	Transmission Station Integrity	\$	1,500
5	Pressure Regulating Facilities	\$	6,200
6	Distribution Station Over Pressure Protection	\$	500
7	Take Station Refurbishment	\$	1,858
8	Heater Installation Program	\$	410
9	System Automation	\$	525
10	Tools & Equipment	\$	1,112
11	Valve Installation/Replacement - Primary Valve Program &		
	Aquidneck Island Low Pressure Valves	Ş	195
12	Southern RI Gas Expansion Project - Regulator Station Investment	\$	748
13	Reliability & Pressure Regulation Total	\$	19,969

The Reliability & Pressure Regulation group of categories and projects consists of Reliability and Pressure Regulation projects with a total lifetime forecasted budget less than \$10.00 million. Based on the newly proposed Gas ISR budgetary framework, any large project with a forecasted lifetime project spend of \$10.00 million or more, will be tracked individually under Group E – Separately Tracked Major Projects. As was the case in FY2025, the LNG and Pipeline Integrity categories have projects that are forecasted to spend \$10.00 million or more over the lifecycle of the projects. For FY2026, the Company has moved the Transmission Station Integrity – Scott Road project from Group C to Group E as the project's lifetime forecast is now scheduled to exceed the \$10.00 million threshold by the end of FY2025 and there will be continued spending into FY2026. In hindsight, the Company should have recommended that this project be included in Group E – Separately Tracked Major Projects in the FY2025 Gas ISR proposal, given the potential that project costs could exceed the \$10 million threshold.

<u>C1. LNG</u>

The Liquified Natural Gas ("LNG") program is established to address specific and blanket capital project requirements to support the Company's LNG operations. There are several ongoing and upcoming site modernization and improvement projects at the Exeter and Cumberland site, which will be described below. FY2026 totals listed, by site, in this section exclude spending that is being reported under Group E – Separately Tracked Major Projects.

The Company has budgeted \$6.92 million for LNG projects for FY2026. At the Exeter site, the Company is forecasted to place the ongoing Boiloff Compressor project in-service in FY2025 and approximately \$0.01 million is budgeted for FY2026 for final project closeout costs. The Company will also spend approximately \$1.07 million at the Exeter site to complete the Emergency Generator Upgrade project, which is necessary to support the increased electrical load associated with the newly installed boiloff equipment. The Company will spend \$2.50 million to complete the Switchback Staircase Tower project which is expected to go out for bid by the end of FY2025 and be constructed inside FY2026. The installation of a new Switchback Staircase Tower is being completed to access the top of the Exeter LNG Tank. The existing setup is a single-file staircase that winds along the side

of the tank. The Switchback Staircase Tower will provide increased safety when ascending and descending the Exeter LNG Tank. The Switchback Staircase Tower will also allow for easier first responder access and the use of a stretcher if needed. Maintenance activities will also be safer with the installation of a davit arm jib crane to lift and lower heavy, or awkward items. The current spiral staircase presents a safety risk to the Company's employees and contractors. The Company will spend an additional \$0.16 million on smaller scale projects including critical spares and closeout of the septic upgrade.

At the Cumberland site, the primary project will be the Boil-Off Gas ("BOG") Recovery Manifold, which is budgeted to result in \$2.00 million in FY2026 spending. This project supports the Act on Climate's goals by capturing BOG and sending it into the gas distribution system rather than releasing it into the atmosphere. The Company will spend an additional \$0.43 million on smaller scale projects including a boiler platform, critical spares, closeout costs associated with the portable LNG equipment purchase and purchase of supplemental portable storage equipment, and closeout costs associated with the sites water main project.

Finally, the Company has budgeted \$0.75 million for the LNG – Blanket workorder to be utilized across all LNG sites.

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C2. Transmission Station Integrity

This program is a continuation of a rate base funded program that began several years ago and primarily consisted of in-depth compliance records and documentation reviews of pressure regulating facilities. The primary purpose of the Transmission Station Integrity program is to meet PHSMA code requirements, under 49 CFR § 192.624, which require operators of steel gas transmission pipeline segments to reconfirm the maximum allowable operating pressure ("MAOP") of segments with pressure test documentation and material property records by 2035. Fifty percent (50%) of transmission pressure segments require MAOP reconfirmation by 2028. Where the records that substantiate the MAOP are not traceable, verifiable, and complete ("TVC"), the equipment will be re-tested, nondestructively examined, or replaced to ensure the pipelines, including those associated with transmission stations, are safe, reliable, and fit for service. The ongoing scope of this multiyear program consists of retesting and, where necessary, replacing equipment that will not meet the PHSMA documentation requirements; the work is prioritized by a standard riskbased evaluation. The Company has 14 take stations, four have been verified or replaced, six still require pressure and/or materials testing, two are in construction and two others will have construction completed within the next two years.

The FY2026 budget proposal includes \$0.50 million under the category's blanket workorder for records review and the primary focus of that work will be the review of records for the Old Mill Lane site related to removing existing pipe in the ground.

The FY2026 budget proposal also includes \$1.00 million related to initial review activities related to the Wampanoag Trail Gate Station replacement project. The Wampanoag Trail Gate Station is the only gate station upstream of the East Shore 99 PSIG⁹ system in Barrington, the East Providence 25 PSIG system, and the Providence 200 PSIG system. It is also a major contributor to the Rhode Island 99 PSIG system which is the major feeder line between several city gate stations and downstream pressure systems throughout the territory. In total, this accounts for gas for approximately 65,000 customers during peak flow.

The station and its piping are 36 years old and are without traceable, verifiable, and complete records, which are believed to be from 1953. The age of the station and its piping do not, by themselves, necessitate replacement. However, the decision to replace the station was driven by several factors including: the station's failure history, the fact that the Company did not own and control three layers of overpressure protection, a lack of pressure control, the station's age, a lack of records, and the number of customers that are reliant on the station. The replacement will reconfirm MAOP and create new material verification records of the existing piping as required by PHMSA regulations. Also, the replacement will ensure the 200 PSIG system is fed by a gate station that has three layers of overpressure protection owned and operated by Rhode Island Energy and isolation valves indicating a clear line of demarcation between the Company's infrastructure and the infrastructure of the transmission

⁹ PSIG is pounds per square inch gauge.

pipeline owner. The transfer of ownership of take station components allows Rhode Island Energy to ensure maintenance of this equipment and provide pressure control to the Company's major distribution systems in this region. Currently this is only one of two gate stations where the pipeline supplier provides pressure control (Westerly and Wampanoag Trail). In total, for the FY2026 Plan, the Company proposes to spend \$1.50 million in this overall category, which should not contribute to any capital additions placed in-service in FY2026 due to the timing of project completion timelines.

The Transmission Station Integrity – Scott Road project is being tracked individually under Group E (separate from this category and group) and has a FY2026 proposed budget of \$3.52 million and forecasted capital additions placed in-service of \$3.38 million.

C3. Pressure Regulating Facilities

The Company's pressure regulating facilities have been designed to reliably control gas distribution system pressures and maintain continuity of supply during normal and critical gas demand periods. Each regulator station is designed with specific flow and pressure requirements based on anticipated demand. A facility includes both pressure-regulating piping and equipment and control lines, but it may also include a heater or a scrubber. The Company has instituted a program that provides for condition-based assessments of all regulator stations. These assessments evaluate factors such as equipment performance, physical integrity, and operational efficiency while prioritizing enhancements based on

considerations such as station accessibility, pipe condition (i.e., corrosion), water intrusion risks, redundancy, means of isolation, and common mode failure. In total, for the FY2026 Plan the Company proposes to spend \$6.20 million which would contribute to capital additions placed in-service of \$3.06 million. This spending is related to construction at five to eight stations, abandonment of one to four stations, design and engineering for future work at 12 stations, and purchase of longer lead time materials for five upcoming projects.

C4. Distribution Station Over Pressure Protection

This program is in place to address risks for over pressurization incidents at pressure regulating facilities throughout the system. Annual work for this program typically includes work to relocate and provide additional protections for regulator sensing and control lines to protect from third-party damage. The preferred overpressure protection is a control line header which is an extension of the main that runs along the wall of a pressure regulating vault. Control lines sense pressure off of the header that is less likely to be damaged by excavation compared to control lines connected to mains running in or near the street. Other forms of overpressure protection include the installation of additional control equipment such as override pilots in the vaults or relief valves to ensure safe and reliable regulator station operating conditions at regulator stations do not result in over pressurization scenarios, in FY2026, the Company plans to complete the construction phase for three stations (including one station that will be designed and constructed in FY2026) and begin the design work on an additional

three stations (with construction planned for FY2027). The Company proposes to spend \$0.50 million for this program in FY2026, which would contribute to capital additions placed in-service of \$1.19 million during the FY2026 Plan. The variance between the FY2026 budget and the higher forecasted capital additions placed in-service is due to the timing of when ongoing projects, carrying over from FY2025, will be placed in-service during FY2026.

C5. Take Station Refurbishment

The Take Station Refurbishment program will address required modifications to the Company's custody transfer stations. The FY2026 Plan includes a blanket work order totaling \$0.46 million for miscellaneous work at take stations across the gas system, such as design for upcoming inlet work at Smithfield, masonry work at Westerly, and other upgrades. The primary project in this category for the FY2026 Plan will continue to be the Smithfield Gate Station (Putnam Pike), for which the Company forecasts spending of \$1.40 million. During FY2026, the Company will construct a new distribution vault and design and purchase long lead materials in preparation for the new high pressure regulator runs at Smithfield. Overall, for the FY2026 Plan, the Company plans to spend \$1.86 million, which would not contribute to any capital additions forecasted to be placed in-service in FY2026, but that total may increase if any of the miscellenous work is placed in-service in FY2026. The Smithfield Gate Station work is forecasted to be placed in-service in FY2026. The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan Page 26 of 44

<u>C6. Heater Installation Program</u>

The Heater Installation Program provides for the installation and replacement of gas system heaters, which are operated to ensure proper conditioning and control of gas temperatures at key Company facilities. The FY2026 Plan proposal includes \$0.10 million of funding in this category for miscellaneous fuel train upgrades, heat exchanger replacement, engineering and design costs, burner management/safety system upgrades and other similar work. The FY2026 Plan proposal also includes funding of \$0.30 million for Diamond Hill for the completion of design and engineering and the purchase of longer lead time materials in preparation for installation of a hydronic boiler system. The FY2026 Plan proposal also includes for the Smithfield Gate Station, which is a project for the installation of a hydronic boiler system, heat exchanger piping and piping to the take station which is forecasted to be placed in-service in FY2025; this is separate scope of work from the Smithfield Gate Station work described in C5, above.

Overall, for the FY2026 Plan, the Company is proposing spending of \$0.41 million, which would contribute to forecasted capital additions placed in-service of \$0.01 million, for its Heater Installation Program. The variance between the FY2026 budget and lower capital additions forecasted to be placed in-service is primarily due to the timing of the work at Diamond Hill, which is expected to be placed in-service in FY2027. Most of the engineering and construction resources that are typically used for heater installations will continue to be dedicated to the Scott Road Take Station (tracked in Group E. Separately Tracked Major

85

Projects: Transmission Station Integrity – Scott Road) where the heating system is within the scope of the complete station_replacement and therefore not a separate part of this Heater Installation Program budget.

C7. System Automation

The primary purpose of the System Automation program is to meet the United States Department of Transportation code requirements under 49 C.F.R. Part 192, Docket ID PHMSA 2007-27954, which were issued on December 3, 2009. These code provisions contain the following pipeline safety requirements: (a) control room management/human factors, (b) modernization of the Company's system data and telemetry recording, and (c) increasing the level of system automation and control. The overall System Automation program will increase the safety, reliability, and efficiency of the gas system and, by extension, the level of service the Company provides to its customers.

The Company's ability to provide safe and reliable service is governed to a large extent by the Company's ability to maintain adequate pressure in its gas mains. To accomplish this task, the Company has 190 gas pressure regulator stations disbursed throughout its Rhode Island gas service territory. All required stations now have telemetry in place. For FY2026 and moving forward, this program will continue to upgrade Supervisory Control and Data Acquisition ("SCADA") base boxes and transmitters, while supporting the abandonment of outdated SCADA points, which is critical component of modernizing the system. In the

future, replacements will include new Remote Terminal Units, which provide enhancements, as existing models are currently being phased out by suppliers. For the FY2026 Plan, the Company is proposing spending of \$0.53 million, which would contribute to forecasted capital additions placed in-service of \$0.82 million, based on the timing of ongoing projects for its System Automation program.

C8. Tools & Equipment

This category includes tools and equipment required to support the performance of work contained in the Gas ISR Plan and to provide for the safety and reliability of the gas distribution system. The Company proposes to spend \$1.11 million during FY2026 on capital tools and equipment that will enhance the safety and efficiency of capital projects. This would contribute to capital additions placed in-service totaling approximately \$1.04 million for FY2026.

In addition to the \$1.11 million of spending in the FY2026 Plan on Tools & Equipment, the Company has also included the PHMSA Rules Contingency Plan to address pending PHMSA rulemaking related to LDAR. Should new PHMSA LDAR rules become final before or during FY2026, the Company is requesting authorization for an incremental \$0.21 million for additional Tools & Equipment to support the additional work that would be performed in the Reactive Leaks and Main Replacement categories. To date, none of the
FY2025 Tools & Equipment - PHMSA LDAR budget has been spent as the pending rulemaking has not concluded.

<u>C9. Valve Installation/Replacement – Primary Valve Program & Aquidneck Island</u> Low Pressure Valves

Valves are used to sectionalize portions of the gas network to support both planned and unplanned field activities. Replacement of inoperable valves is necessary to ensure the Company's continued ability to effectively isolate portions of the distribution system. New valve installations are also occasionally needed to provide the capability to reduce the size of an isolation area where existing valves would result in broader shutdown than desired. For the FY2026 Plan, the Company has budgeted \$0.195 million for valve work, with approximately \$0.145 million for reactionary valve work and \$0.05 million for the final two sectionalizing valve projects in the Newport area. The Company forecasts capital additions placed in-service of \$0.16 million in FY2026.

C10. Southern RI Gas Expansion Project – Regulator Station Investment

The FY2026 Plan budget includes \$0.25 million for closeout costs related to ongoing work at the Cranston Regulator Station (Latent Knight). The ongoing Laten Knight project has resulted in the installation of new regulator runs with three layers of pressure protection installed along with a building extension and work to house take station piping. The FY2026 Plan budget also includes \$0.50 million for the acquisition of property rights and the

commencement of design work for a new regulator station near the existing Cowesett regulator station. In total, for the FY2026 Plan, the Company estimates that it will spend \$0.75 million for the Southern RI Gas Expansion project, which would contribute to capital additions being placed in-service totaling \$0.24 million, with the additions being related to Laten Knight.

D. <u>Separately Tracked Categories</u>

D1. Purchase Meters (Replacement)

Capital costs for the Purchase Meter Replacement program are required for the procurement of replacement meters. In FY2026 the Company will require approximately 22,504 meters (20,364 mandated and 2,140 miscellaneous). The 22,504 meters represent approximately 8.07 percent of the existing meter population in Rhode Island. The Company is planning to purchase 28,546 meters in FY2026. This purchasing volume exceeds anticipated requirements due to the Company's continuing effort to maintain sufficient meter inventory levels that align with the anticipated number of meters required for FY2026 mandated meter testing/exchange activities. In FY2026, the Company forecasts that it will spend \$5.29 million on the Purchase Meter Replacement program. The forecasted capital additions placed in-service for this category in FY2026, based on spending of \$5.29 million total approximately \$5.00 million.

E. <u>Separately Tracked Major Projects</u>

The projects in this category have a total forecasted project budget of \$10.0 million or more (or were specifically identified for separate tracking) and will incur spending in multiple fiscal years.

	Α		В
1	Investment Categories & Groups	F١	/2026 Budget (\$000)
2	E. Separately Tracked Major Projects		
3	LNG - Old Mill Lane Portable Equipment	\$	2,001
4	LNG - Old Mill Lane Site Upgrades	\$	9,000
5	Pipeline Integrity (Wampanoag Trail Pipeline Replacement)	\$	4,656
6	Transmission Station Integrity - Scott Road	\$	3,524
7	Separately Tracked Major Projects Total	\$	19,181

<u>E1. LNG – Old Mill Lane Portable Equipment</u>

On August 22, 2024, the Rhode Island Energy Facility Siting Board ("EFSB") voted unanimously (3-0), in Docket No. SB-2021-04, to approve a license to operate the Old Mill Lane LNG Vaporization Facility for a period of five years, from that date forward. The Company is currently awaiting the EFSB's final written order.

During FY2026, the Company forecasts spending \$2.00 million for the final payment, delivery, and commissioning of the remaining Portable LNG equipment (gas fired vaporizers). By the end of FY2025, the Company plans to take delivery of the Portable LNG storage queens and spend approximately \$10.33 million in FY2025. The Company forecasts to spend approximately \$12.34 million over the lifetime of this project.

E2. LNG – Old Mill Lane Site Upgrades

During FY2026, the Company forecasts spending \$9.00 million to start the construction phase of the LNG – Old Mill Lane Site Upgrades project. The project is currently in the design phase and the Company plans to put the construction work out to bid in January 2025 (FY2025) and start construction at the site in April 2025 (FY2026). This project is forecasted to be placed in-service in FY2027. As stated above, on August 22, 2024 the Rhode Island Energy Facility Siting Board voted unanimously (3-0), in Docket No. SB-2021-04, to approve a license to operate the Old Mill Lane LNG Vaporization Facility for a period of five years, from that date forward. In addition to permitting the mobile LNG operation to continue at Old Mill Lane, the EFSB approval means that the proposed site improvements may proceed subject to the issuance of any permits required from other agencies. The site improvements include moving the pipeline connection points and equipment parking area farther from the road to mitigate the visual and noise impacts of the operation for abutters and to improve site efficiency and safety. The site improvements were designed to provide a more efficient layout for operating, provide better access for first responders, and will allow for the removal of any piece of equipment without having to break down and move multiple other pieces of equipment. The Rhode Island Department of Management ("RIDEM") is also reviewing the proposed site improvements. RIDEM's final decision is expected shortly.

E3. Pipeline Integrity (Wampanoag Trail Pipeline Replacement)

This is a multi-year project to replace approximately two miles of main in East Providence that runs from the Providence River Crossing to the Wampanoag Trail Take Station. This scope of work does not include any pipe that runs under the Providence River or into the Wampanoag Trail Gate Station. As background, this section of 12- to 16-inch coated steel piping is some of the oldest main operating at 200 psig (installed before 1971) on the Rhode Island gas system and is a critical piece of infrastructure for the Rhode Island gas supply. After several leaks on this main, the Company performed due diligence and determined that replacement of this gas main was necessary. Several suspect location excavations were performed during the Fall of 2020 on the 200 PSIG East Providence main due to the criticality of the system, its age, and its suspected condition. An integrity assessment of the main revealed wall loss in several locations. Based upon the the deteriorated asset condition (wall loss) at the test excavation locations, the actual leak activity on the main, and the reasonable deduction that the remaining steel pipe installed in the same year is likely in the same condition (as the excavated locations and/or locations that leaked), the Company determined that additional leak activity in the near future would be likely and it was time to replace the main.

During FY2026, the Company forecasts spending \$4.66 million on the Wampanoag Trail Pipeline Replacement – Pipeline Integrity project. The installation of the main has been progressing well in FY2025 and the installation phase of the project is expected to be completed by the end of December 2024 (FY2025). The next steps, after the main installation is completed, will be the tie-ins of the new main which are scheduled to occur in FY2026. That will be followed by the remaining final restoration efforts, including paving, and the abandonment of the old main which is approximately 1.9 miles of leak prone pipe. This project is forecasted to be placed in-service in FY2026, resulting in FY2026 capital additions of approximately \$14.11 million.

E4. Transmission Station Integrity – Scott Road

The Scott Road Take Station project ("Scott Road TS project") consists of a full replacement of the station and heating system. As was explained in the Company's first quarter FY2025 update report, the total forecasted spending for the Scott Road TS project now exceeds \$10 million for the lifetime of the project. Therefore, this project has been moved into Group E – Separately Tracked Major Projects. When developing the FY2025 Gas ISR Plan the Company utilized the information that was available at the time leading to the project's incorporation into the Category C budget for FY2025. In hindsight, however, the Company should have recommended that this project be included in Group E, starting with the FY2025 plan proposal, given the potential that project costs could exceed the \$10 million threshold for Group E. The Company's updated project estimate, which spans across FY2025 and FY2026, now includes additional construction related costs, including a higher than estimated contractor bid being accepted (\$2.22 million above expectation), material cost increases resulting from design changes (\$1.17 million above expectation), addition of stormwater management required by the Town of Cumberland to address water runoff concerns initiated by this project (\$2.50 million above expectation), electrical conduit connecting SCADA to Kinder Morgan's building at the take station (\$0.23 million above expectation), increased welding inspections and oversight (\$0.18 million above expectation), and internal labor cost increases (\$0.13 million above expectation). The total Scott Road TS project estimate has increased from \$8.71 million to approximately \$17.09 million.

This project is forecasted to be placed in-service in the third quarter of FY2025. In FY2026, the Company forecasts to spend a total of \$3.52 million to close out this project. The sequence of project activities for FY2026 are: 1) completion of the stormwater management required by the Town of Cumberland to address water runoff concerns initiated by this project; 2) final abandonment of the old station; and 3) completion of the remaining final restoration activities. The total forecasted capital additions to be placed in-service for FY2026 are approximately \$3.38 million.

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	Α		В
1	Investment Categories & Groups	FY	′2026 Budget (\$000)
2	F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR)		
3	Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA)	\$	4,640
4	Main Replacement (Mandated) - Leak Prone Pipe (PHMSA)	\$	9,787
5	Tools & Equipment (PHMSA)	\$	210
6	PHMSA LDAR Total	\$	14,637

F. <u>PHMSA – Gas Pipeline Leak Detection and Repair</u>

As explained in the introduction, the Plan includes a PHMSA Rules Contingency Plan to address the potential that PHMSA LDAR rules will take effect in FY2025, and carry forward into FY2026 and beyond, as the Company expects that they will. The Company proposes spending in the FY2026 Plan associated with additional capital work resulting from PHMSA's proposed LDAR rules, but use of the funds would remain contingent on the timing of adoption and the extent to which the rules require additional work. The proposed regulatory amendments are driven by Congressional mandates to reduce methane emissions and limit the impacts of climate change. It should be noted that any potential changes and associated impacts cannot be fully evaluated until a final rule is issued.

The Company has reviewed the draft LDAR rules, in close collaboration with industry peers and trade associations, to begin assessing the potential business and operational impacts. In its current form, the proposed LDAR rules would require that gas operators implement Advanced Leak Detection Programs and deploy new technology, make significant changes to leakage survey processes and leak classification criteria, increase the frequency at which leakage surveys need to be conducted, and shorten leak repair schedules. A significant change within the proposed rule includes a requirement to remediate all Grade 3 leaks, whether through individual repairs or replacement of leaking assets, within a two to five year timeframe after issuance of a final rule based on a prescribed set of repair schedule criteria.

The proposed LDAR rules have several key components that would impact ISR spending:

- New timelines for the repair of Grade 3 leaks, which previously were only monitored and repaired through main replacement.
- Previously discovered Grade 3 leaks will need to be repaired within three years of the enactment of the rules.
- New Grade 3 leaks will need to be repaired within two years of discovery.
- Grade 3 leaks can be remediated through a main replacement project. Grade 3 leaks associated with a main replacement project must be eliminated within five years of discovery or rule enactment.
- New definitions for classifying leaks will result in significantly more leaks being identified as Grade 2 where previously they would have been Grade 3.
- New rules regarding leak detection, and the equipment needed to address the new rules, may lead to the necessity for additional Capital Tools & Equipment purchases.

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• Increased monitoring frequency would potentially lead to observations that would cause leaks to be upgraded thereby requiring earlier remediation, and leaks will no longer be downgraded.

The Company expects that some version of these new rules is likely to take effect, though it does not know with specificity what these rules will ultimately require. If the anticipated rules take effect during FY2025 and are carried forward into FY2026, the Company proposes additional spending in three categories, which are detailed below, to address the resulting requirements.

The Company is seeking contingent approval of \$14.64 million for the PHMSA Rules Contingency Plan to accelerate efforts to repair or replace leak prone pipe to comply with anticipated enhanced PHMSA LDAR rules. However, because potential changes to PHMSA's proposed LDAR rules have not yet become final, the Company is proposing to exclude the PHMSA Rules Contingency Plan funding from this initial FY2026 revenue requirement calculation, and instead would seek recovery of the resulting capital additions placed in-service during the FY2026 reconciliation if new PHMSA LDAR rules become final and take effect during FY2026. If new PHMSA LDAR rules become final and take effect prior to the PUC's approval of a FY2026 Plan, the Company may seek to include the anticipated PHMSA LDAR related capital additions placed in-service in its calculation of the revenue requirement attributable to FY2026 capital additions placed in-service. Based on information from gas industry trade associations the Company anticipates adoption of final LDAR rules could occur in January 2025.

F1. PHMSA – Reactive Leaks (CI Joint Encapsulation/Service Replacement)

In FY2026, the Company proposes approval of an incremental \$4.64 million to augment the Reactive Leaks category, with the purpose of targeting Grade 3 leak repairs on segments of main with lower-than-average leak concentrations (number of leaks), which are unlikely to be replaced through a main replacement project within the next five years.

F2. PHMSA – Main Replacement (Mandated) - Leak Prone Pipe

The Company proposes approval of an incremental \$9.79 million to augment the proposed main replacement – leak prone pipe budgets. This mandated spending would specifically target leak prone pipe segments with greater than average open leak inventories.

F3. PHMSA – Tools & Equipment

The Company proposes approval of an incremental \$0.21 million to purchase additional leak detection tools and equipment, as necessary, to comply with the new rules.

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	Α		В	С
1	Investment Categories & Groups	F	Y2026 Budget (\$000)	Projected Capital Additions Placed In-Service for FY2026
2	G. Notable Capital Projects Not Currently Included in the ISR			
3	LNG - Cumberland Tank Replacement	\$	10	\$ -
4	LNG - Exeter Truck Station Upgrade	\$	100	\$-
5	LNG - Exeter Control Room Upgrade (Building)	\$	10	\$-
6	LNG - Exeter Control Room Upgrade (Control Room)	\$	10	\$-
7	LNG - Exeter Garage for Portable LNG Equipment	\$	10	\$ -
8	LNG - Exeter Tank Upgrade Study	\$	150	\$-
9	Total	\$	290	\$ -

G. Notable Capital Projects Not Currently Included in the ISR

The table above is a listing of notable capital projects that are not currently included in the

ISR. None of these projects are forecasted to result in capital additions being placed in-

service in FY2026. The Company is providing this listing of project budgets for continued

visibility in case these projects are proposed as Gas ISR projects in the future.

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	Α		В	C
1	Investment Groups & Categories		FY2026 Budget	Projected Capital Additions Placed In-Service for FY2026
2	A. Main Replacement & Rehabilitation			
3	Damage / Failure (Reactive)		\$ 30	\$ 29
4	Reactive Main Replacement - Leak Prone Pipe & Maintenance		\$ 11,933	\$ 9,473
5	CSC/Public Works - Non-Reimbursable		\$ 30,560	\$ 26,703
6	CSC/Public Works - Reimbursable		\$ 2,071	\$ 2,259
7	CSC/Public Works - Reimbursements		\$ (1,035)	\$ (936)
8	Gas System Reliability		\$ 10,016	\$ 9,344
9	Proactive Main Rehabilitation - Large Diameter		\$ 1,800	\$ 965
10	Proactive Low Pressure System Elimination		\$ 9,002	\$ 9,726
11	Replace Pipe on Bridges		\$ 6,600	\$ 5,575
12	Proactive Main Replacement - Leak Prone Pipe		\$ 78,400	\$ 68,693
13	Atwells Avenue		\$ 100	\$ 97
14	Proactive Service Replacement		\$ <u>1,875</u>	\$ 1,583
15	Main Replacement & Rehabilitation Total		\$ 151,350	\$ 133,510
16	B. Mandated & Non-Main Reactive		4	1
1/	Reactive Leaks (CI Joint Encapsulation/Service Replacement)		\$ 8,320	\$ 7,698
18	Corrosion		\$ 1,250	\$ 1,328
19	Reactive Service Replacements - Non-Leaks/Other	+	\$ 1,766	\$ 1,8/3
20	I&R - Reactive	+	\$ 1,430	\$ 1,333
21	Access Protection Remediation		\$ 60 \$ 13,836	> 62
22	Mandated Total		\$ 12,826	\$ 12,294
23	C. Reliability & Pressure Regulation		¢ (001	ć 14.007
24	Transmission Station Integrity	+	\$ 6,921	\$ 14,897 c
25	Pressure Regulating Eacilities		\$ 1,500	> - ¢
20	Distribution Station Over Pressure Protection	+	\$ 6,200	\$ 5,001 \$ 1 101
27	Take Station Refurbishment	+	\$ 500 ć 1.050	\$ 1,191 ¢
20	Heater Installation Program	+	\$ 1,838 \$ 410	- - -
30	System Automation	H	¢ 525	۶ 10 د 816
31	Tools & Equipment	t	\$ 1112	\$ 1.036
	Valve Installation/Replacement - Primary Valve Program &	T	Ý 1)111	÷ 1,000
32	Aquidneck Island Low Pressure Valves		\$ 195	\$ 161
33	Southern RI Gas Expansion Project - Regulator Station Investment		\$ 748	\$ 241
34	Reliability & Pressure Regulation Total		\$ 19,969	\$ 21,411
35	D. Separately Tracked Categories			
36	Purchase Meters (Replacement)		\$ 5,292	\$ 5,004
37	E. Separately Tracked Major Projects		4	4
38	LNG - Old Mill Lane Portable Equipment		\$ 2,001	\$ 3,957
39	LNG - Old Mill Lane Site Upgrades		\$ 9,000	\$ -
40	Pipeline Integrity (Wampanoag Trail Pipeline Replacement)		\$ 4,656	\$ 14,110
41	Transmission Station Integrity - Scott Road		\$ 3,524	\$ 3,383
42	Separately Tracked Major Projects Total	H	\$ 19,181	\$ 21,451
43	Gas ISR Total (without PHMSA LDAR)		\$ 208,618	\$ 193,669
	Final Pactoration Daving on	-		
44	Capital Main Replacement Projects - Treated as O&M		\$ (22,000)	\$ 171.669
			Ş (22,000)	<i>y</i> 171,005
45	F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR)			
46	Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA)	Γ	\$ 4,640	\$ 4,176
47	Main Replacement (Mandated) - Leak Prone Pipe (PHMSA)		\$ 9,787	\$ 5,872
48	Tools & Equipment (PHMSA)		\$ 210	\$ 202
49	PHMSA LDAR Total		\$ 14,637	\$ 10,250
50	Gas ISR TOTAL (With PHMSA LDAR)	L	\$ 223,255	\$ 181,919
51	G. Notable Capital Projects Not Currently Included in the ISR			A.
52	LNG - Cumberland Tank Replacement	H	\$ 10	
53	LNG - Exeter Truck Station Upgrade	H	\$ 100	- -
54	LING - Exeter Control Room Upgrade (Building)	+	\$ <u>10</u>	
55	LING - Exeter Control Room Upgrade (Control Room)	+	> 10	
50	LING - Exeler Garage for Portable Ling Equipment	+	> 10	- -
5/	LING - Exeter Tank Opgrade Study	+	> 150 ¢ 200	ې - د
58	lotai	1	ə 290	

Table 1 Narragansett Gas - FY2026 - Proposed Budget (\$000)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan Page 42 of 44

	(\$000)							
	А		В	С		D		
1	k Investment Groups		FY2026 Budget	Overspend Allowance Percentage		FY2026 Total Allowable Spend*		
2	A. Main Replacement & Rehabilitation		\$ 151,350	2.5%	\$	155,134		
3	B. Mandated & Non-Main Reactive		\$ 12,826	No Specific Limit	\$	12,826		
4	C. Reliability & Pressure Regulation		\$ 19,969	2.5%	\$	20,468		
5	D. Separately Tracked Categories		\$ 5,292	2.5%	\$	5,425		
6	E. Separately Tracked Major Projects		\$ 19,181	No Specific Limit	\$	19,181		
7	Gas ISR Total (without PHMSA LDAR)		\$ 208,618		\$	213,034		
8	Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M		\$ (22,000)		\$	191,034		
9	F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR)		\$ 14,637	n/a	\$	14,637		
10	Gas ISR TOTAL (With PHMSA LDAR)		\$ 223,255		\$	205,671		

 Table 2

 Narragansett Gas - FY2026 - Proposed Budget - Including Overspend Allowances (\$000)

*Note: For any Level 1 groups with No Specific Overspend Allowance Limit, the Company has listed the FY2026 Proposed Budget in the "Total Allowable 11 Spend" column. The Company will provide quarterly updates and an annual summary of any substantial over or under spending variances for the Mandated & Non-Main Reactive group and the Separately Tracked Major Projects (for changes that substantially impact the overall project cost forecast). The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan Page 43 of 44

	A		в		С		D		Е		F
1	Investment Groups & Categories		FY2026 Budget		FY2027 Budget		FY2028 Budget		FY2029 Budget		FY2030 Budget
2	A. Main Replacement & Rehabilitation										
3	Damage / Failure (Reactive)	\$	30	\$	35	\$	40	\$	45	\$	50
4	Reactive Main Replacement - Leak Prone Pipe & Maintenance	Ş	11,933	Ş	10,633	Ş	11,218	Ş	11,831	Ş	12,474
5	CSC/Public Works - Non-Reimbursable	¢	30,560	\$ ¢	31,499	\$ ¢	33,519	\$ ¢	31,751	ې د	33,350
7	CSC/Public Works - Reimbursements	ې د	(1.035)	ې د	(1.087)	ې د	(1 141)	ې د	(1 198)	ې د	(1 258)
8	Gas System Reliability	Ś	10.016	Ś	10.080	Ś	6.380	Ś	7.540	Ś	7.766
9	Proactive Main Rehabilitation - Large Diameter	Ś	1.800	Ś	4,150	Ś	4,000	Ś	4,200	Ś	4,450
10	Proactive Low Pressure System Elimination	\$	9,002	\$	10,585	\$	9,860	\$	11,020	\$	12,180
11	Replace Pipe on Bridges	\$	6,600	\$	11,110	\$	1,752	\$	1,927	\$	1,985
12	Proactive Main Replacement - Leak Prone Pipe	\$	78,400	\$	82,592	\$	85,266	\$	89,343	\$	94,262
13	Atwells Avenue	\$	100	\$	-	\$	-	\$	-	\$	-
14	Proactive Service Replacement	\$	1,875	\$	1,969	\$	2,067	\$	2,171	\$	2,279
15	Main Replacement & Rehabilitation Total	\$	151,350	\$	163,740	\$	155,243	\$	161,027	\$	170,054
16 17	B. Mandated & Non-Main Reactive	ć	8 2 2 0	ć	8 653	ć	8 000	ć	0.250	ć	0.640
12	Corrosion	2 6	8,320	ې د	8,053	2 2	8,999	ې د	9,359	ې د	9,640
19	Reactive Service Replacements - Non-Leaks/Other	ې د	1,250	2 5	1,230	2 3	1,288	ې د	1,320	ې د	1,300
20	I&R - Reactive	Ś	1,430	Ś	1,001	Ś	1,488	ŝ	1,563	ŝ	1,500
21	Access Protection Remediation	\$	60	\$	20	\$	20	\$	20	\$	20
22	Mandated Total	\$	12,826	\$	13,183	\$	13,631	\$	14,118	\$	14,541
23	C. Reliability & Pressure Regulation										
24	LNG	\$	6,921	\$	2,448	\$	5,157	\$	5,188	\$	5,356
25	Transmission Station Integrity	\$	1,500	\$	3,000	\$	3,458	\$	6,234	\$	6,421
26	Pressure Regulating Facilities	\$	6,200	\$	6,500	\$	7,103	\$	7,316	\$	7,535
27	Distribution Station Over Pressure Protection	\$	500	\$	500	\$	297	\$	306	\$	315
28	Take Station Refurbishment	\$	1,858	\$	4,734	\$	500	\$	237	\$	244
29	Heater Installation Program	\$	410	\$	3,900	\$	2,961	\$	300	\$	309
30	System Automation	Ş	525	Ş	517	Ş	350	Ş	361	Ş	371
31	Valve Installation/Replacement - Primary Valve Program &	Ş	1,112	Ş	1,164	Ş	1,216	Ş	1,223	Ş	1,260
32	Aquidneck Island Low Pressure Valves	\$	195	\$	148	\$	152	\$	157	\$	161
33	Southern RI Gas Expansion Project - Regulator Station Investment	\$	748	\$	1,500	\$	3,270	\$	50	\$	-
34	Reliability & Pressure Regulation Total	\$	19,969	\$	24,412	\$	24,463	\$	21,371	\$	21,972
35	D. Separately Tracked Categories										
36	Purchase Meters (Replacement)	Ş	5,292	Ş	5,390	Ş	5,497	S	5 8 3 2		
37	E. Separately Tracked Major Projects								3,032	\$	6,007
38	LING - Old Mill Lane Portable Equipment								5,652	\$	6,007
_		\$	2,001	\$	10	\$	-	\$	-	\$ \$	6,007 -
39	LNG - Old Mill Lane Site Upgrades	\$	2,001 9,000	\$ \$	10 7,020	\$ \$	-	\$	-	\$ \$ \$	6,007 - -
39 40 41	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road	\$ \$ \$	2,001 9,000 4,656	\$ \$ \$	10 7,020 70	\$ \$ \$ \$	- - 10	\$ \$ \$		\$ \$ \$ \$	6,007 - - -
39 40 41 42	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road I NG - Exeter Truck Station Upgrade	\$ \$ \$ \$ \$	2,001 9,000 4,656 3,524	\$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500	\$ \$ \$ \$ \$	- - 10 -	\$ \$ \$ \$ \$		\$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - - 6 180
39 40 41 42 43	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building)	\$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 -	\$ \$ \$ \$ \$	10 7,020 70 10 500 3.010	\$ \$ \$ \$ \$ \$	- - 10 - 6,000 3.000	\$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - - 6,180 -
39 40 41 42 43 44	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - -	\$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - 6,000 3,000 4,000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - 6,180 - -
39 40 41 42 43 44 45	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - 6,000 3,000 4,000 6,000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - 6,180 - - - - - -
39 40 41 42 43 44 45 46	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - - - 19,181	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10 10,640	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - 6,000 3,000 4,000 6,000 19,010	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - 6,180 - - - - - - - - - - - - - - - - - - -
 39 40 41 42 43 44 45 46 47 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Con ISP Total / without PUMSS / LDAP	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - - - 19,181	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- 10 - 6,000 3,000 4,000 6,000 19,010	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - 6,000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - - - - - - - - - - - - - - -
39 40 41 42 43 44 45 46 47	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Einal Restarction Baving on	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - 19,181 208,618	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10 10,640 217,365	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- 10 - 6,000 3,000 4,000 6,000 19,010 217,846	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - - - - - - - - - - - - - - -
39 40 41 42 43 44 45 46 47 48	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10 10,640 217,365 (22,660)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- 10 - 6,000 3,000 4,000 6,000 19,010 217,846 (22,340)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - 6,180 - - 6,180 - - 6,180 218,753
39 40 41 42 43 44 45 46 47 48	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - 6,180 - - 6,180 - - 6,180 218,753 (24,761)
39 40 41 42 43 44 45 46 47 48 49	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- 10 - 6,000 3,000 4,000 6,000 19,010 217,846 (22,340) 195,506	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$	6,007 - - - - - - - - - - - - - - - - - -
 39 40 41 42 43 44 45 46 47 48 49 50 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 3,010 10 10,640 217,365 (22,660) 194,705	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6,007 - - - - - - - - - - - - - - - - - -
 39 40 41 42 43 44 45 46 47 48 49 50 51 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$	6,007 - - - - - - - - - - - - - - - - - -
 39 40 41 42 43 44 45 46 47 48 49 50 51 52 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618 4,640	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		\$ \$	6,007 - - - - - - - - - - - - -
 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Gortable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA)	φ φ	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$	- - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		\$ \$	6,007 - - - - - - - - - - - - -
 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (Cl Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (DAR) PHMSA LDAR Total	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311	\$\$\$\$\$\$\$\$\$\$\$\$\$\$	- - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$	6,007 - - - - - - - - - - - - -
 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) PHMSA LDAR Total Gas ISR TOTAL (With PHMSA LDAR)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$	- - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		* *	6,007 - - - - - - - - - - - - -
 39 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) Gas ISR TOTAL (With PHMSA LDAR)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,001 9,000 4,656 3,524 - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$	6,007 - - - - - - - - - - - - -
 39 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (Cl Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) Gas ISR TOTAL (With PHMSA LDAR) Gas ISR TOTAL (With PHMSA LDAR) Gas ISR TOTAL (With PHMSA LDAR)	x x x x x x x x x x x x	2,001 9,000 4,656 3,524 - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$	- - - - - - - - - - - - - - - - - - -	\$\$\$\$\$\$\$\$\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$	6,007 - - - - - - - - - - - - -
39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57	ING - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) Gas ISR TOTAL (With PHMSA LDAR) Gas ISR TOTAL (With PHMSA LDAR) Gas ISR TOTAL (With PHMSA LDAR) LOAR Total Gas ISR TOTAL (With PHMSA LDAR) Gas ISR TOTAL (With PHMSA LDAR)	φ φ	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		* *	6,007
39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) PHMSA LDAR Total Gas ISR TOTAL (With PHMSA LDAR) Sea ISR TOTAL (With PHMSA LDAR) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) Sea ISR TOTAL (With PHMSA LDAR) Sea ISR TOTAL (With PHMSA LDAR) Integration Projects Not Currently Included in the ISR LNG - Cumberland Tank Replacement LNG - Exeter Truck Station Upgrade	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675 20 popose in FY2	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	* *	6,007 - - - - - - - - - - - - -
39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 55 55 55 55 55 55 55 55 55 55 55	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) Gas ISR TOTAL (With PHMSA LDAR) (Bas ISR TOTAL (With PHMSA LDAR)	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675 20 popse in FY2 popse in FY2	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - - - - - - -	১	6,007
39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60	ING - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA LDAR) (Bas ISR TOTAL (With PHMSA LDAR) (LNG - Cumberland Tank Replacement LNG - Exeter Control Room Upgrade (Control Room) (LNG - Exeter Control Room Upgrade (Control Room)	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675 20 popse in FY2 popse in FY2	\$\$ \$\$ \$\$ \$\$ \$\$	- - - - - - - - - - - - - -	\$\$ \$\$<	- - - - - - - - - - - - - - - - - - -	৯	6,007
39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 601 61	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (Cl Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) Data Replacement (With PHMSA LDAR) Gas ISR TOTAL (With PHMSA LDAR) Capital Projects Not Currently Included in the ISR LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Garage for Portable LNG Equipment	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	2,001 9,000 4,656 3,524 - - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675 20 00005e in FY2 0005e in FY2 0005e in FY2	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - -	\$\$ \$\$<	- - - - - - - - - - - - - - - - - - -	* *	6,007
39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 57 58 59 60 61 62	LNG - Old Mill Lane Site Upgrades Pipeline Integrity (Wampanoag Trail Pipeline Replacement) Transmission Station Integrity - Scott Road LNG - Exeter Truck Station Upgrade LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment and Trailers Separately Tracked Major Projects Total Gas ISR Total (without PHMSA LDAR) Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M Gas ISR Total (Treated as Capital) (without PHMSA LDAR) F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) Reactive Leaks (Cl Joint Encapsulation/Service Replacement) (PHMSA) Main Replacement (Mandated) - Leak Prone Pipe (PHMSA) Tools & Equipment (PHMSA) DAR Total Gas ISR TOTAL (With PHMSA LDAR) (Bas ISR TOTAL (With PHMSA LDAR) LDAR Total G. Notable Capital Projects Not Currently Included in the ISR LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Building) LNG - Exeter Control Room Upgrade (Control Room) LNG - Exeter Garage for Portable LNG Equipment	x x	2,001 9,000 4,656 3,524 - - 19,181 208,618 (22,000) 186,618 4,640 9,787 210 14,637 223,255 223,255	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10 7,020 70 10 500 3,010 10 10,640 217,365 (22,660) 194,705 4,872 10,329 110 15,311 232,675 20 20 20 20 20 20 20 20 20 20 20 20 20	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- - - - - - - - - - - - - -	\$\$ \$\$<	- - - - - - - - - - - - - - - - - - -	 	6,007

Table 3	
Narragansett Gas - 5-Year Forecast - FY2026-FY2030	(\$000)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan Page 44 of 44

	(⊅0	(\$000)									
	Α		В		С		D		Е		F
1	Cotogorios		FY2020		FY2021		FY2022		FY2023]	FY2024
•	Categories		Actual		Actual		Actual		Actual		Actual
2	NON-DISCRETIONARY										
3	Public Works	\$	16,523	\$	12,997	\$	22,257	\$	13,410	\$	29,762
4	Mandated Programs	\$	19,043	\$	17,518	\$	18,160	\$	17,927	\$	31,234
5	Damage / Failure (Reactive)	\$	-	\$	-	\$	-	\$	-	\$	-
6	Special Projects	\$	-	\$	-	\$	-	\$	-	\$	-
7	NON-DISCRETIONARY TOTAL	\$	35,566	\$	30,516	\$	40,417	\$	31,337	\$	60,996
8	DISCRETIONARY										
9	Proactive Main Replacement	\$	58,032	\$	60,896	\$	72,261	\$	84,673	\$	77,062
10	Proactive Main Rehabilitation - Large Diameter	\$	1,115	\$	1,419	\$	3,265	\$	4,803	\$	6,202
11	Atwells Avenue	\$	906	\$	5,612	\$	1,240	\$	2,754	\$	1,136
12	Service Replacement - Proactive	\$	-	\$	240	\$	396	\$	158	\$	495
13	Reliability	\$	15,933	\$	24,836	\$	28,886	\$	43,302	\$	29,604
14	SUBTOTAL DISCRETIONARY (Without Gas Expansion)	\$	75,986	\$	93,003	\$	106,048	\$	135,691	\$	114,499
15	Southern RI Gas Expansion Project	\$	42,729	\$	41,755	\$	14,952	\$	4,058	\$	1,627
16	DISCRETIONARY TOTAL (With Gas Expansion)	\$	118,715	\$	134,758	\$	121,000	\$	139,749	\$	116,126
17	CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)	\$	111,552	\$	123,519	\$	146,464	\$	167,028	\$	175,495
18	CAPITAL ISR TOTAL (With Gas Expansion)	\$	154,281	\$	165,274	\$	161,416	\$	171,086	\$	177,122
19	O&M Total	\$	-	\$	-	\$	-	\$	-	\$	-
20	GAS ISR GRAND TOTAL	\$	154,281	\$	165,274	\$	161,416	\$	171,086	\$	177,122

Table 4 Narragansett Gas ISR - Historical Spend (\$000)

Schedule 1 2023 System Integrity Report The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 2: Gas Capital Investment Plan 2023 System Integrity Report Schedule 1

Schedule 1

2023 System Integrity Report

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2023 System Integrity Report

Gas Distribution System Analysis (presenting data collected through December 31st, 2023) May 17th, 2024

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Gas Distribution Asset Management

Name	Title	Phone
Laeyeng Hunt	Director	1-(508)-962-0043
Barry Foster	Manager	1-(401)-465-8841
Corey Hogg	Engineer	1-(774)-766-0561

All data collected for years prior to calendar year 2022 was compiled by National Grid. At this time, Rhode Island Energy will rely on the existing historical data and follow a similar process for collecting and reporting to allow for the continued display of the 10 year trend of the datasets included in this report. Starting with the 2022 report, Rhode Island Energy has started to collect new datasets as well as modify some of the metrics which National Grid had traditionally reported. However, with this only being the second year Rhode Island Energy has been responsible for the creation of the System Integrity Report, it will take some time before a historical dataset can be collected and trends can be properly displayed. Until that time, both versions will be included in tandem.

Regarding the compilation of the 2023 leak repair dataset, changes were made in the collection process to make this year's review both more thorough and more accurate. Rather than relying on the work management system extract, each leak repair was manually reviewed by engineering to ensure it was classified correctly by leak cause, material, and facility, as well as properly counted (i.e. several joints being encapsulated, several clamps being used, or a combination of repair types (for example, a service relay and a joint encapsulation) were reported as more than 1 repair, even if they were executed under a singular leak ID number).

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01 Overall System Assessment Summary

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Distribution Integrity Assessment Summary



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Percent Change from 2022 to 2023					
Leak Receipts (Excluding Damages)	-4.54%				
Leak Receipts Rate (Excluding Damages) (Total Leak Receipts / Total Main and Service Mileage)	-5.42%				
Workable Leak Backlog (Total Open Type 1, Type 2A, and Type 2 Leaks as of the End of the Calendar Year)	-24.74%				
LPP Main Inventory	-4.75%				
LPP Service Inventory	-3.71%				
Main Leak Repair Rate (Excluding Damages) (Total Main Leak Repairs (Excluding Damages) during the Calendar Year / Total Miles of Main in the System as of the End of the Calendar Year)	16.67%				
Cast Iron Main Break Rate (Total Cast/Wrought Iron Main Breaks during the Calendar Year / Total Miles of Cast/Wrought Iron in the System as of the End of the Calendar Year)	-45.45%				
Unprotected Steel Main Corrosion Leak Rate (Total Corrosion Leak Repairs on Bare Steel and Unprotected Coated Steel Mains during the Calendar Year / Total Miles of Bare Steel and Unprotected Coated Steel in the System as of the End of the Calendar Year)	100.00%				
Service Leak Rate (Excluding Damages) (Total Service Leak Repairs (Excluding Damages) during the Calendar Year / Total Services in the System as of the End of the Calendar Year)	5.88%				

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Leak Receipts, Repairs, and Backlog by HDD Trend (Mains and Services)

BUSINESS USE ©Rhode Island Energy

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Leak Receipts, Repairs, and Backlog (Mains and Services, Excluding Damages) by HDD Trend



6

-Leak Receipts and leak repairs do not include damages.

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03 PHMSA Reported Incidents

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PHMSA Reported Incidents (2023)



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BUSINESS USE ©Rhode Island Energy

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Open Leaks

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Open Leak Backlog Summary

Open Leak Backlog as of 12/31/2	2023
Total Open Leaks	2,729
Workable Open Leak Backlog (Type 1, Type 2A, and Type 2 Open Leaks)	73
Type 3 Open Leak Backlog	2,656

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Total Open Leaks as of the End of Calendar Year



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Workable Open Leak Backlog (Type 1, Type 2A, and Type 2 Open Leaks) as of the End of the Calendar Year



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Type 3 Open Leak Backlog as the End of the Calendar Year



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Leak Receipts

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Leak Receipts Summary

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Leak Receipts (Excluding Damages)	1,261
Total Main Inventory (Miles)	3,222.75
Total Service Inventory (# of Services)	195,158
Average Service Length (feet)	63.09
Total Service Inventory (Miles)	2,331.92
Leak Receipts (Excluding Damages) per Mile of Pipe (Total)	0.227

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> Rhode Island Energy™ a PPL company

Leak Receipts (Excluding Damages) per Mile of Pipe (Main and Service Combined)



-Leak Receipts Rate: Total # of Leak Receipts (Excluding Damages) / (Total Miles of Main + (Total # of Services x Average Service Length) -For 2022: Total Miles of Main = 3,222.75 miles, Total # of Services = 195,158, Average Service Length = 63.09 feet

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Leak Receipts by Discovery Source (Excluding Damages) – 2023 Split



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Rhode Island Energy^{**}

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Leak Receipts by Discovery Source (Excluding Damages)



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The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY 2026 Gas Infrastructure, Safety, and Reliability Plan Filing 2023 System Integrity Report Schedule 1 Page 19 of 81



Rhode Island Energy

Leak Receipts by Type (Excluding Damages)



Type 1 Type 2A Type 2 Type 3

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Total Leak Repairs

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Rhode Island Energy^{**}

Total Leak Repairs (Including Damages, Main and Service)



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Total Leak Repairs by Leak Type (Including Damages, Main and Service)



■ Type 1 ■ Type 2A ■ Type 2 ■ Type 3

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07 Main Inventory

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Rhode Island Energy^{**}

Total LPP Main Inventory



----Miles of LPP

-LPP (leak-prone pipe) main inventory as it is displayed above consists of all cast iron, wrought iron, ductile iron, bare steel, unprotected coated steel, and unknown material mains. Aldyl-A plastic is also considered to be leak-prone by the Company, however, at this time, the amount present in the system is not known. -Although not considered LPP, the total main inventory also includes 324.22 miles of cathodically protected pre-DOT coated steel (installed prior to 08/01/1971 or marked with an unknown installation date), 23.11 miles of polybutylene, and 173.12 miles of plastic which was installed prior to 01/01/1985 or marked with an unknown installation date. The presently unknown amount of Aldyl-A in the system referenced above is contained within this 173.12 miles of plastic and is believed to be located in the Cumberland Operating division (plastic mains installed prior to 1983) and the legacy Bristol/Warren Operating area (plastic mains installed in the 1970's).

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Rhode Island Energy^{**}

Main Inventory by Material

											a PPL company	У
liles of Main	2,000 -											
	1,750 -											
	1,500 -											
	1,250 -											
	1,000 –											
otal N	750 -											
Ĕ	500 -				-	•						
							_					
	250 –					-						
	250 - 0	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
●– Cast/Wroug	250 - 0 Iht Iron	2013 831.07	2014 805.95	2015 769.00	2016 754.00	2017 729.61	2018 700.00	2019 689.78	2020 659.71	2021 632.00	2022 590.12	2023 560.79
← Cast/Wroug	250 - 0 ht Iron	2013 831.07 16.24	2014 805.95 15.98	2015 769.00 16.00	2016 754.00 16.00	2017 729.61 15.54	2018 700.00 14.00	2019 689.78 13.34	2020 659.71 13.45	2021 632.00 12.64	2022 590.12 12.30	2023 560.79 11.99
 Cast/Wroug Ductile Iron Plastic 	250 - 0 Iht Iron	2013 831.07 16.24 1,227.16	2014 805.95 15.98 1,287.24	2015 769.00 16.00 1,378.00	2016 754.00 16.00 1,417.00	2017 729.61 15.54 1,475.65	2018 700.00 14.00 1,539.00	2019 689.78 13.34 1,572.28	2020 659.71 13.45 1,643.27	2021 632.00 12.64 1,698.00	2022 590.12 12.30 1,759.14	2023 560.79 11.99 1,797.45
 Cast/Wroug Ductile Iron Plastic Steel - Prote 	250 - 0 Iht Iron ected	2013 831.07 16.24 1,227.16 596.25	2014 805.95 15.98 1,287.24 595.25	2015 769.00 16.00 1,378.00 595.00	2016 754.00 16.00 1,417.00 590.00	2017 729.61 15.54 1,475.65 589.51	2018 700.00 14.00 1,539.00 562.00	2019 689.78 13.34 1,572.28 581.99	2020 659.71 13.45 1,643.27 576.23	2021 632.00 12.64 1,698.00 586.00	2022 590.12 12.30 1,759.14 582.46	2023 560.79 11.99 1,797.45 584.72
 Cast/Wroug Ductile Iron Plastic Steel - Prote Steel - Unpr 	250 - 0 pht Iron ected rotected	2013 831.07 16.24 1,227.16 596.25 507.85	2014 805.95 15.98 1,287.24 595.25 483.30	2015 769.00 16.00 1,378.00 595.00 452.00	2016 754.00 16.00 1,417.00 590.00 416.00	2017 729.61 15.54 1,475.65 589.51 394.77	2018 700.00 14.00 1,539.00 562.00 386.00	2019 689.78 13.34 1,572.28 581.99 348.70	2020 659.71 13.45 1,643.27 576.23 316.08	2021 632.00 12.64 1,698.00 586.00 298.00	2022 590.12 12.30 1,759.14 582.46 275.92	2023 560.79 11.99 1,797.45 584.72 263.77
 Cast/Wroug Ductile Iron Plastic Steel - Prote Steel - Unpr Recondition 	250 - 0 pht Iron 6 ected 7 rotected 7 rotected 7 rotected 7 rotected 7	2013 831.07 16.24 1,227.16 596.25 507.85 0.00	2014 805.95 15.98 1,287.24 595.25 483.30 0.00	2015 769.00 16.00 1,378.00 595.00 452.00 0.00	2016 754.00 16.00 1,417.00 590.00 416.00 0.00	2017 729.61 15.54 1,475.65 589.51 394.77 0.00	2018 700.00 14.00 1,539.00 562.00 386.00 0.00	2019 689.78 13.34 1,572.28 581.99 348.70 0.00	2020 659.71 13.45 1,643.27 576.23 316.08 0.20	2021 632.00 12.64 1,698.00 586.00 298.00 0.20	2022 590.12 12.30 1,759.14 582.46 275.92 1.67	2023 560.79 11.99 1,797.45 584.72 263.77 3.95
 Cast/Wroug Ductile Iron Plastic Steel - Prote Steel - Unpr Recondition Other 	250 - 0 ht Iron 4 ected 4 rotected 4 ed Cast Iron	2013 831.07 16.24 1,227.16 596.25 507.85 0.00 0.00	2014 805.95 15.98 1,287.24 595.25 483.30 0.00 0.00	2015 769.00 16.00 1,378.00 595.00 452.00 0.00 0.00	2016 754.00 16.00 1,417.00 590.00 416.00 0.00 0.00	2017 729.61 15.54 1,475.65 589.51 394.77 0.00 0.00	2018 700.00 14.00 1,539.00 562.00 386.00 0.00 0.00	2019 689.78 13.34 1,572.28 581.99 348.70 0.00 0.00	2020 659.71 13.45 1,643.27 576.23 316.08 0.20 0.01	2021 632.00 12.64 1,698.00 586.00 298.00 0.20 0.20 0.00	2022 590.12 12.30 1,759.14 582.46 275.92 1.67 0.08	2023 560.79 11.99 1,797.45 584.72 263.77 3.95 0.08

-The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report. Rhode Island Energy plans to capture a more detailed breakdown of the materials in the system going forward, but since 2022 was the first year compiling the more detailed data, it will take time to compile a dataset which will allow a historical trend to be displayed.

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Main Inventory – Detailed Breakdown

Material	Mileage	% of Total Inventory	Material	Mileage	% of Total Inventory
Cast Iron*	559.86	17.37%	Post-DOT Protected Coated Steel (Install Date post 07/31/1971)	269.36	8.36%
Ductile Iron	11.99	0.37%	Polyethylene (Installed Post 01/01/1985)	1,603.06	49.74%
Wrought Iron	0.94	0.03%	Plastic (Install Date Prior to 01/01/1985 or Unknown)***	171.78	5.33%
Bare Steel	129.52	4.02%	Polybutylene	22.61	0.70%
Unprotected Coated Steel	134.25	4.17%	Pre-DOT Protected Coated Steel (installed prior to 08/01/1971 or marked with an unknown installation date)	315.37	9.79%
Unknown	.08	<0.01%	Reconditioned Cast Iron	3.95	0.12%
Total LPP*	836.62	25.96%	Reconditioned Steel	0.01	<0.01%

-Material Types highlighted in red make up the company's LPP main inventory.

*Cast iron inventory contains approximately 31.4 miles of large diameter (diameter >12") main.

**The Company also considers Aldyl-A plastic to be leak-prone, however, it is not currently known how much Aldyl-A main is present in the system.

***This population of vintage plastic is what the unknown amount of Aldyl-A plastic is contained within.



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Main Inventory – Detailed Breakdown **Rhode Island Energy**^{**} a PPL company Post-DOT Protected Coated Steel (Install Date Post 07/31/1971), The following material groups are present, but 269.36 miles, 8.36% not legible on this chart: -Unknown: 0.08 miles, <0.01% -Reconditioned Steel: 0.01 miles. < 0.01% Pre-DOT Protected Coated Steel (Install -Reconditioned Cast Iron: 3.95 miles, 0.12% Date Prior to 08/01/1971 or Unknown). -Wrought Iron: 0.94 miles, 0.03% 315.37 miles, 9.79% Unprotected Coated Steel 134.25 miles, 4.17% Polyethylene (Installed Post 01/01/1985). Bare Steel, 129.52 miles, 4.02% 1,603.06 miles, 49.74% Ductile Iron, 11.99 miles, 0.37%. Cast Iron, 559.86 miles, 17.37% Plastic (Install Date Prior to 01/01/1985 or Unknown), 171.78 miles, 5.33% Polybutylene, 22.61 miles, 0.70%

-This chart is intended to provide a more detailed view of the material breakdown of the Company's main inventory. In many other sections of this report, material breakdowns are simplified to match those which are reported on the annual PHMSA F7100 report.

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Rhode Island Energy Main Inventory by Material vs. 2023 PHMSA Average

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DOT Material Category	% of Total Main Inventory, Rhode Island Energy	% of Total Main Inventory, 2023 PHMSA Average*	
Unprotected Bare Steel	4.02%	2.02%	
Unprotected Coated Steel	4.17%	1.07%	
Cathodically Protected Bare Steel	0.00%	0.67%	
Cathodically Protected Coated Steel	18.14%	33.93%	
Plastic	55.77%	60.98%	
Cast/Wrought Iron	17.40%	1.21%	
Ductile Iron	0.37%	0.03%	
Copper	0.00%	0.00%	
Other	0.00%	0.09%	
Reconditioned Cast Iron	0.12%	0.00%	
	Rhode Island Energy	2023 PHMSA Average*	
Total Main Inventory (Miles)	3,222.75	6,828.13	

*2023 PHMSA Average is based on 180 companies' main inventory (excluding Rhode Island Energy) which have 1,000+ miles of main in their system.

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Rhode Island Energy^{**}

Rhode Island Energy Main Inventory by Material vs. 2023 PHMSA Average



*2023 PHMSA Average is based on 180 companies' main inventory (excluding Rhode Island Energy) which have 1,000+ miles of main in their system. -The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

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Main Inventory by Municipality

LPP Main Inventory LPP Main Inventory **Total Main Inventory** LPP Main Inventory **Total Main Inventory** LPP Main Inventory City/Town as a percentage of City/Town as a percentage of (Miles) (Miles) (Miles) (Miles) Total LPP Inventory **Total LPP Inventory** 4.56% **Barrington** 87.04 1.46 0.17% **North Providence** 107.31 38.16 1.29% 0.59% **Bristol** 62.46 10.87 North Smithfield 29.90 4.94 Burrillville 8.80 0.00 0.00% 202.12 139.67 16.69% **Pawtucket Central Falls** 30.55 20.09 2.12% Portsmouth 54.52 0.05 0.01% 88.27 1.21% 409.97 204.16 24.40% 10.15 **Providence** Coventry 297.66 107.74 12.33% 3.81 0.00 0.00% Cranston Scituate Cumberland 127.50 26.39 3.02% Smithfield 66.58 5.18 0.62% **East Greenwich** 61.71 5.67 0.67% South Kingstown 67.25 8.56 1.02% **East Providence** 173.31 44.68 5.14% **Tiverton** 17.28 0.00 0.00% 10.00 0.01% 20.62 1.29% Exeter 0.31 Unknown 10.77 1.66 0.00% 0.23% Hopkinton 0.02 Warren 31.60 1.93 7.45% Johnston 107.03 31.50 3.77% Warwick 381.62 62.33 112.26 1.45% 4.11 0.00% 14.68 0.00 Lincoln West Greenwich 60.84 4.31 0.47% West Warwick 74.77 2.20% Middletown 18.38 Narragansett 71.60 0.52 0.06% Westerly 87.91 6.32 0.76% Newport 98.93 17.36 2.01% Woonsocket 112.72 47.23 5.64% 151.05 6.48 0.80% Total 3,222.75 836.62 **North Kingstown** -

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Growth Main Installed

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Rhode Island Energy[™]

08

Leak Repairs - Mains

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Total Main Leak Repairs (Including Damages)



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Main Inventory Compared to Main Leak Repairs by Material (Excluding Damages)



-The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

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■ Type 1 ■ Type 2A ■ Type 2 ■ Type 3

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Main Leaks Repaired by Material (Excluding Damages)



-Data collected through 2022 assumed all leaks on coated steel (regardless of cathodic protection status and year of install) fell within the "Steel – Protected" category. Starting in 2023, leak repairs on coated steel were manually verified to determine whether or not the main on which the steel occurred was protected or unprotected. -The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

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Leak Cause

■ 2013 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

-"Other Cause" is almost strictly used for cast iron joint leaks.

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Overall Main Leak Rate (Including Damages)



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Main Leak Rate by Material (Excluding Damages)

Rhode Island EnergyTM



Leak Cause

■2013 ■2015 ■2016 ■2017 ■2018 ■2019 ■2020 ■2021 ■2022 ■2023

-Data collected through 2022 assumed all leaks on coated steel (regardless of cathodic protection status and year of install) fell within the "Steel – Protected" category. Starting in 2023, leak repairs on coated steel were manually verified to determine whether or not the main on which the steel occurred was protected or unprotected. -The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

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Main Leak Repair Data – Detailed Breakdown

2023						
Material	Main Leaks Repaired by Material (Excluding Damages)	Main Leak Rate by Material (Excluding Damages)				
Cast Iron	613	1.095				
Reconditioned Cast Iron	11	2.785				
Ductile Iron	3	0.250				
Wrought Iron	0	0.00				
Bare Steel	86	0.664				
Unprotected Coated Steel	6	0.045				
Protected Coated Steel	12	0.038				
Plastic	14	0.008				
Total	745	0.231				

-The historical dataset that is available prior to 2022 is not broken down to this level of detail and was collected based on the material breakdown used in the annual PHMSA F7100 report. All leaks on coated steel were treated as "Steel – Protected", regardless of cathodic protection status and year of installation. Cast and wrought iron mains were considered as part of the same category. Rhode Island Energy plans to track the material types separately in both instances as shown above, but it will take time to build out a dataset suitable for the plotting of trends.

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2023 Main Leak Repairs – Material / Cause Matrix

Material / Cause	Leak Repairs - 2023	Material / Cause	Leak Repairs - 2023	Material / Cause	Leak Repairs - 2023	Material / Cause	Leak Repairs - 2023
Bare Steel - Corrosion Failure	85	Ductile Iron - Natural Force Damage	0	Plastic (Other) - Corrosion Failure	0	Reconditioned Cast Iron - Natural Force Damage	0
Bare Steel - Equipment Failure	0	Ductile Iron - Other Cause	3	Plastic (Other) - Equipment Failure	0	Reconditioned Cast Iron - Other Cause	11
Bare Steel - Excavation Damage	2	Ductile Iron - Other Outside Force Damage	0	Plastic (Other) - Excavation Damage	1	Reconditioned Cast Iron - Other Outside Force Damage	0
Bare Steel - Incorrect Operations	0	Ductile Iron - Pipe, Weld, or Joint Failure	0	Plastic (Other) - Incorrect Operations	0	Reconditioned Cast Iron - Pipe, Weld, or Joint Failure	0
Bare Steel - Natural Force Damage	0	Other - Corrosion Failure	0	Plastic (Other) - Natural Force Damage	0	Unprotected Coated Steel - Corrosion Failure	6
Bare Steel - Other Cause	0	Other - Equipment Failure	0	Plastic (Other) - Other Cause	0	Unprotected Coated Steel - Equipment Failure	0
Bare Steel - Other Outside Force Damage	0	Other - Excavation Damage	0	Plastic (Other) - Other Outside Force Damage	0	Unprotected Coated Steel - Excavation Damage	0
Bare Steel - Pipe, Weld, or Joint Failure	1	Other - Incorrect Operations	0	Plastic (Other) - Pipe, Weld, or Joint Failure	4	Unprotected Coated Steel - Incorrect Operations	0
Cast Iron - Corrosion Failure	20	Other - Natural Force Damage	0	Protected Coated Steel - Corrosion Failure	7	Unprotected Coated Steel - Natural Force Damage	0
Cast Iron - Equipment Failure	0	Other - Other Cause	0	Protected Coated Steel - Equipment Failure	2	Unprotected Coated Steel - Other Cause	0
Cast Iron - Excavation Damage	2	Other - Other Outside Force Damage	0	Protected Coated Steel - Excavation Damage	1	Unprotected Coated Steel - Other Outside Force Damage	0
Cast Iron - Incorrect Operations	0	Other - Pipe, Weld, or Joint Failure	0	Protected Coated Steel - Incorrect Operations	0	Unprotected Coated Steel - Pipe, Weld, or Joint Failure	0
Cast Iron - Natural Force Damage	27	Plastic (PE) - Corrosion Failure	0	Protected Coated Steel - Natural Force Damage	0	Wrought Iron - Corrosion Failure	0
Cast Iron - Other Cause	566	Plastic (PE) - Equipment Failure	1	Protected Coated Steel - Other Cause	0	Wrought Iron - Equipment Failure	0
Cast Iron - Other Outside Force Damage	0	Plastic (PE) - Excavation Damage	5	Protected Coated Steel - Other Outside Force Damage	0	Wrought Iron - Excavation Damage	0
Cast Iron - Pipe, Weld, or Joint Failure	0	Plastic (PE) - Incorrect Operations	2	Protected Coated Steel - Pipe, Weld, or Joint Failure	3	Wrought Iron - Incorrect Operations	0
Ductile Iron - Corrosion Failure	0	Plastic (PE) - Natural Force Damage	2	Reconditioned Cast Iron - Corrosion Failure	0	Wrought Iron - Natural Force Damage	0
Ductile Iron - Equipment Failure	0	Plastic (PE) - Other Cause	0	Reconditioned Cast Iron - Equipment Failure	0	Wrought Iron - Other Cause	0
Ductile Iron - Excavation Damage	0	Plastic (PE) - Other Outside Force Damage	0	Reconditioned Cast Iron - Excavation Damage	0	Wrought Iron - Other Outside Force Damage	0
Ductile Iron - Incorrect Operations	0	Plastic (PE) - Pipe, Weld, or Joint Failure	5	Reconditioned Cast Iron - Incorrect Operations	0	Wrought Iron - Pipe, Weld, or Joint Failure	0

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Rhode Island Energy[™]

09

Cast Iron Mains

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Cast Iron Main Inventory Compared to Yearly Cast Iron Main Inventory Reduction Percentage



-"Cast Iron" for this section of the report refers to a combination of cast and wrought iron (as they are combined on the annual PHMSA F7100 report). Rhode Island Energy has 0.94 miles of wrought iron in its gas main inventory.

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Cast Iron Main Breaks

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-"Cast Iron" for this section of the report refers to a combination of cast and wrought iron (as they are combined on the annual PHMSA F7100 report). Rhode Island Energy has 0.94 miles of wrought iron in its gas main inventory.

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Cast Iron Main Breaks Compared to HDD



-Broken Mains / HDD is multiplied by 10,000.

-"Cast Iron" for this section of the report refers to a combination of cast and wrought iron (as they are combined on the annual PHMSA F7100 report). Rhode Island Energy has 0.94 miles of wrought iron in its gas main inventory.

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Cast Iron Main Break Rate

0.200 0.175 0.150 **Broken Main Rate** 0.125 0.100 0.075 0.050 0.025 0.000 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 Broken Mains / 0.174 0.084 0.129 0.052 0.036 0.127 0.094 0.024 0.041 0.088 0.048 Miles of Cast Iron Broken Mains / Miles of Cast Iron

-"Cast Iron" for this section of the report refers to a combination of cast and wrought iron (as they are combined on the annual PHMSA F7100 report). Rhode Island Energy has 0.94 miles of wrought iron in its gas main inventory.

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Cast Iron Main Break Rate by Diameter



-"Cast Iron" for this section of the report refers to a combination of cast and wrought iron (as they are combined on the annual PHMSA F7100 report). Rhode Island

Energy has 0.94 miles of wrought iron in its gas main inventory.

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10 Steel Mains

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Unprotected Steel Main Inventory Compared to Yearly Unprotected Steel Reduction Percentage



-"Unprotected Steel" for this section of the report refers to a combination of bare steel and coated steel which is not cathodically protected (as they are combined on the annual PHMSA F7100 report). Rhode Island Energy has 129.52 miles of bare steel and 134.25 miles of unprotected coated steel in its gas main inventory.

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Steel Main Leak Repair Data

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2023						
Material	Main Leaks Repaired by Material (Excluding Damages)	Main Leak Rate by Material (Excluding Damages)				
Bare Steel	86	0.664				
Unprotected Coated Steel	6	0.045				
Protected Coated Steel	12	0.038				

-Data collected through 2022 assumed all leaks on coated steel (regardless of cathodic protection status and year of install) fell within the "Steel – Protected" category. Starting in 2023, leak repairs on coated steel were manually verified to determine whether or not the main on which the steel occurred was protected or unprotected. Given there is a significant portion of the coated steel inventory that is not cathodically protected and for purposes of the DOT report is considered to be "Steel – Unprotected", the previous method of data collection did not allow for an entirely accurate representation of the leak rate on the different subsets of steel mains within the Rhode Island gas distribution system. Rhode Island Energy plans to track the inventories of bare steel, unprotected coated steel as well as classify leak repair data more specifically so that an accurate dataset can be built out and the trend can be examined for each type of steel main. It will take time before a large enough dataset to be compiled to allow for the plotting of trends.

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11 Service Inventory

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Total LPP Service Inventory

55,000 50,000 45.000 40.000 35,000 # of LPP services 30,000 25,000 20,000 15,000 10,000 5,000 0 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 52,779 44,093 47,214 LPP services 50,602 48,343 45,995 42,884 46,173 44,458 43,200 41,593

LPP services

-LPP (leak-prone pipe) service inventory as it is displayed above consists of all cast iron, copper, bare steel, unprotected coated steel, and unknown material services. Aldyl-A plastic is also considered to be leak-prone by the Company, however, at this time, the amount of Aldyl-A services present in the system is not known. Aldyl-A services are believed to be located in the Cumberland Operating division (plastic mains installed prior to 1983) and the legacy Bristol/Warren Operating area (plastic mains installed in the 1970's). -Services which are comprised of multiple segments with differing characteristics are reported based on the characteristics of the longest of the segments which make up the service.

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Service Inventory by Material

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-The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report. Rhode Island Energy plans to capture a more detailed breakdown of the materials in the system going forward, but since 2022 was the first year compiling the more detailed data, it will take time to compile a dataset which will allow a historical trend to be displayed.

-Services which are comprised of multiple segments with differing characteristics are reported based on the characteristics of the longest of the segments which make up the service.
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Service Inventory – Detailed Breakdown

Material	# of Services	% of Total Inventory	Material	# of services	% of Total Inventory	
Cast Iron	25	0.01%	Pre-DOT Protected Coated Steel (Install Date Prior to 08/01/1971 or Unknown)	47	0.03%	
Copper	44	0.02%	Post-DOT Protected Coated Steel (Install Date Post 07/31/1971)	6,440	3.30%	
Bare Steel	35,003	17.94%	Polyethylene (Installed Post 01/01/1985)	130,644	66.94%	
Unprotected Coated Steel	5,640	2.89%	Polybutylene	3,748	1.92%	
Unknown	881	0.45%	Plastic (Install Date Prior to 01/01/1985 or Unknown)**	12,686	6.50%	
Total LPP*	41,593	21.31%				

-Material Types highlighted in red make up the company's LPP service inventory.

-Services which are comprised of multiple segments with differing characteristics are reported based on the characteristics of the longest of the segments which make up the service.

*The Company also considers Aldyl-A plastic to be leak-prone, however, it is not currently known how many Aldyl-A services are present in the system.

**This population of vintage plastic is what the unknown amount of Aldyl-A plastic is contained within.

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Service Inventory – Detailed Breakdown



-This chart is intended to provide a more detailed view of the material breakdown of the Company's service inventory. In many other sections of this report, material breakdowns are simplified to match those which are reported on the annual PHMSA F7100 report.

-Services which are comprised of multiple segments with differing characteristics are reported based on the characteristics of the longest of the segments which make up the service.

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Rhode Island EnergyTM

Rhode Island Energy Service Inventory by Material vs. 2023 PHMSA Average

DOT Material Category	% of Total Service Inventory, Rhode Island Energy	% of Total Service Inventory, 2023 PHMSA Average*
Unprotected Bare Steel	17.94%	1.44%
Unprotected Coated Steel	2.89%	1.72%
Cathodically Protected Bare Steel	0.00%	0.43%
Cathodically Protected Coated Steel	3.32%	15.65%
Plastic	75.36%	76.92%
Cast Iron	0.01%	0.01%
Ductile Iron	0.00%	0.00%
Copper	0.02%	0.80%
Other	0.45%	3.02%
Reconditioned Cast Iron	0.00%	0.00%
	Rhode Island Energy	2023 PHMSA Average*
Total Service Inventory (# of services)	195,158	377,775

*2023 PHMSA Average is based on 180 companies' main inventory (excluding Rhode Island Energy) which have 1,000+ miles of main in their system.

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Rhode Island Energy Service Inventory by Material vs. 2023 PHMSA Average



*2023 PHMSA Average is based on 180 companies' main inventory (excluding Rhode Island Energy) which have 1,000+ miles of main in their system. -The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

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Growth Services Installed

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-Growth service total includes both random growth services and growth services which were installed as a part of growth main projects.

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Leak Repairs - Services

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Total Service Leak Repairs (Including Damages)

of Service Leak Repairs Total # of Service Leak Repairs ---- Total # of Service Leak Repairs

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-The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

Service Inventory Compared to Service Leak

Repairs by Material (Excluding Damages)

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Service Leaks Repaired by Type (Including Damages)



Type 1 Type 2A Type 2 Type 3

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Service Leaks Repaired by Material (Excluding Damages)



-Data collected through 2022 assumed all leaks on coated steel (regardless of cathodic protection status and year of install) fell within the "Steel – Protected" category. Starting in 2023, leak repairs on coated steel were manually verified to determine whether or not the main on which the steel occurred was protected or unprotected. -The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

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Service Leaks Repaired by Leak Cause

of Leak Repairs Natural Force Other Outside Force Pipe, Weld, or Joint **Corrosion Failure Incorrect Operations** Other Cause Equipment Failure Excavation Damage Damage Failure Damage

Leak Cause

■2013 ■2015 ■2016 ■2017 ■2018 ■2019 ■2020 ■2021 ■2022 ■2023

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Overall Service Leak Rate (Including Damages)



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Service Leak Rate by Material (Excluding Damages)



Leak Cause

■2013 ■2015 ■2016 ■2017 ■2018 ■2019 ■2020 ■2021 ■2022 ■2023

-Data collected through 2022 assumed all leaks on coated steel (regardless of cathodic protection status and year of install) fell within the "Steel – Protected" category. Starting in 2023, leak repairs on coated steel were manually verified to determine whether or not the main on which the steel occurred was protected or unprotected. -The material breakdown displayed on this slide matches the categories which are reported on the annual PHMSA F7100 report.

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Service Leak Repair Data – Detailed Breakdown

2023									
Material	Service Leaks Repaired by Material (Excluding Damages)	Service Leak Rate by Material (Excluding Damages) (# of leak repairs / # of services)							
Cast Iron	0	0.0000							
Copper	0	0.0000							
Bare Steel	282	0.0081							
Unprotected Coated Steel	10	0.0018							
Protected Coated Steel	7	0.0011							
Plastic	50	0.0003							
Total	349	0.0018							

-The historical dataset that is available prior to 2022 is not broken down to this level of detail and was collected based on the material breakdown used in the annual PHMSA F7100 report. All leaks on coated steel were treated as "Steel – Protected", regardless of cathodic protection status and year of installation. Cast and wrought iron mains were considered as part of the same category. Rhode Island Energy plans to track the material types separately in both instances as shown above, but it will take time to build out a dataset suitable for the plotting of trends.

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2023 Service Leak Repairs – Material / Cause Matrix

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Material / Cause	Leak Repairs - 2023	Material / Cause	Leak Repairs - 2023	Material / Cause	Leak Repairs - 2023	Material / Cause	Leak Repairs - 2023
Cast Iron - Corrosion Failure	0	Other - Corrosion Failure	0	Plastic (Other) - Corrosion Failure	2	Unprotected Coated Steel - Corrosion Failure	9
Cast Iron - Equipment Failure	0	Other - Equipment Failure	0	Plastic (Other) - Equipment Failure	0	Unprotected Coated Steel - Equipment Failure	1
Cast Iron - Excavation Damage	0	Other - Excavation Damage	0	Plastic (Other) - Excavation Damage	0	Unprotected Coated Steel - Excavation Damage	1
Cast Iron - Incorrect Operations	0	Other - Incorrect Operations	0	Plastic (Other) - Incorrect Operations	0	Unprotected Coated Steel - Incorrect Operations	0
Cast Iron - Natural Force Damage	0	Other - Natural Force Damage	0	Plastic (Other) - Natural Force Damage	0	Unprotected Coated Steel - Natural Force Damage	0
Cast Iron - Other Cause	0	Other - Other Cause	0	Plastic (Other) - Other Cause	0	Unprotected Coated Steel - Other Cause	0
Cast Iron - Other Outside Force Damage	0	Other - Other Outside Force Damage	0	Plastic (Other) - Other Outside Force Damage	0	Unprotected Coated Steel - Other Outside Force Damage	0
Cast Iron - Pipe, Weld, or Joint Failure	0	Other - Pipe, Weld, or Joint Failure	0	Plastic (Other) - Pipe, Weld, or Joint Failure	1	Unprotected Coated Steel - Pipe, Weld, or Joint Failure	0
Copper - Corrosion Failure	0	Plastic (PE) - Corrosion Failure	16	Bare Steel - Corrosion Failure	281	Protected Coated Steel - Corrosion Failure	7
Copper - Equipment Failure	0	Plastic (PE) - Equipment Failure	1	Bare Steel - Equipment Failure	1	Protected Coated Steel - Equipment Failure	0
Copper - Excavation Damage	0	Plastic (PE) - Excavation Damage	61	Bare Steel - Excavation Damage	9	Protected Coated Steel - Excavation Damage	0
Copper - Incorrect Operations	0	Plastic (PE) - Incorrect Operations	2	Bare Steel - Incorrect Operations	0	Protected Coated Steel - Incorrect Operations	0
Copper - Natural Force Damage	0	Plastic (PE) - Natural Force Damage	1	Bare Steel - Natural Force Damage	0	Protected Coated Steel - Natural Force Damage	0
Copper - Other Cause	0	Plastic (PE) - Other Cause	0	Bare Steel - Other Cause	0	Protected Coated Steel - Other Cause	0
Copper - Other Outside Force Damage	0	Plastic (PE) - Other Outside Force Damage	3	Bare Steel - Other Outside Force Damage	0	Protected Coated Steel - Other Outside Force Damage	0
Copper - Pipe, Weld, or Joint Failure	0	Plastic (PE) - Pipe, Weld, or Joint Failure	24	Bare Steel - Pipe, Weld, or Joint Failure	0	Protected Coated Steel - Pipe, Weld, or Joint Failure	0

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Customer and Meter Data

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Total Customers



- Total Customers (# of customers)

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Customer Usage Rate (Compared to HDD)



 Average Customer Usage Rate (Total Sendout (MDT) / # of customers) ----Average Customer Usage Rate / HDD * 1,000 -----HDD

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Meter Population

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-Inside/Outside meter data only available from 2019 forward

-Total meter data only available from 2015 forward (2015: 275,646, 2016: 276,137, 2017: 277,497, 2018: 282,106)

-Maximo, introduced in 2019, improved meter data tracking capabilities substantially.

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Meter Changes

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Unaccounted for Gas

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Total Sendout, Gross Unaccounted for Gas, and Net Unaccounted for Gas (MDT)



Net Unaccounted for Gas (MDT)	1,346	1,573	1,395	690	915	1,088	1,146	1,213	1,141	1,574	1,046
Gross Unaccounted for Gas (MDT)	1,721	1,937	1,738	1,022	1,236	1,399	1,454	1,512	1,428	1,847	1,308
	39,493	43,381	45,288	38,515	41,489	43,889	44,552	41,940	41,559	41,551	38,734
Net Unaccounted Gross Unaccounted Total Sendout (MDT) for Gas (MDT)											

-Total Sendout and Gross Unaccounted for Gas values are supplied by the accounting/billing group (as of year end 06/30/20XX) -Net Unaccounted for Gas is Gross Unaccounted for Gas minus the expected emissions from the system. The expected emissions from the system are calculated using main and service inventory data and factors found in eCFR, Title 40, Chapter I, Subchapter C, Part 98, Subpart W, Table 7.

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Gross and Net Unaccounted for Gas as a Percentage of Total Sendout



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross	4.36%	4.47%	3.84%	2.65%	2.98%	3.19%	3.26%	3.61%	3.44%	4.45%	3.38%
Net	3.41%	3.63%	3.08%	1.79%	2.21%	2.48%	2.57%	2.89%	2.75%	3.79%	2.70%

-Gross -Net

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15 Summary

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Summary

2023

Total leak repairs (including damages) were up 11.89 % YoY (12.43% YoY excluding damages). This was driven by an increase in both main and service leak repairs, which were up 16.3% and 4.73% respectively. Type 1 main leak repairs increased 20.88% YoY, while type 1 service leak repairs were essentially flat. The main leak rate (excluding damages) was up 16.6% YoY, while the service leak rate (excluding damages) was up 5.88% YoY.

Total leak receipts (excluding damages) were down 4.54% YoY. Type 1 leak receipts (excluding damages) were down 18.12% YoY. The leak receipt rate was down 5.42%.

The attention to detail paid in compiling the leak repair dataset for 2023 (see explanation on page 2) is likely the reason for the spike in leak repairs shown from 2022 to 2023, as leak receipts continued to show a downtrend. The 1,176 total leak repairs for 2023 occurred on 877 unique leak IDs. For the 1051 total leak repairs reported for 2022, that number of unique leak IDs was 924. For the 1,426 total leak repairs reported in 2021, it was 1,331. As the number of unique leak IDs increases, one would expect the gap between that number and the total leak repairs to increase, not decrease (suggesting a potential issue with past data). The decision made for 2023 to manually review the leak repair data is an improvement on the historical practices used to collect the same dataset, as it helps ensure repairs are properly categorized by cause, material, and facility and catches repairs past methods may have missed on instances where multiple repair activities are performed under the same leak ID.

The total open leak backlog as of year end was up slightly, a little over 1% YoY. The workable leak backlog was down 24.74% YoY to its lowest level since 2016. Type 3 open leaks were up approximately 2% YoY.

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Summary (continued)

2023

Cast iron main breaks were one of the biggest areas of concern in 2022, doubling YoY from 2021. In 2023, the total number of cast iron main breaks was down 48% YoY, while the cast iron main break rate was down 45.45%. While it is good to see these numbers come back down after they spiked to such a degree in 2022, the cast iron main break rate is still up slightly from 2021 and nearly double from 2020.

The corrosion leak rate on unprotected steel mains was up 100% YoY. While this number is concerning on the surface, the same context that was applied to the leak repair data on page 1 of this summary can be applied here. For the 48 corrosion leak repairs on unprotected steel mains in 2022, there were 48 unique leak IDs. For the 91 corrosion leak repairs on unprotected steel mains in 2023, there were 55 unique leak IDs. While the number of total repairs increased YoY, the unique leak IDs were basically the same. The manual leak verification process used in 2023 caught instances where multiple clamps were used to fix instances of corrosion, while the historical way of collecting the same data appears to have not. Assuming a similar usage rate of clamps per unique leak ID in 2022 to make the necessary repairs, the corrosion leak rate likely still would have increased from 2022 to 2023 as there was 48 unique leak IDs in 2022 vs. 52 in 2023 and the unprotected steel inventory was reduced by 12.15 miles YoY, however, it is very likely the increase would not have been as drastic.

The 41.74 mile reduction in the LPP inventory YoY was the lowest YoY reduction since 2018. This is due in large part to the Company's effort in 2023 to focus on working only its highest prioritized main segments, as designated by ENG04030, per order of the PUC. Most of the segments the ENG04030 process finds to be of high priority are cast iron and located in urban areas. Due to a number of factors including but not limited to utility congestion, traffic, and service density, the Company has found the rate of replacement able to be achieved on these projects to be much slower. Going forward, the hope is to further develop a "neighborhood" approach to main replacement projects in order to help ease some of these issues. Main replacement projects will still focus on high priority segments, however, larger scopes will be built around them in an effort to streamline resources, work more efficiently, and do more low pressure to high pressure conversion work which will allow for the install of smaller diameter mains.

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Summary (continued)

2023

The LPP inventory in the municipalities of Cranston, Pawtucket, and Providence accounts for 53.43% of the company's total LPP inventory. Moreover, that 52.4% contains 68.3% of the company's total cast/wrought iron inventory. The replacement levels being seen YoY in these municipalities do not put the Company on track to meet its 20 Year Goal of 100% LPP abandonment (FY35).

Net unaccounted for gas (both in terms of volume and as a % of total sendout) was down approximately 28.76% YoY after seeing a sharp increase in 2022 and is now back in line with levels seen from 2019 through 2021.

Customer and meter data was collected from a different source in 2023 than 2022 due to the ongoing efforts to transition Rhode Island Energy off of National Grid's systems and stand up new ones to take their place. The slight discrepancies YoY in both can be attributed to this change.

The leak rate on reconditioned cast iron was above 0 for the first time since large diameter cast iron rehabilitation was introduced in the state of Rhode Island and even more concerningly was higher than that of all other main materials within the distribution system. This is due to leaks which occurred on 20 inch 7# cast iron mains that CISBOT projects had been performed on over the past 3 years. This issue is currently being investigated to determine the cause(s) of the ineffectiveness of the CISBOT seals and what future action(s) will need to be taken.

Section 3 Revenue Requirement (O&M)

Section 3 Revenue Requirement (Paving as O&M Expense)

Proposed FY2026 Gas ISR Plan

Section 3: Gas Revenue Requirement FY 2026 (Paving as O&M Expense)

Introduction

The attached proposed revenue requirement calculations reflect the revenue requirement related to the Company's proposed investment in its Gas ISR Plan for fiscal year ("FY") 2026, which is the twelve-month period ended March 31, 2026.

As shown on Attachment 1, Page 1, Column (b), the Company's FY2026 Gas ISR Plan cumulative revenue requirement totals \$108,561,885. The revenue requirement consists of the following elements: (1) \$22,000,000 of Operational and Maintenance paving costs as shown on Attachment 1, Page 1, Line 1; (2) the revenue requirement of \$7,817,954 on FY2026 proposed non- growth ISR capital investment of \$108,561,885, as calculated on Attachment 1, Page 27; (3) the FY2026 revenue requirement on incremental non-growth ISR capital investment for FY2018 through FY2025 totaling \$66,206,325, as summarized on Attachment 1, Page 1; and (4) property tax expense adjustments of \$17,278,950, as shown on Attachment 1, Page 37, in accordance with the property tax recovery mechanism included in the Amended Settlement Agreement in Docket No. 4323 and continued under the Amended Settlement Agreement in Docket No. 4770. The FY2026 revenue requirement was reduced by \$4,741,345 related to the impact of the PPL Rhode Island Holdings, LLC's¹ acquisition of 100 percent of the outstanding shares of common stock of the Company from National Grid USA ("National Grid") on May 25, 2022 (the "Acquisition") on the ISR rate base as described further below. Importantly, the

¹ PPL Rhode Island Holdings, LLC is a wholly owned indirect subsidiary of PPL Corporation.

incremental capital investment for the FY2026 ISR revenue requirement excludes capital investment embedded in base distribution rates in Docket No. 4770 for FY2018 through FY2026. Incremental non-growth capital investment for this purpose is intended to represent the net change in net plant for non-growth infrastructure investments during the relevant fiscal year and is defined as capital additions plus cost of removal, less annual depreciation expense ultimately embedded in the Company's base distribution rates (excluding depreciation expense attributable to general plant, which is not eligible for inclusion in the Gas ISR Plan).

Gas Infrastructure Investment

Incremental Capital Investment

As noted above, Attachment 1, Page 27 calculates the revenue requirement of incremental capital investment associated with the Company's FY2026 Gas ISR Plan, that is, gas infrastructure investment (net of general plant) incremental to the amounts embedded in the Company's base distribution rates. In accordance with the PUC Order No. 24042 issued on May 6, 2021 in Docket No. 5099, and the resulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3, Schedule A, Sheets 4 and 5, the definition of ISR capital investment changed from "non-growth capital spending" to "non-growth capital investment recorded as in service" effective April 1, 2021. The Company has implemented the plant-inservice methodology to replace the non- growth capital spending method to comply with the PUC order and the tariff revision. The proposed FY2026 vintage year ISR capital investments represent the non-growth capital investment projected to be in service in FY2026. The proposed capital investment and cost of removal were obtained from Table 1 in Section 2 of the Plan. The

FY2026 revenue requirement also includes the incremental capital investment associated with the Company's actual ISR capital investments from FY2018 through FY2024 and forecasted ISR capital investments approved in the FY2025 Gas ISR Plan, excluding investments reflected in rate base in Docket No. 4770.

Attachment 1, Page 30 calculates the incremental FY2018 through FY2024 capital investment and the related incremental cost of removal, incremental retirements, and incremental net operating loss ("NOL") position for the FY2026 gas ISR revenue requirement. The calculations on Page 30 compare ISR-eligible capital investment, cost of removal, retirements, and net NOL position for FY2018 through FY2024 to the corresponding amounts reflected in rate base in Docket No. 4770. Docket No. 4770 includes three rate years, and the forecasted rate base embedded in each rate year included an estimate of incremental capital, cost of removal, retirements and NOL/NOL utilization through Rate Year 3 which ended on August 31, 2021. As such, no estimate of the incremental non-growth capital investment, cost of removal, retirements, or NOL position to be incurred during FY2026 were included in Docket No. 4770. Therefore, all FY2026 ISR-eligible capital is deemed incremental.

Incremental Capital Investment Calculation

The ISR mechanism was established to allow the Company to recover outside of base distribution rates its costs associated with plant additions incurred to expand its gas infrastructure and improve the reliability and safety of its gas facilities. When new base distribution rates are implemented, as was the case in Docket No. 4770, the Company no longer recovers costs for pre-rate case ISR plant additions through a separate ISR factor. Instead, such costs are recovered

through base distribution rates, and the underlying ISR plant additions become a component of base distribution rate base from that point forward. The forecast used to develop rate base in the distribution rate case included forecasted ISR plant additions for FY2018, FY2019 and five months of FY2020 (using the level of plant additions approved in the FY2018 Gas ISR Plan as a proxy for FY2019 and FY2020). The effective date of new base distribution rates in Docket No. 4770 was September 1, 2018. Therefore, recovery of the approved FY2012 through FY2017 ISR revenue requirement through the ISR factor ended on August 31, 2018, and all future recovery of those ISR plant additions will be through the Company's base distribution rates.

As a result of the implementation of new base distribution rates pursuant to Docket No. 4770 effective September 1, 2018, the cumulative amount of forecasted ISR plant additions were rolled into base distribution rates effective at that date. The FY2026 revenue requirement for incremental FY2018 through FY2026 ISR investments reflect a full year of revenue requirement because none of these incremental investments are included in the Company's rate base in Docket 4770. These incremental fiscal year vintage amounts must remain in the ISR recovery mechanism as provided for in the terms of the approved Amended Settlement Agreement in Docket No. 4770. The current filing is based on the actual ISR investment made during the Company's fiscal years ended March 31, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and planned ISR investment levels for the Company's fiscal years ended March 31, 2018, 2019, 2020, 2021, 2025 and 2026, which are incremental to the levels reflected in rate base in Docket No. 4770.

Gas Infrastructure Revenue Requirement

The revenue requirement calculation on incremental gas infrastructure investment for vintage year FY2026 is shown on Attachment 1, Page 27. The revenue requirement calculation incorporates the incremental Gas ISR Plan capital investment, cost of removal, and retirements, and NOL Position, which are the basis for determining the two components of the revenue requirement: (1) the return on investment (i.e., average Plan rate base at the weighted average cost of capital) and (2) depreciation expense. The calculation on Page 27 begins with the determination of the depreciable net incremental capital that will be included in the Plan rate base. Because depreciation expense is affected by plant retirements, retirements have been deducted from the total allowed capital included in the Plan rate base in determining depreciation expense. Retirements, however, do not affect rate base because plant-in-service and the depreciation reserve are reduced by the installed value of the plant being retired and, therefore, have no impact on net plant. Incremental book depreciation expense on Line 12 is computed based on the net depreciable additions from Line 3 at the 2.99 percent composite depreciation rate approved in Docket No. 4770, and as shown on Line 9. The Company has assumed a halfyear convention for the year of installation. Unlike retirements, cost of removal affects rate base, but not depreciation expense. Consequently, the cost of removal, as shown on Line 7, is combined with the incremental capital investment amount from Line 6 (vintage year ISR Plan allowable capital additions, less non-general plant depreciation expense included in base distribution rates) to arrive at the total incremental investment on Line 8 to be included in the rate base upon which the return component of the annual revenue requirement is calculated.

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The rate base calculation incorporates net plant from Line 8 and accumulated depreciation on current vintage year investment and accumulated deferred tax reserves as shown on Lines 13 and 18, respectively. The deferred tax amount arising from the capital investment, as calculated on Lines 14 through 18, equals the difference between book depreciation and tax depreciation on the capital investment, multiplied by the effective tax rate, net of any tax NOL or NOL utilization. The calculation of tax depreciation is described below. The average rate base before deferred tax proration adjustment is shown on Line 23. This amount then nets with the deferred tax proration adjustment on Line 24 to derive the average ISR rate base on Line 25. This average rate base is multiplied by the pre-tax rate of return approved by the PUC in Docket No. 4770, as shown on Line 26, to compute the return and tax portion of the incremental revenue requirement, as shown on Line 27. Incremental depreciation expense is added to this amount on Line 28. The sum of these amounts reflects the annual revenue requirement associated with the capital investment portion of the Company's Gas ISR Plan on Line 29, which is carried forward to Page 1 as part of the total Gas ISR Plan revenue requirement. Similar revenue requirement calculations for the vintage FY2018 through FY2025 incremental ISR Plan capital investments are shown on Pages 2, 5, 8, 10, 12, 15, 18, 21 and 24, respectively. These capital investment revenue requirement amounts are added to the FY2026 Operation and Maintenance Expense on Page 1, Line 1 and the total property tax recovery on Page 1, Lines 12 and 13 to derive the total FY2026 Gas ISR Plan revenue requirements (before hold harmless adjustment) of \$113,303,230, as shown on Page 1, Line 15.

Accumulated deferred income tax ("ADIT") included in rate base

As stated above, ADIT is included in the computation of rate base to determine the revenue requirement. Items considered in the computation of deferred taxes include book and tax depreciation, tax repairs deductions, tax gain or loss on retirements, cost of removal, NOL generation or utilization, and accumulated deferred tax proration, all of which are discussed further below except for book depreciation. In addition to the "usual" activity noted above impacting ADIT, the FY2026 Gas ISR plan continues to reflect an increased rate base due to the impact of the Acquisition on ADIT for the pre-acquisition vintage years. The increase in the revenue requirement attributable to this increased rate base is offset by a revenue credit reflected on Attachment 1, Page 1, Line 17 in accordance with the commitments PPL Corporation ("PPL") made during the Acquisition proceeding in Docket No. D-21-09.²

PPL and National Grid elected to treat the Acquisition as an asset sale for federal income tax purposes under Internal Revenue Code ("IRC") Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of the Company at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminated most book/tax timing differences and the related net ADIT as of the Acquisition date, at which time PPL began depreciating the new tax basis and started the tracking of book and tax timing differences as if PPL purchased a new asset in the year of the Acquisition. The revenue requirement of each pre-acquisition vintage year reflects the elimination of ADIT in the "PPL

² See Report and Order, Docket No. D-21-09 at 257, Commitment #16 (February 23, 2023).
5/25/22 - 3-31-2023" column of the FY March 2023 sub-period. This includes the elimination of ADIT on any NOL balances that existed prior to the Acquisition date as National Grid will have utilized all of the Company's NOLs as a result of the sale. In addition, the tax depreciation calculation for each respective pre-acquisition vintage year reflects tax depreciation on the new tax basis that is equivalent to the Company's net book basis as of the Acquisition date.

Finally, one additional item that contributes to the calculation of ADIT is a new book and tax temporary difference ("temporary difference") related to curb-to-curb restoration paving costs ("paving costs") that started in FY 2025 and will continue in FY 2026. Historically, incremental capital investments, included in the ISR, captured paving costs, which were capitalized for both book and tax purposes. In Docket No. 23-49-NG, concerning the Company's FY2025 Gas ISR Plan, the PUC voted to require the Company to calculate its FY2025 revenue requirement as if curb-to-curb paving costs were an O&M expense rather than a capital investment. The change in the book treatment of these costs does not change the federal income tax treatment of these costs. For federal income tax purposes, these paving costs continue to be capitalized under IRC Section 263(a). The treatment of paving costs as expense for book purposes creates a temporary difference that requires the recording of a deferred tax asset ("DTA"), thus reducing ADIT. A DTA is created because, while paving costs are treated as an O&M expense for book purposes in the year paid, IRC Section 263(a) requires the Company to capitalize such costs, resulting in a tax liability in the year incurred. The Company will then claim tax deductions over the 20-year depreciable tax life of the capitalized assets. This DTA increases rate base in the year paving costs are incurred. Rate base will subsequently

decrease over time as the DTA reverses over the depreciable life of the asset(s). The new paving cost temporary difference ("263(a) basis difference") is reflected with the tax depreciation computations for FY2025 and FY2026 on Lines 2, 8 and 22 of Pages 25 and 28, respectively. The 263(a) basis difference is reflected on Line 2 because it is subject to the repairs deduction rate. The 263(a) basis difference is reflected on Line 8 to calculate the originating deferred tax impact (i.e., a DTA or a reduction in a DTL) in the year paving costs are incurred. The 263(a) basis difference is reflected on Line 22 to capture the increase in tax basis , which will depreciate over the 20-year tax life of the asset pursuant to the IRS Modified Accelerated Cost-Recovery System ("MACRS") and will reverse the originating DTA. The total impact of this 263(a) basis difference in year 1 is reflected on Pages 25 and 28, Line 32, which is then reflected on Pages 24 and 27, Line 10 and is used to calculate deferred taxes on Pagess 24 and 27, Line 16. The tax impacts of the 263(a) basis difference were not included in the FY2025 Plan filing but will be included in the FY2025 Reconciliation filing as part of the tax true-up.

The decrease in ADIT resulting from this new 263(a) basis difference increases rate base and has a negative impact on customers. It is for this reason, as well as anticipated increases in paving costs, that the Company proposes to capitalize paving costs for book purposes in the FY2026 vintage within the Gas ISR Plan. The Company's proposal regarding the treatment of paving costs is explained in further detail in Section 5.

Accumulated Deferred Income Tax Proration Adjustment

The Gas ISR Plan includes a proration calculation with respect to the ADIT balance included in rate base. The calculation fulfills requirements set out under IRS Treasury Regulation §1.167(l)-1(h)(6). This regulation sets forth normalization requirements for regulated entities to fundamentally ensure that the benefits of accelerated depreciation are not passed back to customers faster than over the book lives of the subject assets. The penalty of a normalization violation is the loss of all federal income tax deductions for accelerated depreciation, including bonus depreciation. Any regulatory filing which includes capital expenditures, book depreciation expense, and ADIT related to those capital expenditures must follow the normalization requirements. When the regulatory filing is based on a future period, the deferred tax must be prorated to reflect the period of time that the ADIT balances are in rate base. This filing includes the FY2018 through FY2026 proration calculations at Attachment 1, on Pages 4, 7, 10, 14, 17, 20, 23, 26 and 29, respectively, the effects of which are included in each year's respective revenue requirement.

Tax Depreciation Calculation

The tax depreciation calculation for FY2026 is provided on Attachment 1, Page 28. Line 1 of Page 28 reflects the tax basis of plant additions subject to tax depreciation, which begins with the incremental capital investment for book purposes, as shown on Lines 1 through 3 on Page 27. As explained above, the tax basis of plant additions increases for the 263(a) basis difference related to paving costs, which are expensed for book purposes and capitalized for tax purposes. This capitalization of paving costs for tax purposes is reflected on Line 2. Line 3 reflects the total tax basis of the incremental capital investment subject to tax depreciation. The tax depreciation amount assumes that a portion of the incremental capital investment on Line 3 will be eligible for full tax deduction in the year the expenditures are incurred on the Company's corresponding federal income tax returns. This immediate deductibility, reflected on Page 28, Line 4, is referred to as the capital repairs deduction.³

In addition, plant additions not subject to the capital repairs deduction may be subject to bonus depreciation, as shown on Page 28, Lines 10 through 19 for FY2026. As noted in the Company's previous Gas ISR Plans, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law on December 22, 2017, and most of its provisions were effective on January 1, 2018. The Tax Act included many additions and revisions to the IRC, but two notable changes have an impact on the Gas ISR revenue requirement. The first is the reduction of the federal income tax rate from 35 percent to 21 percent commencing January 1, 2018. The other Tax Act provisions notably impacting the Gas ISR revenue requirement were changes to the bonus depreciation rules, eliminating bonus depreciation for certain capital investments of regulated utilities (among others), including ISR-eligible investments effective September 28, 2017. Based on the bonus rules for long production period property in the Tax Act, qualified property acquired prior to September 28, 2017, and placed in service in tax years beginning after December 31, 2017, is eligible for bonus depreciation in FY2019 and FY2020. Consequently,

³ In 2009, the Internal Revenue Service ("IRS") issued additional guidance, under IRC Section 162, related to certain work considered to be repair and maintenance expense, and eligible for immediate tax deduction for income tax purposes, but capitalized by the Company for book purposes. As a result of this additional guidance, the Company recorded a one-time tax expense for repair and maintenance costs in its FY2009 federal income tax return filed on December 11, 2009 by National Grid Holdings, Inc. Since that time, the Company has taken a capital repairs deduction on all subsequent fiscal year tax returns. This has formed the basis for the capital repairs deduction assumed in the Company's revenue requirement. This tax deduction has the effect of increasing deferred taxes and lowering the revenue requirement that customers will pay under the capital investment reconciliation mechanism. The Company's federal income tax returns on this matter was incorrect, the Company will reflect any related IRS disallowances, plus any associated interest assessed by the IRS in a subsequent reconciliation filing under the Gas ISR Plan.

the Company included a deduction for bonus depreciation on its FY2019 and FY2020 tax returns. Starting in FY2021, the Company is no longer eligible to claim bonus depreciation. The Company's FY2026 revenue requirement includes the above impacts of the Tax Act on vintage FY2018 through FY2026 investments.

Once plant additions are adjusted for the various tax items discussed above, the adjusted tax balance is then subject to the MACRS tax depreciation rates. Also, costs of removal ("COR") are 100 percent deductible due to the Company's partial disposition election filed with the IRS as part of the tangible property regulations. This election was submitted to the PUC, as required under IRS rules, on December 17, 2015. The vintage FY2018 through FY2026 tax depreciation calculations in this filing include an additional tax deduction related to COR. The total amount of tax depreciation and temporary differences, depending on the tax rules and/or transactions of each vintage year in the Gas ISR filing, equal the amount of capital repairs deduction plus the bonus depreciation deduction, MACRS depreciation, the tax loss on retirements, and COR, offset by a 263(a) basis difference for paving costs that is reflected on Line 8 of Page 28. The 263(a) basis difference for paving costs offsets the tax depreciation deduction because it increases the Company's taxable income in the year incurred. These annual total tax depreciation and 263(a) basis difference amounts are carried over to Attachment 1, Page 27, Line 10 and incorporated in the deferred tax calculation. Tax depreciation calculations are also provided for FY2018 through FY2025 on Attachment 1, Pages 3, 6, 9, 13, 16, 19, 22 and 25, respectively.

The tax inputs, described above and required for the calculation of ADIT in the ISR, reflect information from tax returns through December 31, 2023, so all vintages through FY2023 in the FY2026 Gas ISR plan filing reflect actual tax return information. The tax inputs for FY2024 within the FY2026 Gas ISR Plan filing reflect actual information, prorated for the period April 1, 2023 through December 31, 2023, per the filed calendar year ("CY") 2023 tax return. Actual tax return results for the remaining January 1 through March 31, 2024 period within the FY 2024 vintage will not be reflected in an ISR filing until the actual calendar year ("CY") 2024 tax return is ready to be filed, at which time the 2024 tax return results will be prorated between the FY2024 and FY2025 vintage years within the ISR. The Company expects to reflect the CY2024 actual results in the FY2025 ISR reconciliation in August of 2025.

Federal Net Operating Loss

Tax NOLs are generated when the Company has tax deductions on its income tax returns that exceed its taxable income. This does not mean that the Company is suffering losses in its financial statements; instead, the Company's tax NOLs are the result of the significant tax deductions that were generated by the bonus depreciation and capital repairs tax deductions in various years. In addition to first-year bonus tax depreciation, Section 162 of the IRC allows the Company to classify certain costs as repairs expense, which the Company takes as an immediate deduction on its income tax return; however, such costs are recorded as plant investment on the Company's books. These significant bonus depreciation and capital repairs tax deductions have exceeded the amount of taxable income reported in tax returns filed for FY2009 to FY2018, with the exception of FY2011 and FY2017. NOLs are recorded as non-cash assets on the Company's

balance sheet and represent a benefit that the Company and customers will receive when the Company is able to realize actual cash savings and applies the NOLs against taxable income in the future.

As a result of the Tax Act, the Company originally did not expect to generate new NOLs in FY2018 or FY2019 and anticipated it would begin to utilize prior years' NOLs in FY2020. Therefore, estimated NOL utilization is included in base rates in Docket No. 4770, and the calculation of ADIT in this filing includes only the incremental amount of forecasted NOL utilization. Any remaining NOLs as of the March 2023 vintage year were completely utilized as a result of the Acquisition. NOL utilization increases the Company's ADIT and results in a credit or reduction in the calculation of rate base.

Property Tax Recovery Adjustment

The Property Tax Recovery Adjustment is set forth on Attachment 1, Pages 35 through 37. The method used to recover property tax expense under the Gas ISR Plan was modified by the rate case settlement agreement in Docket No. 4323 and that modification was carried forward by the Amended Settlement Agreement in Docket No. 4770. In determining the base on which property tax expense is calculated for purposes of the ISR revenue requirement, the Company includes an amount equal to the base rate allowance for depreciation expense and depreciation expense on incremental ISR plant additions in the accumulated reserve for depreciation that is deducted from plant in service. The Property Tax Recovery Adjustment also includes the impact of any changes in the Company's effective property tax rates on base-rate embedded property, plus cumulative Plan net additions. Property tax impacts associated with non-ISR plant additions are

excluded from the property tax recovery calculation. The FY2026 revenue requirement includes

\$17,278,950 for the Net Property Tax Recovery Adjustment as shown on Page 1, Line 13.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 1 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Annual Revenue Requirement Summary

Line No.		Approved Fiscal Year <u>2025</u> (a)	Fiscal Year 2026 (b)
1	Operation and Maintenance Expenses	\$12,000,000	\$22,000,000
1	<u>Capital Investment:</u>	\$12,000,000	\$22,000,000
2	Actual Revenue Requirement on FY 2018 Incremental Capital Included in ISR Rate Base	\$370,111	\$378,383
3	Actual Revenue Requirement on FY 2019 Incremental Capital Included in ISR Rate Base	\$405,961	\$406,157
4	Actual Revenue Requirement on FY 2020 Incremental Capital Included in ISR Rate Base	\$9,102,120	\$8,790,632
5	Actual Revenue Requirement on FY 2021 Incremental Capital Included in ISR Rate Base	\$8,567,568	\$8,236,856
6	Actual Revenue Requirement on FY 2022 Incremental Capital Included in ISR Rate Base	\$13,805,560	\$13,331,581
7	Actual Revenue Requirement on FY 2023 Incremental Capital Included in ISR Rate Base	\$12,161,768	\$12,057,755
8	Actual Revenue Requirement on FY 2024 Incremental Capital Included in ISR Rate Base	\$12,028,274	\$10,414,016
9	Forecasted Revenue Requirement on FY 2025 Capital included in ISR Rate Base	\$6,347,480	\$12,590,944
10	Forecasted Revenue Requirement on FY 2026 Capital included in ISR Rate Base		\$7,817,954
11	Total Capital Investment Revenue Requirement	\$62,788,843	\$74,024,279
12	FY 2025 Property Tax Recovery Adjustment	\$13,764,043	
13	FY 2026 Property Tax Recovery Adjustment		\$17,278,950
14	Total Capital Investment Component of Revenue Requirement	\$76,552,886	\$91,303,230
15	Total Revenue Requirement	\$88,552,886	\$113,303,230
16	RIPUC Docket No. 23-49-NG, Section 3, Attachment 2 (Compliance), Page 1 of 2, Line 23, Column (c)	(\$4,572,920)	
17	Per Tax Hold Harmless Adjustment Section 3 - Attachment 2, Pages 1, Line 23		(\$4,741,345)
18	Total Net Capital Investment Component of Revenue Requirement	\$83,979,966	\$108,561,885
19	Incremental Rate Adjustment		\$24,581,919

Column Notes:

(a) RIPUC Docket No. 23-49-NG, Section 3, Attachment 1 (Compliance), Page 1 of 35, Column (b)

16 (a) RIPUC Docket No. 23-49-NG, Section 3, Attachment 2 (Compliance), Page 1 of 2, Line 23, Column (c)

Line Notes for Columns (b) only:

- 2 Page 2 of 39, Line 36, Col. (j)
- 3 Page 5 of 39, Line 35, Col. (i)
- 4 Page 8 of 39, Line 35, Col. (h)
- 5 Page 12 of 39, Line 35, Col. (g)
- 6 Page 15 of 39, Line 35, Col. (f)
- 7 Page 18 of 39, Line 35, Col. (e)
- 8 Page 21 of 39, Line 31, Col. (c)
- 9 Page 24 of 39, Line 29, Col. (b)
- 10 Page 27 of 39, Line 29, Col. (a)
- 11 Sum of Lines 2 through 10
- 13 Page 37 of 39, Line 121, Col. (c) × 1,000
- 14 Sum of Line 11 through Line 13
- 15 Line 1 + Line 14
- 16 RIPUC Docket No. 23-49-NG, Section 3, Attachment 2 (Compliance), Page 1 of 2, Line 23, Column (c)
- 17 Section 3 Attachment 2, Pages 1, Line 23
- 18 Line 15 + Line 16 + Line 17
- 19 Line 18 Col (b) Line 18 Col (a)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 2 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2018 Actual Incremental Gas Capital Investmen

Line No.	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISP Pate Base in Current Vear	Page 30 of 30 Line 3 Col(a)		Fiscal Year <u>2018</u> (a) \$4,632,718	Fiscal Year <u>2019</u> (b)	Fiscal Year 2020 (c)	Fiscal Year $\frac{2021}{(d)}$	Fiscal Year <u>2022</u> (e)	NG 4/1/22 - 5/24/2022 2023 (f)	PPL 5/25/22 - 3/31/23 2023 (g)	Fiscal Year $\frac{2024}{(h)}$	Fiscal Year $\frac{2025}{(i)}$	Plan Year <u>2026</u> (j)
2 3	Retirements Net Depreciable Capital Included in ISR Rate Base	Page 30 of 39, Line 9, Col (a) Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$12,059,428 (\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)
4 5	<u>Change in Net Capital Included in ISR Rate Base</u> Capital Included in ISR Rate Base Depreciation Expense	Line 1		\$4,632,718 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718
7	Cost of Removal	Page 30 of 39, Line 6, Col (a)		\$1,941,168									
8	Net Plant Amount	Year 1 = Line 6 + Line 7, Then = Prior Year		\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886
9	Deferred Tax Calculation: Composite Book Depreciation Rate		1/	3.38%	3.15%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10 11	Number of days Proration Percentage		2/ 2/						54 14.79%	311 85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1=Page 3 of 39, Line 30, Col (a); then = Page 3 of 39, Col (e)		\$7,820,728	\$21,720	\$20,089	\$18,585	\$17,189	\$2,353	\$213,427	\$410,861	\$380,014	\$351,557
13	Cumulative Tax Depreciation-NG	+ Current Year Line 12	3/	\$7,820,728	\$7,842,448	\$7,862,538	\$7,881,123	\$7,898,312	\$7,900,664				
14	Cumulative Tax Depreciation-PPL	Year I = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/							\$213,427	\$624,288	\$1,004,302	\$1,355,859
15	Book Depreciation	Year 1= Line 3 × Line 9 × 50%; then = Line 3 × Line 9 Xear 1 = Line 14; then = Prior Xear Line 15	2/	(\$125,511)	(\$234,127)	(\$222,059)	(\$222,059)	(\$222,059)	(\$32,853)	(\$189,206)	(\$222,059)	(\$222,059)	(\$222,059)
16	Cumulative Book Depreciation	+ Current Year Line 14		(\$125,511)	(\$359,638)	(\$581,697)	(\$803,756)	(\$1,025,814)	(\$1,058,667)	(\$1,247,873)	(\$1,469,932)	(\$1,691,990)	(\$1,914,049)
17 18	Cumulative Book / Tax Timer Less: Cumulative Book Depreciation at Acquisition	Columns (a) through (e): Line 13 - Line 16, Then Line 14 - Line 16 Line 16 Column (f)	3/	\$7,946,239	\$8,202,087	\$8,444,235	\$8,684,878	\$8,924,126	\$8,959,331	\$1,461,300 (\$1,058,667)	\$2,094,220 (\$1,058,667)	\$2,696,292 (\$1,058,667)	\$3,269,907 (\$1,058,667)
20	Effective Tax Rate	Line 1/ + Line 18	4/	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	\$402,633	\$1,035,553	\$1,637,625 21.00%	\$2,211,241 21.00%
21 22	Deferred Tax Reserve Less: FY 2018 Federal NOL (Generation) / Utilization	Columns (a) through (f): Line 17 * Line 20, Then Line 19 * Line 20 -Page 31 of 39, Line 12, Col (g)	3/	\$1,668,710 (\$6,051,855)	\$1,722,438 (\$6,051,855)	\$1,773,289 (\$6,051,855)	\$1,823,824 (\$6,051,855)	\$1,874,066 (\$6,051,855)	\$1,881,459 (\$6,051,855)	\$84,553 \$0	\$217,466 \$0	\$343,901 \$0	\$464,361 \$0
23 24	Excess Deferred Tax Net Deferred Tax Reserve before Proration Adjustment	(Line 16 × 31.55% blended FY18 tax rate) - Line 20; then = Prior Year Line 22 Line 21 + Line 22 + Line 23		\$838,328 (\$3,544,817)	\$838,328 (\$3,491,089)	\$838,328 (\$3,440,238)	\$838,328 (\$3,389,703)	\$838,328 (\$3,339,461)	\$838,328 (\$3,332,068)	\$838,328 \$922,881	\$838,328 \$1,055,794	\$838,328 \$1,182,230	\$838,328 \$1,302,689
25 26 27 28	ISR Rate Base Calculation; Cumulative Incremental Capital Included in ISR Rate Base Accumulated Depreciation Deferred Tax Reserve Year End Rate Base before Deferred Tax Proration	Line 8 - Line 16 - Line 24 Sum of Lines 25 through 27	_	\$6,573,886 \$125,511 \$3,544,817 \$10,244,214	\$6,573,886 \$359,638 \$3,491,089 \$10,424,613	\$6,573,886 \$581,697 \$3,440,238 \$10,595,821	\$6,573,886 \$803,756 \$3,389,703 \$10,767,344	\$6,573,886 \$1,025,814 \$3,339,461 \$10,939,161	\$6,573,886 \$1,058,667 \$3,332,068 \$10,964,620	\$6,573,886 \$1,247,873 (\$922,881) \$6,898,878	\$6,573,886 \$1,469,932 (\$1,055,794) \$6,988,023	\$6,573,886 \$1,691,990 (\$1,182,230) \$7,083,647	\$6,573,886 \$1,914,049 (\$1,302,689) \$7,185,246
29 30 31 32	<u>Revenue Requirement Calculation:</u> Average Rate Base before Deferred Tax Proration Adjustment Proration Adjustment Average ISR Rate Base after Deferred Tax Proration Pre-Tax ROR	Year 1 = 0; then Average of (Prior + Current Year Line 28) Page 4 of 39, Line 41 Line 29 + Line 30 Page 39 of 39, Line 30, Column (e)	5/					\$10,853,253 \$2,157 \$10,855,409 8.41%	\$8,919,019 \$3,947 \$8,922,966 8.41%	\$8,919,019 \$3,947 \$8,922,966 8.41%	\$6,943,450 \$5,705 \$6,949,155 8.41%	\$7,035,835 \$5,427 \$7,041,262 8.41%	\$7,134,446 \$5,170 \$7,139,617 8,41%
33	Proration Percentage	Line 11	2/						14.79%	85.21%			
34 35	Return and Taxes Book Depreciation	Cols (e), (h) through (j): L 31 * L 32; Cols (f) and (g): L 31 * L 32 * L 33 Year 1 = N/A; then = Line 15	2/					\$912,940 (\$222,059)	\$111,021 (\$32,853)	\$639,400 (\$189,206)	\$584,424 (\$222,059)	\$592,170 (\$222,059)	\$600,442 (\$222,059)
36	Annual Revenue Requiremen	Sum of Lines 34 through 35		N/A	N/A	N/A	N/A	\$690,881	\$78,169	\$450,194	\$362,365	\$370,111	\$378,383

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018
2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018
PY 19 Composite Book Depreciation Rate approved per RIPUC Docket No. 4720, effective on Sep 1, 2018
FY 19 Composite Book Depreciation Rate = 3.38% × 5/12 + 2.99% × 7/12
2/ Columns (f) and (g) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL: Corporation ("PIPL") elected to treat PIPL's acquisition of The Narragament Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ The Federal Income Tax artic changed from 55% 0.21% on Janurary 1, 2018 per the Tax Cuts and Jobs Act of 2017
5/ Columns (f) and (g) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (e) and the end of the fiscal year on Line 32, Column (g). See note 2.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 3 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2018 Incremental Capital Investment

				Fiscal Year					
Line				2018					
No.				(a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 2 of 39, Line 1		\$4,632,718		20 Year MACRS Dep	reciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	85.43%					
3	Capital Repairs Deduction	Line 1 × Line 2		\$3,957,731	MACRS basis:	Line 23, Column (a	a)	\$300,875	
4								Annual	Cumulative
5					Fiscal Year	Pr	rorated		
6	Bonus Depreciation				FY Mar-2018	3.750%		\$11,283	\$7,820,728
7	Plant Additions	Line 1		\$4,632,718	FY Mar-2019	7.219%		\$21,720	\$7,842,448
8	Less Capital Repairs Deduction	Line 3		\$3,957,731	FY Mar-2020	6.677%		\$20,089	\$7,862,538
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$674,987	FY Mar-2021	6.177%		\$18,585	\$7,881,123
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	FY Mar-2022	5.713%		\$17,189	\$7,898,312
11	Plant Eligible for Bonus Depreciation	Line $9 \times$ Line 10		\$674,987	FY Mar-2023 (Apr-May 2022)	5.285%	0.782%	\$2,353	\$7,900,664
12	Bonus depreciation 100% category	$100\% \times 15.86\%$	2/	15.86%					
13	Bonus depreciation 50% category	$50\% \times 58.05\%$	2/	29.03%	Book Cost	Line 1, Column (a))	\$4,632,718	
14	Bonus depreciation 40% category	$40\% \times 26.35\%$	2/	10.54%	Cumulative Book Depreciation	- Page 2 of 39, Line	e 16, Col (f)	\$1,058,667	
15	Bonus Depreciation Rate (October 2017 - March 2018)	$1 \times 50\% \times 0\%$	2/	0.00%	PPL MACRS basis:	Line 13 + Line 14		\$5,691,385	
16	Total Bonus Depreciation Rate	Line 12 + Line 13 + Line 14 + Line 1	5	55.43%			=		
17	Bonus Depreciation	Line 11 × Line 16		\$374,112	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$213,427	\$213,427
18					Mar-2024	7.219%		\$410,861	\$624,288
19	Remaining Tax Depreciation				Mar-2025	6.677%		\$380,014	\$1,004,302
20	Plant Additions	Line 1		\$4,632,718	Mar-2026	6.177%		\$351,557	\$1,355,859
21	Less Capital Repairs Deduction	Line 3		\$3,957,731	Mar-2027	5.713%		\$325,149	\$1,681,007
22	Less Bonus Depreciation	Line 17		\$374,112	Mar-2028	5.285%		\$300,790	\$1,981,797
	Remaining Plant Additions Subject to 20 YR MACRS Tax								
23	Depreciation	Line 20 - Line 21 - Line 22		\$300,875	Mar-2029	4.888%		\$278,195	\$2,259,992
24	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2030	4.522%		\$257,364	\$2,517,356
25	Remaining Tax Depreciation	Line 23 × Line 24		\$11,283	Mar-2031	4.462%		\$253,950	\$2,771,306
26					Mar-2032	4.461%		\$253,893	\$3,025,199
27	FY18 tax (gain)/loss on retirements	Per Tax Department	3/	\$1,536,434	Mar-2033	4.462%		\$253,950	\$3,279,148
28	Cost of Removal	Page 2 of 39, Line 7		\$1,941,168	Mar-2034	4.461%		\$253,893	\$3,533,041
29					Mar-2035	4.462%		\$253,950	\$3,786,991
30	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 17, 25, 27 & 28		\$7,820,728	Mar-2036	4.461%		\$253,893	\$4,040,883
					Mar-2037	4.462%		\$253,950	\$4,294,833
1/	Capital Repairs percentage is based on the actual results of the FY	7 2018 tax return.			Mar-2038	4.461%		\$253,893	\$4,548,725
2/	Percent of Plant Eligible for Bonus Depreciation is the actual resu	Ilt of FY2018 tax return			Mar-2039	4.462%		\$253,950	\$4,802,675
3/	Actual Loss for FY2018				Mar-2040	4.461%		\$253,893	\$5,056,568
11 (d)	j 5.285% / 365 x 54				Mar-2041	4.462%		\$253,950	\$5,310,517
					Mar-2042	4.461%		\$253,893	\$5,564,410
					Mar-2043	2.231%		\$126,975	\$5,691,385
						100.000%	-	\$5 691 385	

Column (d), Line 11 = MACRS Rate 5.285% / 365 days x 54 days

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 4 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2018 Incremental Capital Investment

				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Lina				2022	2023 (b)	2024	2025	2026
No.	Deferred Tax Subject to Proration			(a)	(6)	(0)	(d)	(e)
	· · · · · · · · · · · · · · · · · · ·	See the corresponding Fisca	l Year on Page 2 of 39. Line					
1	Book Depreciation	15. Note there are 2 col	umns to sum for FY23.	(\$222,059)	(\$222,059)	(\$222,059)	(\$222,059)	(\$222,059)
2	Bonus Depreciation			\$0	\$0	\$0	\$0	\$0
		See the corresponding Fisca	l Year on Page 2 of 39, Line					
3	Remaining MACRS Tax Depreciation	12. Note there are 2 col	umns to sum for FY23.	(\$17,189)	(\$215,779)	(\$410,861)	(\$380,014)	(\$351,557)
4	FY18 tax (gain)/loss on retirements			\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Line	s 1 through 4	(\$239,248)	(\$437,838)	(\$632,920)	(\$602,072)	(\$573,615)
6	Effective Tax Rate	Time 6	(Time C	(\$50.242)	21%	(\$122.012)	(\$126,425)	(\$120.450)
/	Deterred Tax Reserve	Line 5	Line o	(\$30,242)	(\$91,940)	(\$152,915)	(\$126,455)	(\$120,439)
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction							
9	Cost of Removal							
10	Book/Tax Depreciation Timing Difference at 3/31/2017							
11	Cumulative Book / Tax Timer	Line 8 + Lin	e 9 + Line 10					
12	Effective Tax Rate	Line 11 -	(Time 10					
13	Deferred Tax Reserve	Line II	Line 12					
14	Total Deferred Tax Reserve	Line 7 +	Line 13	(\$50,242)	(\$91,946)	(\$132,913)	(\$126,435)	(\$120,459)
15	Net Operating Loss			\$0	\$0	\$0	\$0	\$0
16	Net Deferred Tax Reserve	Line 14	+ Line 15	(\$50,242)	(\$91,946)	(\$132,913)	(\$126,435)	(\$120,459)
	Allocation of FY 2018 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Lir	ie 5	(\$239,248)	(\$437,838)	(\$632,920)	(\$602,072)	(\$573,615)
18	Cumulative Book/Tax Timer Not Subject to Proration	Lin	e 11	\$0	\$0	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17	+ Line 18	(\$239,248)	(\$437,838)	(\$632,920)	(\$602,072)	(\$573,615)
20	Total EV 2018 Endered NOI			03	03	03	03	02
20	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 ÷ Line	19) × Line 20	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 ÷ Line	e 19.) × Line 20	\$0	\$0	\$0	\$0	\$0
23	Effective Tax Rate	(21%	21%	21%	21%	21%
24	Deferred Tax Benefit subject to proration	Line 22	< Line 23	\$0	\$0	\$0	\$0	\$0
25	Not Deferred Top December while the according	T : 7 -	Line 24	(\$50.242)	(601.046)	(\$122.012)	(\$126.425)	(\$120.450)
23	Net Deterred Tax Reserve subject to proration	Line / ¬	Line 24	(\$50,242)	(\$91,940)	(\$132,913)	(\$120,433)	(\$120,439)
		(f)	(g)	(h)	(i)	(j)	(k)	(1)
				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Number of Days in Month	Proration Percentage	2022	<u>2023</u>	<u>2024</u>	2025	<u>2026</u>
26	April	30	91.78%	(\$3,843)	(\$7,032)	(\$10,166)	(\$9,670)	(\$9,213)
27	May	31	83.29%	(\$3,487)	(\$6,382)	(\$9,225)	(\$8,775)	(\$8,361)
20	Julie	21	66 599/	(\$3,143)	(\$5,752)	(\$7,313)	(\$7,505)	(\$7,550)
29	August	21	59 0994	(\$2,787)	(\$3,101)	(\$6,422)	(\$7,015)	(\$0,083)
30	Sontombor	30	40.96%	(\$2,432)	(\$4,450)	(\$5,522)	(\$5,120)	(\$5,850)
32	October	31	41.37%	(\$1,732)	(\$3,170)	(\$4,582)	(\$1,259)	(\$4,153)
33	November	30	33.15%	(\$1,752)	(\$2,540)	(\$3,672)	(\$3,493)	(\$3,328)
34	December	31	24.66%	(\$1,032)	(\$1,889)	(\$2,731)	(\$2,598)	(\$2,475)
35	January	31	16.16%	(\$677)	(\$1,239)	(\$1,790)	(\$1,703)	(\$1,623)
36	February	28	8 49%	(\$356)	(\$651)	(\$941)	(\$895)	(\$853)
37	March	31	0.00%	(0.550)	\$0	\$0	\$0	(0055)
38	Total	365		(\$22,964)	(\$42,026)	(\$60,752)	(\$57,791)	(\$55,059)
20			25		100000	(A)	(A1	(0
39 40	Deterred 1ax Without Proration	Lin	e 25	(\$50,242)	(\$91,946)	(\$132,913)	(\$126,435)	(\$120,459)
40 41	Average Deterred Tax without Proration	Line 35	Line 40	(\$23,121)	(343,9/3) \$2.047	(\$00,457)	(\$05,218)	(\$60,230)
+1	r toration Aujustment	Line 38	- Lilic 40	\$2,15/	\$3,947	\$3,705	\$3,427	\$5,170

Column Notes:

(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 5 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2019 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year <u>2019</u> (a)	Fiscal Year <u>2020</u> (b)	Fiscal Year <u>2021</u> (c)	Fiscal Year <u>2022</u> (d)	NG 4/1/22 - 5/24/2022 2023 (e)	PPL 5/25/22 - 3/31/23 2023 (f)	Fiscal Year <u>2024</u> (a)	Fiscal Year	Fiscal Year <u>2026</u> (i)
1	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year	Page 30 of 39, Line 3, Col (b)		(\$914,000)	(0)	(0)	(u)	(e)	(1)	(g)	(11)	(1)
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021
	Change in Net Capital Included in ISR Rate Base											
4 5	Capital Included in ISR Rate Base Depreciation Expense	Line 1		(\$914,000) \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)
7	Cost of Removal	Page 30 of 39, Line 6, Col (b)		\$5,626,564								
8	Net Plant Amount	Line 1 = Line 6+7: Then = Prior Year		\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712.564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564
0		Line I Line of A fine Thor Feat		51,712,001	01,712,001	51,712,001	01,712,001	01,72,001	\$1,712,501	51,712,551	01,712,001	51,712,001
9	Deferred Tax Calculation: Composite Book Depreciation Rate	As Approved in RIPUC Docket No. 4323 & 4770	1/	3.15%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10 11	Number of days Proration Percentage		2/ 2/					54 14.79%	311 85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 = Page 6 of 39, Line 28, Col (a); then = Page 6 of 39, Col (e)		\$5,200,130	(\$8,390)	(\$7,760)	(\$7,179)	(\$982)	(\$36,146)	(\$69,583)	(\$64,359)	(\$59,540)
13	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	3/	\$5,200,130	\$5,191,739	\$5,183,979	\$5,176,799	\$5,175,817				
14	Cumulative Tax Depreciation-PPL	Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/						(\$36,146)	(\$105,729)	(\$170,088)	(\$229,628)
15	Book Depreciation	Year 1 = Line $3 \times Line 9 \times 50\%$: then = Line $3 \times Line 9$	2/	\$7.157	\$13,575	\$13,575	\$13.575	\$2.008	\$11.567	\$13,575	\$13,575	\$13,575
		Year 1 = Line 15; then = Prior Year Line 16 + Current Year						,	,			
16	Cumulative Book Depreciation	Line 15		\$7,157	\$20,732	\$34,307	\$47,883	\$49,891	\$61,458	\$75,033	\$88,608	\$102,184
17		Columns (a) through (e): Line 13 - Line 16, Then Line 14 -		65 102 072	65 171 007	85 140 (71	65 120 017	65 105 000	(607 (04)	(6100 7(2)	(6250 (07)	(6221.011)
17	Less: Cumulative Book / Tax Timer Less: Cumulative Book Depreciation at Acquisition	Line 16 Line 16 Column (e)	3/	\$5,192,973	\$5,171,007	\$5,149,671	\$5,128,917	\$5,125,926	(\$97,604) \$49,891	(\$180,762) \$49,891	(\$258,697) \$49,891	(\$331,811) \$49,891
19 20	Cumulative Book / Tax Timer - PPL Effective Tax Rate	Line 17 + Line 18		21.00%	21.00%	21.00%	21.00%	21.00%	(\$47,713) 21.00%	(\$130,871) 21.00%	(\$208,805) 21.00%	(\$281,920)
20		Columns (a) through (e): Line 17 * Line 20, Then Line 19 *		21.0070	21.0075	21.0070	21.0070	2110070	21.0070	21.0070	21.0070	21.0070
21	Deferred Tax Reserve Add: FY 2019 Federal NOL (Generation) / Utilization	Line 20 Page 30 of 39 Line 12 Col (b)	3/	\$1,090,524 \$286,350	\$1,085,911 \$286,350	\$1,081,431 \$286,350	\$1,077,072 \$286,350	\$1,076,444 \$286,350	(\$10,020)	(\$27,483)	(\$43,849)	(\$59,203)
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22	_	\$1,376,874	\$1,372,261	\$1,367,781	\$1,363,422	\$1,362,794	(\$10,020)	(\$27,483)	(\$43,849)	(\$59,203)
	ISR Rate Base Calculation:											
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564
25	Accumulated Depreciation	- Line 16		(\$7,157)	(\$20,732)	(\$34,307)	(\$47,883)	(\$49,891)	(\$61,458)	(\$75,033)	(\$88,608)	(\$102,184)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	_	\$3,328,533	\$3,319,570	\$3,310,475	\$3,301,259	\$3,299,878	\$4,661,125	\$4,665,013	\$4,667,804	\$4,669,583
	Revenue Requirement Calculation:											
28		Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line										
20	Average Rate Base before Deferred Tax Proration Adjustment	27 + Current Year Line 27) ÷ 2	4/				\$3,305,867	\$3,981,192	\$3,981,192	\$4,663,069	\$4,666,409	\$4,668,694
29	Average ISP Pate Base after Deferred Tax Protation	Page / 01 39, Line 41	—				(\$187)	(\$457)	(\$457) \$3.980.735	(\$750) \$4.662.320	\$4.665.706	(\$659)
31	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	_				8.41%	8.41%	8.41%	8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/					14.79%	85.21%			
		Cols (d), (g) through (i): L 30 * L 31; Cols (e) and (f): L 30 *										
33 34	Return and Taxes Book Depreciation	L 31 * L 32 Line 15	2/				\$278,008 \$13,575	\$49,529 \$2,008	\$285,251 \$11,567	\$392,101 \$13,575	\$392,386 \$13,575	\$392,582 \$13,575
35	Annual Revenue Requirement	Sum of Lines 33 through 34		N/A	N/A	N/A	\$291,583	\$51,537	\$296,818	\$405,676	\$405,961	\$406,157

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018

2.9%, Composite Book Depreciation Rate approved per RIPUC Docket No. 427, in intercuant Rog 71, 2016
 2.9%, Composite Book Depreciation Rate approved per RIPUC Docket No. 427, in intercuant Rog 71, 2016
 FY 19 Composite Book Depreciation Rate = 3.38% s 5 /12 + 2.99% s 7 / 12
 2/ Columns (e) and (f) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
 3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragament Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this

(a) Mutation measurement of the second and the s

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 6 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Incremental Capital Investment

				Fiscal Year				
Line				2019				
No.				(a)	(b)	(c) (d)	(e)	(f)
	Capital Repairs Deduction							
1	Plant Additions	Page 5 of 39, Line 1		(\$914,000)		20 Year MACRS Depreciation	1	
2	Capital Repairs Deduction Rate	Per Tax Department	1/	85.18%				
3	Capital Repairs Deduction	Line 1 × Line 2		(\$778,545)	MACRS basis:	Line 21, Column (a)	(\$116,227))
4							Annual	Cumulative
5					Fiscal Year	Prorated		
6	Bonus Depreciation				FY Mar-2019	3.750%	(\$4,359)) \$5,200,130
7	Plant Additions	Line 1		(\$914,000)	FY Mar-2020	7.219%	(\$8,390)) \$5,191,739
8	Less Capital Repairs Deduction	Line 3		(\$778,545)	FY Mar-2021	6.677%	(\$7,760)) \$5,183,979
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		(\$135,455)	FY Mar-2022	6.177%	(\$7,179)) \$5,176,799
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	FY Mar-2023 (Apr-May 2022)	5.713% 0.8	845% (\$982`) \$5,175,817
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		(\$135,455)				,
12	Bonus Depreciation Rate (30% Eligible)	$1 \times 30\% \times 11.65\%$	2/	3.50%	Book Cost	Line 1, Column (a)	(\$914,000))
13	Bonus Depreciation Rate (40% Eligible)	$1 \times 40\% \times 26.75\%$	2/	10.70%	Cumulative Book Depreciation	- Page 5 of 39, Line 16, Col	l (e) (\$49,891)) 1
14	Total Bonus Depreciation Rate	Line 12 + Line 13		14.20%	PPL MACRS basis:	Line 12 + Line 13	(\$963,891))
15	Bonus Depreciation	Line 11 × Line 14		(\$19,228)				· /
16	-				FY Mar-2023 (Jun-Mar 2023)	3.750%	(\$36,146) (\$36,146)
17	Remaining Tax Depreciation				Mar-2024	7.219%	(\$69,583) (\$105,729)
18	Plant Additions	Line 1		(\$914,000)	Mar-2025	6.677%	(\$64,359) (\$170,088)
19	Less Capital Repairs Deduction	Line 3		(\$778,545)	Mar-2026	6.177%	(\$59,540) (\$229,628)
20	Less Bonus Depreciation	Line 15		(\$19,228)	Mar-2027	5.713%	(\$55,067) (\$284,695)
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		(\$116,227)	Mar-2028	5.285%	(\$50,942)) (\$335,637)
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2029	4.888%	(\$47,115) (\$382,751)
23	Remaining Tax Depreciation	Line 21 × Line 22		(\$4,359)	Mar-2030	4.522%	(\$43,587) (\$426,339)
24	· ·				Mar-2031	4.462%	(\$43,009) (\$469,347)
25	FY19 tax (gain)/loss on retirements	Per Tax Department	3/	\$375,698	Mar-2032	4.461%	(\$42,999)) (\$512,347)
26	Cost of Removal	Page 5 of 39, Line 7		\$5,626,564	Mar-2033	4.462%	(\$43,009) (\$555,355)
27		0			Mar-2034	4.461%	(\$42,999) (\$598,355)
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26	5	\$5,200,130	Mar-2035	4.462%	(\$43,009) (\$641,363)
	• -				Mar-2036	4.461%	(\$42,999) (\$684,363)
1/	Capital Repairs percentage is the actual result of FY2019 tax return				Mar-2037	4.462%	(\$43,009)) (\$727,371)
2/	Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2019 tax return				Mar-2038	4.461%	(\$42,999) (\$770,371)
3/	Actual Loss the actual result of FY2019 tax return				Mar-2039	4.462%	(\$43,009) (\$813,379)
10 (d)	5.713% / 365 x 54				Mar-2040	4.461%	(\$42,999) (\$856,379)
					Mar-2041	4.462%	(\$43,009) (\$899,387)
					Mar-2042	4.461%	(\$42,999) (\$942,387)
					Mar-2043	2.231%	(\$21,504) (\$963,891)
						100.000%	(\$963,891	<u>,</u> , , , , , ,

Column (d), Line 10 = MACRS Rate 5.713% / 365 days x 54 days

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 7 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2019 Incremental Capital Investment

				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
T in a				2022	2023	2024	2025	2026
No	Deferred Tax Subject to Proration			(a)	(0)	(c)	(d)	(e)
NO.	Deterreu Tax Subject to Froration	See the componenting l	Figuel Veer on Page 5 of 20 Line					
1	Book Depreciation	15 Note there are	2 columns to sum for EV23	\$13.575	\$13.575	\$13 575	\$13 575	\$13.575
2	Bonus Depreciation	15. Note there are	2 columns to sum for 1 1 25.	\$15,575	\$15,575	\$15,575	\$15,575	\$15,575
2	Bolius Depreciation	C (1) ¹	E: 137 D C (20 L)	50	40	50	50	50
2	Demoising MACDS Terr Demociotion	See the corresponding	Fiscal Year on Page 5 of 39, Line	\$7.170	627 120	\$60 592	\$64.250	\$50 540
3	EV10 tax (agin)/loss on retirements	12. Note there are	2 columns to sum for F 123.	\$7,179	\$57,128	\$09,383	\$04,559	\$39,340
4	Cumulative Book / Tax Timer	Sum of	Lines 1 through 4	\$20,755	\$50 703	\$83.150	\$77.934	\$73.115
5	Effective Tax Pate	Sull of	Lines I through 4	\$20,755	350,705	303,139	377,934	3/3,113
7	Deferred Tax Reserve	Lir	ne 5 × Line 6	\$4 358	\$10.648	\$17.463	\$16 366	\$15 354
,		Li		\$ 1,550	\$10,010	\$17,105	\$10,000	010,001
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction							
9	Cost of Removal							
10	Book/Tax Depreciation Timing Difference at 3/31/2019							
11	Cumulative Book / Tax Timer	Line 8 +	Line 9 + Line 10	\$0	\$0	\$0	\$0	\$0
12	Effective Tax Rate			21%	21%	21%	21%	21%
13	Deferred Tax Reserve	Line	: 11 × Line 12	\$0	\$0	\$0	\$0	\$0
14			7 . 1 . 12	64.250	610 (40	617.462	\$1C 2CC	615 254
14	Total Deferred Tax Reserve	Lin	e 7 + Line 13	\$4,358	\$10,648	\$17,463	\$16,366	\$15,354
15	Net Operating Loss	. ·	14 - 11 - 15	\$0	\$0	\$0	\$0	\$0
16	Net Deferred Tax Reserve	Line	14 + Line 15	\$4,338	\$10,648	\$17,463	\$16,366	\$15,354
	Allocation of FY 2019 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration		Line 5	\$20,755	\$50,703	\$83,159	\$77,934	\$73,115
18	Cumulative Book/Tax Timer Not Subject to Proration		Line 11	\$0	\$0	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line	e 17 + Line 18	\$20,755	\$50,703	\$83,159	\$77,934	\$73,115
20	Total FY 2019 Federal NOL			\$0	\$0	\$0	\$0	\$0
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 ÷	Line 19) × Line 20	\$0	\$0	\$0	\$0	\$0
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 ÷	Line 19) × Line 20	\$0	\$0	\$0	\$0	\$0
23	Effective Tax Rate	÷.	aa ti aa	21%	21%	21%	21%	21%
24	Deterred Tax Benefit subject to proration	Line	22 × Line 23	\$0	\$0	\$0	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Lin	e 7 + Line 24	\$4,358	\$10,648	\$17,463	\$16,366	\$15,354
		(f)	(9)	(h)	(i)	(i)	(k)	۵.
		Number of Davs in	(8)	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91.78%	\$333	\$814	\$1,336	\$1,252	\$1,174
27	May	31	83.29%	\$303	\$739	\$1,212	\$1,136	\$1,066
28	June	30	75.07%	\$273	\$666	\$1,092	\$1,024	\$961
29	July	31	66.58%	\$242	\$591	\$969	\$908	\$852
30	August	31	58.08%	\$211	\$515	\$845	\$792	\$743
31	September	30	49.86%	\$181	\$442	\$726	\$680	\$638
32	October	31	41.37%	\$150	\$367	\$602	\$564	\$529
33	November	30	33.15%	\$120	\$294	\$482	\$452	\$424
34	December	31	24.66%	\$90	\$219	\$359	\$336	\$315
35	January	31	16.16%	\$59	\$143	\$235	\$220	\$207
36	February	28	8.49%	\$31	\$75	\$124	\$116	\$109
37	March	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		\$1,992	\$4,867	\$7,982	\$7,481	\$7,018
20	Defensed Terr With and Decention		Line 26	64.259	610 649	617.462	816 266	616 254
39 40	Deterred Tax Without Protation		Line 23	\$4,358	\$10,648	\$17,463	\$10,366	\$15,354
4U 41	Average Deterred Tax without Proration	Lii	10 37 ^ 30%	\$2,1/9	\$3,324 (\$457)	\$8,/32 (\$750)	38,183	\$/,0//
+1	rioration Aujustment	Line	- 30 - Line 40	(\$187)	(\$457)	(\$750)	(\$702)	(\$059)

Column Notes:

_

(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 8 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2020 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year $\frac{2020}{(a)}$	Fiscal Year 2021 (b)	Fiscal Year <u>2022</u> (c)	NG 4/1/22 - 5/24/2022 <u>2023</u> (d)	PPL 5/25/22 - 3/31/23 <u>2023</u> (e)	Fiscal Year 2024 (f)	Fiscal Year <u>2025</u> (g)	Fiscal Year 2026 (h)
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Page 30 of 39 , Line 3 ,Col (c) Page 30 of 39 , Line 9 ,Col (c)		\$105,296,046 \$4,276,135							
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911
4	<u>Change in Net Capital Included in ISR Rate Base</u> Capital Included in ISR Rate Base Depreciation Expense	Line 1 Page 34 of 39, Line 72(c)		\$105,296,046 \$23,534,853	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (c)		\$7,055,630						\$0	\$0
8	Net Plant Amount	Line 1 = Line 6+7; Then = Prior Year		\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823
9	Deferred Tax Calculation: Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10 11	Number of days Proration Percentage		2/ 2/				54 14.79%	311 85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 9 of 39, Line 28, Col (a); then =Page 9 of 39, Col (e) Year 1 = Line 12: then = Prior Year Line 13 + Current		\$89,531,414	\$1,753,362	\$1,621,720	\$221,959	\$3,648,673	\$7,023,938	\$6,496,583	\$6,010,094
13	Cumulative Tax Depreciation-NG	Year Line 12 Year Line 12 Year 1 = Line 12: then = Prior Year Line 14 + Current	3/	\$89,531,414	\$91,284,775	\$92,906,495	\$93,128,454				
14	Cumulative Tax Depreciation-PPL	Year Line 12	3/					\$3,648,673	\$10,672,611	\$17,169,194	\$23,179,288
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9 Year 1 = Line 15; then = Prior Year Line 16 + Current	2/	\$1,510,248	\$3,020,495	\$3,020,495	\$446,868	\$2,573,628	\$3,020,495	\$3,020,495	\$3,020,495
16	Cumulative Book Depreciation	Year Line 15		\$1,510,248	\$4,530,743	\$7,551,238	\$7,998,106	\$10,571,734	\$13,592,229	\$16,612,724	\$19,633,220
17 18	Cumulative Book / Tax Timer Less: Cumulative Book Depreciation at Acquisition	Columns (a) through (d): Line 13 - Line 16, Then Line 14 - Line 16 Line 16 Column (d) Line 17 + Line 18	3/	\$88,021,166	\$86,754,032	\$85,355,257	\$85,130,348	(\$6,923,061) \$7,998,106	(\$2,919,618) \$7,998,106	\$556,470 \$7,998,106	\$3,546,068 \$7,998,106
20	Effective Tax Rate	Columns (a) through (d): Line 17 * Line 20. Then	_	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
21 22 23	Deferred Tax Reserve Add: FY 2020 Federal NOL (Generation) / Utilization Net Deferred Tax Reserve before Proration Adjustment	Line 19 * Line 20 Page 30 of 39, Line 12, Col (c) Line 21 + Line 22	3/	\$18,484,445 (\$3,063,059) \$15,421,386	\$18,218,347 (\$3,063,059) \$15,155,288	\$17,924,604 (\$3,063,059) \$14,861,545	\$17,877,373 (\$3,063,059) \$14,814,315	\$225,759 \$0 \$225,759	\$1,066,483 \$0 \$1,066,483	\$1,796,461 \$0 \$1,796,461	\$2,424,277 \$0 \$2,424,277
24 25 26 27	<u>ISR Rate Base Calculation:</u> Cumulative Incremental Capital Included in ISR Rate Base Accumulated Depreciation Deferred Tax Reserve Year End Rate Base before Deferred Tax Proration	Line 8 - Line 16 - Line 23 Sum of Lines 24 through 26	_	\$88,816,823 (\$1,510,248) (\$15,421,386) \$71,885,189	\$88,816,823 (\$4,530,743) (\$15,155,288) \$69,130,792	\$88,816,823 (\$7,551,238) (\$14,861,545) \$66,404,039	\$88,816,823 (\$7,998,106) (\$14,814,315) \$66,004,402	\$88,816,823 (\$10,571,734) (\$225,759) \$78,019,330	\$88,816,823 (\$13,592,229) (\$1,066,483) \$74,158,111	\$88,816,823 (\$16,612,724) (\$1,796,461) \$70,407,638	\$88,816,823 (\$19,633,220) (\$2,424,277) \$66,759,327
28	<u>Revenue Requirement Calculation:</u> Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Line 27 × Page 11 of 39, Line 16; then = Average of (Prior Year Line 27 + Current Year Line									
29 30 31	Proration Adjustment Average ISR Rate Base after Deferred Tax Proration Pre-Tax ROR	27/2) Page 10 of 39, Line 41 Line 28 + Line 29 Page 39 of 39, Line 30, Column (e)	4/			\$67,767,415 (\$12,608) \$67,754,807 8.41%	\$72,211,684 \$7,663 \$72,219,347 8.41%	\$72,211,684 \$7,663 \$72,219,347 8.41%	\$76,088,721 \$36,086 \$76,124,806 8.41%	\$72,282,875 \$31,332 \$72,314,207 8.41%	\$68,583,482 \$26,947 \$68,610,429 8.41%
32	Proration Percentage	Line 11	2/				14.79%	85.21%			
33 34	Return and Taxes Book Depreciation	Cols (c), (f) through (h): L 30 * L 31; Cols (d) and (e): L 30 * L 31 * L 32 Line 15	2/			\$5,698,179 \$3,020,495	\$898,567 \$446,868	\$5,175,080 \$2,573,628	\$6,402,096 \$3,020,495	\$6,081,625 \$3,020,495	\$5,770,137 \$3,020,495
35	Annual Revenue Requirement	Sum of Lines 33 through 34		N/A	N/A	\$8,718,675	\$1,345,435	\$7,748,708	\$9,422,592	\$9,102,120	\$8,790,632

1/ 2.99%, Composite Book Depreciation Rate of Distirbution Plant approved per RIPUC Docket No. 4770, effective on Sep 1, 2018 2/ Columns (d) and (e) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin derectaing the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition. 4/ Columns (d) and (e) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 31, Column (e). See note 2.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 9 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2020 Incremental Capital Investments

			Fiscal Year					
Line			2020					
No.			(a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction							
1	Plant Additions	Page 8 of 39, Line 1	\$105,296,046		20 Year MACRS Depr	eciation		
2	Capital Repairs Deduction Rate	Per Tax Department 1	/ 76.14%					
3	Capital Repairs Deduction	Line $1 \times \text{Line } 2$	\$80,172,409	MACRS basis:	Line 21, Column (a)		\$24,288,150	
4							Annual	Cumulative
5				Fiscal Year	Pro	rated		
6	Bonus Depreciation			FY Mar-2020	3.750%		\$910,806	\$89,531,414
7	Plant Additions	Line 1	\$105,296,046	FY Mar-2021	7.219%		\$1,753,362	\$91,284,775
8	Less Capital Repairs Deduction	Line 3	\$80,172,409	FY Mar-2022	6.677%		\$1,621,720	\$92,906,495
9	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$25,123,637	FY Mar-2023 (Apr-May 2022)	6.177%	0.914%	\$221,959	\$93,128,454
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%					
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10	\$25,123,637	Book Cost	Line 1, Column (a)		\$105,296,046	
12	Bonus Depreciation Rate 30%, up to December 31, 2019	14.78% × 30% × 75% 2	/ 3.33%	Cumulative Book Depreciation	- Page 8 of 39, Line 10	6, Col (d)	(\$7,998,106)	
13	Bonus Depreciation Rate 0%, after December 31, 2019		0.00%	PPL MACRS basis:	Line 11 + Line 12		\$97,297,940	
14	Total Bonus Depreciation Rate	Line 12 + Line 13	3.33%			-		
15	Bonus Depreciation	Line 11 × Line 14	\$835,487	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$3,648,673	\$3,648,673
16				Mar-2024	7.219%		\$7,023,938	\$10,672,611
17	Remaining Tax Depreciation			Mar-2025	6.677%		\$6,496,583	\$17,169,194
18	Plant Additions	Line 1	\$105,296,046	Mar-2026	6.177%		\$6,010,094	\$23,179,288
19	Less Capital Repairs Deduction	Line 3	\$80,172,409	Mar-2027	5.713%		\$5,558,631	\$28,737,919
20	Less Bonus Depreciation	Line 15	\$835,487	Mar-2028	5.285%		\$5,142,196	\$33,880,116
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20	\$24,288,150	Mar-2029	4.888%		\$4,755,923	\$38,636,039
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946	3.75%	Mar-2030	4.522%		\$4,399,813	\$43,035,852
23	Remaining Tax Depreciation	Line 21 × Line 22	\$910,806	Mar-2031	4.462%		\$4,341,434	\$47,377,286
24				Mar-2032	4.461%		\$4,340,461	\$51,717,747
25	FY20 tax (gain)/loss on retirements	Per Tax Department 3	/ \$557,081	Mar-2033	4.462%		\$4,341,434	\$56,059,181
26	Cost of Removal	Page 8 of 39, Line 7	\$7,055,630	Mar-2034	4.461%		\$4,340,461	\$60,399,642
27				Mar-2035	4.462%		\$4,341,434	\$64,741,076
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26	\$89,531,414	Mar-2036	4.461%		\$4,340,461	\$69,081,537
29				Mar-2037	4.462%		\$4,341,434	\$73,422,971
30				Mar-2038	4.461%		\$4,340,461	\$77,763,432
31				Mar-2039	4.462%		\$4,341,434	\$82,104,866
32				Mar-2040	4.461%		\$4,340,461	\$86,445,327
33				Mar-2041	4.462%		\$4,341,434	\$90,786,762
34				Mar-2042	4.461%		\$4,340,461	\$95,127,223
35				Mar-2043	2.231%		\$2,170,717	\$97,297,940
36					100.000%		\$97,297,940	
37								

1/ Capital Repairs percentage is the actual result of FY2020 tax return

2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2020 tax return

3/ Actual Loss based on FY2020 tax return

9 (d) 6.177% / 365 x 54

Column (d), Line 9 = MACRS Rate 6.177% / 365 days x 54 days

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 10 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISBR Revenue Requirement Plan FY 2026 Gas ISBR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2020 Incremental Capital Investments

				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
				2022	2023	2024	2025	2026
Line				(a)	(b)	(c)	(d)	(e)
No.	Deferred Tax Subject to Proration							
		See the corresponding Fiscal Y	ear on Page 8 of 39, Line 15.	£2.020.405	62.020.105	\$2.020 IO5	62 626 465	62.020.405
1	Book Depreciation	Note there are 2 colum	ins to sum for FY23.	\$3,020,495	\$3,020,495	\$3,020,495	\$3,020,495	\$3,020,495
2	Bonus Depreciation			\$0	\$0	\$0	\$0	\$0
		See the corresponding Fiscal Y	ear on Page 8 of 39, Line 12.					
3	Remaining MACRS Tax Depreciation	Note there are 2 column	ins to sum for FY23.	(\$1,621,720)	(\$3,870,632)	(\$7,023,938)	(\$6,496,583)	(\$6,010,094)
		Year 1 = Docket no. 4916, R	.S. 3, Att. 1R, page 10 Col					
4	FY20 tax (gain)/loss on retirements	(a); the	n = 0	\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines	1 through 4	\$1,398,776	(\$850,136)	(\$4,003,443)	(\$3,476,088)	(\$2,989,598)
6	Effective Tax Rate			21%	21%	21%	21%	21%
7	Deferred Tax Reserve	Line 5 ×	Line 6	\$293,743	(\$178,529)	(\$840,723)	(\$729,979)	(\$627,816)
	Deferred Tax Not Subject to Protection							
	Deterred Tax Not Subject to Profation							
0		Year I = Docket no. 4916, R	.S. 3, Att. IR, page 10 Col					
8	Capital Repairs Deduction	(a); the	$\mathbf{n} = 0$					
		Year 1 = Docket no. 4916, R	.S. 3, Att. 1R, page 10 Col					
9	Cost of Removal	(a); the	n = 0					
10	Book/Tax Depreciation Timing Difference at 3/31/2020							
11	Cumulative Book / Tax Timer	Line 8 + Line	9 + Line 10					
12	Effective Tax Rate							
13	Deferred Tax Reserve	Line 11 ×	Line 12					
14	Total Deferred Tax Reserve	Line 7 + J	Line 13	\$293,743	(\$178,529)	(\$840,723)	(\$729,979)	(\$627,816)
15	Net Operating Loss			\$202 512	(\$150.500)	(60.40.500)	(0.500.050)	(0.000.01.0)
16	Net Deterred Tax Reserve	Line 14 +	Line 15	\$293,743	(\$178,529)	(\$840,723)	(\$729,979)	(\$627,816)
	Allocation of EV 2018 Estimated Esderal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Line	5	\$1 398 776	(\$850.136)	(\$4,003,443)	(\$3.476.088)	(\$2,989,598)
18	Cumulative Book/Tax Timer Not Subject to Protation	Line 1		\$1,570,770	(\$650,150)	(\$4,005,445)	(\$5,470,000)	(\$2,707,590)
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18		\$1 398 776	(\$850.136)	(\$4 003 443)	(\$3 476 088)	(\$2 989 598)
.,			Line to	\$1,550,770	(\$050,150)	(\$ 1,005,115)	(00,110,000)	(02,000,000)
		Year 1 = Docket no. 4916, R	.S. 3, Att. 1R, page 10 Col					
20	Total FY 2020 Federal NOL	(a); the	n = 0					
21	Allocated FY 2020 Federal NOL Not Subject to Proration	(Line 18 ÷ Line	19) × Line 20					
22	Allocated FY 2020 Federal NOL Subject to Proration	(Line 17 ÷ Line	19) × Line 20					
23	Effective Tax Rate							
24	Deferred Tax Benefit subject to proration	Line 22 ×	Line 23					
25	Not Deferred Tex Decerce subject to projection	Line 7 + 1	line 24	\$202 742	(\$178.520)	(\$940.722)	(\$720.070)	(\$627.816)
23	Net Deferred Tax Reserve subject to profation	Lille / + I	Line 24	\$295,745	(\$176,529)	(\$840,723)	(3/29,9/9)	(3027,810)
		(f)	(9)	(h)	(i)	(i)	(k)	(I)
		(1)	(6)	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Number of Days in Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91.78%	\$22.467	(\$13,655)	(\$64,302)	(\$55.832)	(\$48.018)
27	May	31	83.29%	\$20,388	(\$12,391)	(\$58,352)	(\$50,665)	(\$43,574)
28	June	30	75.07%	\$18,376	(\$11,168)	(\$52,593)	(\$45,665)	(\$39,274)
29	July	31	66.58%	\$16.297	(\$9,905)	(\$46,643)	(\$40,499)	(\$34,831)
30	August	31	58.08%	\$14.218	(\$8,641)	(\$40,693)	(\$35,332)	(\$30,387)
31	September	30	49.86%	\$12,206	(\$7,418)	(\$34,934)	(\$30,332)	(\$26,087)
32	October	31	41.37%	\$10,127	(\$6,155)	(\$28,984)	(\$25,166)	(\$21,644)
33	November	30	33.15%	\$8,115	(\$4.932)	(\$23,225)	(\$20,166)	(\$17,344)
34	December	31	24.66%	\$6,036	(\$3,668)	(\$17,275)	(\$15,000)	(\$12,900)
35	January	31	16.16%	\$3,957	(\$2,405)	(\$11,325)	(\$9,833)	(\$8,457)
36	February	28	8.49%	\$2,079	(\$1,264)	(\$5,950)	(\$5,167)	(\$4,443)
37	March	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		\$134,263	(\$81,601)	(\$384,276)	(\$333,657)	(\$286,960)
39	Deferred Tax Without Proration	Line	25	\$293,743	(\$178,529)	(\$840,723)	(\$729,979)	(\$627,816)
40	Average Deferred Tax without Proration	Line 39	× 50%	\$146,871	(\$89,264)	(\$420,362)	(\$364,989)	(\$313,908)
41	Proration Adjustment	Line 38 -	Line 40	(\$12,608)	\$7,663	\$36,086	\$31,332	\$26,947

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 Column Notes:
 (g)
 Sum of remaining days in the year (Col (f)) ÷ 366

 (h) through (l)
 Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 11 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan ISR Additions April 2019 through March 2020

Line	Month		FY 2020 ISR	In	Not In	Weight	Weighted	Weight
<u>No.</u>	<u>No.</u>	<u>Month</u>	Additions	Rates	Rates	for Days	Average	for Investment
1			(a)	(b)	(c) = (a) - (b)	(d)	$(e) = (d) \times (c)$	(f)=(c)+Total(c)
2	1	Apr-19	\$12,009,983	\$7,764,750	\$4,245,233	0.958	\$4,068,348	4.03%
3	2	May-19	\$12,009,983	\$7,764,750	\$4,245,233	0.875	\$3,714,579	4.03%
4	3	Jun-19	\$12,009,983	\$7,764,750	\$4,245,233	0.792	\$3,360,809	4.03%
5	4	Jul-19	\$12,009,983	\$7,764,750	\$4,245,233	0.708	\$3,007,040	4.03%
6	5	Aug-19	\$12,009,983	\$7,764,750	\$4,245,233	0.625	\$2,653,271	4.03%
7	6	Sep-19	\$12,009,983	\$0	\$12,009,983	0.542	\$6,505,407	11.41%
8	7	Oct-19	\$12,009,983	\$0	\$12,009,983	0.458	\$5,504,576	11.41%
9	8	Nov-19	\$12,009,983	\$0	\$12,009,983	0.375	\$4,503,744	11.41%
10	9	Dec-19	\$12,009,983	\$0	\$12,009,983	0.292	\$3,502,912	11.41%
11	10	Jan-20	\$12,009,983	\$0	\$12,009,983	0.208	\$2,502,080	11.41%
12	11	Feb-20	\$12,009,983	\$0	\$12,009,983	0.125	\$1,501,248	11.41%
13	12	Mar-20	\$12,009,983	\$0	\$12,009,983	0.042	\$500,416	11.41%
14		Total	\$144,119,796	\$38,823,750	\$105,296,046		\$41,324,429	100.00%
15	Total Addi	tions Septen	nber 2019 through N	March 2020	\$84,069,881			

FY 2020 Weighted Average Incremental Rate Base Percentage

39.25%

Column (a)=Page 30 of 39, Line 1, Col (c) Column (b)=Page 30 of 39, Line 2, Col (c) Column (d) = $(12.5 - Month No.) \div 12$ Line 14 = Page 30 of 39 Line 1 Col (c) Line 15 = Sum of Lines 7(c) through 13(c) Line 16 = Line 14(e)/Line 14(c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 12 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2021 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year <u>2021</u> (a)	Fiscal Year <u>2022</u> (b)	NG 4/1/22 - 5/24/2022 <u>2023</u> (c)	PPL 5/25/22 - 3/31/23 <u>2023</u> (d)	Fiscal Year <u>2024</u> (e)	Fiscal Year <u>2025</u> (f)	Fiscal Year <u>2026</u> (g)
1 2 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Page 30 of 39 , Line 3 ,Col (d) Page 30 of 39 , Line 9 ,Col (d)	_	\$110,177,659 \$3,860,987						
3	Net Depreciable Capital included in ISK Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672
4	Change in Net Capital Included in ISR Rate Base Capital Included in ISR Rate Base	Line 1		\$110,177.659	\$0	\$0	\$0	\$0	\$0	\$0
5	Depreciation Expense Incremental Capital Amount	Page 34 of 39, Line 78(c)	_	\$40,700,586	\$0	\$0	\$0	\$0	\$0	\$0
		Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (d)		\$8,861,636						
8	Net Plant Amount	Line 6 + Line 7		\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709
9	Deferred Tax Calculation: Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10	Number of days		2/			54	311			
11	Proration Percentage		2/			14.79%	85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 13 of 39, Line 28, Col (a); then = Page 13 of 39, Col (e) Year 1 = Line 12; then = Prior Year Line 13 +		\$63,538,144	\$4,232,177	\$579,121	\$3,935,215	\$7,575,551	\$7,006,781	\$6,482,086
13	Cumulative Tax Depreciation-NG	Current Year Line 12 Year 1 = Line 12: then = Prior Year Line 14 +	3/	\$63,538,144	\$67,770,322	\$68,349,442				
14	Cumulative Tax Depreciation-PPL	Current Year Line 12	3/				\$3,935,215	\$11,510,765	\$18,517,546	\$24,999,632
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9	2/	\$1,589,434	\$3,178,868	\$470,298	\$2,708,570	\$3,178,868	\$3,178,868	\$3,178,868
16	Cumulative Book Depreciation	Current Year Line 15		\$1,589,434	\$4,768,303	\$5,238,601	\$7,947,171	\$11,126,040	\$14,304,908	\$17,483,777
		Columns (a) through (c): Line 13 - Line 16, Then								
17	Cumulative Book / Tax Timer	Line 14 - Line 16	2/	\$61,948,710	\$63,002,019	\$63,110,841	(\$4,011,957)	\$384,726	\$4,212,638	\$7,515,855
18	Cumulative Book / Tax Timer - PPL	Line 10 Column (c) Line 17 + Line 18	3/				\$1,226,645	\$5,623,327	\$9,451,239	\$12,754,456
20	Effective Tax Rate		_	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
21	Deferred Tax Reserve	Columns (a) through (c): Line 17 * Line 20, Then Line 19 * Line 20		\$13,009,229	\$13,230,424	\$13,253,277	\$257,595	\$1,180,899	\$1,984,760	\$2,678,436
22 23	Add: FY 2021 Federal NOL (Generation) / Utilization Net Deferred Tax Reserve before Proration Adjustment	Page 30 of 39, Line 12, Col (d) Line 21 + Line 22	3/	(\$5,525,796) \$7 483 434	(\$5,525,796) \$7,704,628	(\$5,525,796) \$7,727,481	\$0	\$0	\$0	\$2 678 436
25	Net belefted Tax Reserve before Froration Aujustitein	Enic 21 + Enic 22	-	\$7,405,454	\$7,704,020	\$7,727,461	2251,575	\$1,100,077	\$1,764,760	\$2,070,450
24	ISR Rate Base Calculation:	Ling 9		\$79 229 700	\$79 229 700	\$78 228 700	\$79 229 700	\$79 229 700	\$79 229 700	\$79 229 700
25	Accumulated Depreciation	- Line 16		(\$1,589,434)	(\$4,768,303)	(\$5,238,601)	(\$7,947,171)	(\$11,126,040)	(\$14,304,908)	(\$17,483,777)
26	Deferred Tax Reserve	- Line 23	_	(\$7,483,434)	(\$7,704,628)	(\$7,727,481)	(\$257,595)	(\$1,180,899)	(\$1,984,760)	(\$2,678,436)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	-	\$69,265,841	\$65,865,777	\$65,372,626	\$70,133,942	\$66,031,770	\$62,049,040	\$58,176,496
28	<u>Revenue Requirement Calculation:</u> Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line $27 \div 2$; then = (Prior Year Line $27 + $ Current Year Line								
20		27) ÷ 2	4/		\$67,565,809	\$67,999,860	\$67,999,860	\$68,082,856	\$64,040,405	\$60,112,768
29 30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29	-		\$9,494	\$68,011.897	\$68,011,897	\$68,122,487	\$64,074,909	\$60,142,542
31	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	-		8.41%	8.41%	8.41%	8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/			14.79%	85.21%			
		Cols (b), (e) and (f): L 30 * L 31; Cols (c) and (d):								
33	Return and Taxes	L 30 * L 31 * L 32	2/		\$5,683,083	\$846,217	\$4,873,583	\$5,729,101	\$5,388,700	\$5,057,988
54	Book Depreciation	Line 15			33,178,868	\$470,298	\$2,708,370	\$3,178,868	\$3,1/8,808	33,1/8,808
35	Annual Revenue Requirement	Sum of Lines 33 through 34		N/A	\$8,861,951	\$1,316,515	\$7,582,154	\$8,907,970	\$8,567,568	\$8,236,856

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

1/2 299%, Composite Book Depresition Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ Columns (c) and (d) erpresent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL. Corporation ("PPL") elected to treat PPL's acquisition of The Narraganeset Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 33(N(10)). As a result of this lection, PPL was deemed to acquire the assets of NECO a fair market value (seematinally equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purposes. The resulting "step-up" in tax basis eliminates as if PPL purposes. In the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purposes. The resulting "step-up" in tax basis eliminates as if PPL purposes. The resulting "step-up" in tax basis eliminates as if PPL purposed and environs acquisition.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 13 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2021 Incremental Capital Investments

				Fiscal Year					
Line				$\frac{2021}{(a)}$	(b)	(a)	(4)		(6)
INO.	Capital Panairs Deduction			(a)	(6)	(e)	(u)	(e)	(1)
1		Page 12 af 20 Line 1		£110 177 650		20 Year MACRE Dame			
1	Plant Additions Conital Remains Deduction Pate	Page 12 01 39, Line 1 Box Tax Dopartment	1/	\$110,177,039		20 Year MACKS Depre	clation		
2	Capital Repairs Deduction Rate	Line 1 × Line 2	1/	\$51 552 126	MACDS having	Line 21 Column (a)		650 675 577	
3	Capital Repairs Deduction	Line 1 × Line 2		\$51,552,120	MACKS basis:	Line 21, Column (a)		\$38,023,333	Commutations
4					E' a l V a	P		Annual	Cumulative
5	Ponus Donregistion				Fiscal Fear EV Mor 2021	2 750%	ated	\$2 108 457	\$62 528 144
7		Line 1		\$110 177 650	F 1 Mai-2021	7.21.0%		\$2,190,437	\$05,550,144
0	Plant Additions	Line I		\$110,177,039	F I Mar-2022	/.219%	0.0000/	\$4,252,177	\$67,770,522
0	Plant A difference Net of Charles De la time			\$51,552,120	F F Mar-2023 (Apr-May 2022)	0.0//70	0.988%	\$579,121	\$08,549,442
9	Plant Additions Net of Capital Repairs Deduction	Line / - Line 8		\$38,623,333	DBL A aminitian Mary 25, 2022				
10	Percent of Plant Englote for Bonus Depreciation	Fer Tax Department		0.00%	PPL Acquisition - May 25, 2022	\mathbf{L}^{\prime}		6110 177 (50	
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		\$U	Book Cost	Line I, Column (a) $P_{\rm ext} = 12 + 620$ Line 1(0.1(.)	\$110,177,659	
12	Bonus Depreciation Rate ()	Per Tax Department		0.00%	DDL MACDS basis	- Page 12 of 39, Line 16,	Col (c)	(\$5,238,601)	
15	Bonus Depreciation Rate ()	Per Tax Department		0.00%	FFL MACKS basis.	Line II + Line I2		\$104,939,057	
14	Total Bonus Depreciation Rate	Line $12 + Line 13$		0.00%		2 5500/		#2 025 21 5	
15	Bonus Depreciation	Line 11 × Line 14		\$0	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$3,935,215	\$3,935,215
16					Mar-2024	7.219%		\$7,575,551	\$11,510,765
17	Remaining Tax Depreciation				Mar-2025	6.677%		\$7,006,781	\$18,517,546
18	Plant Additions	Line 1		\$110,177,659	Mar-2026	6.177%		\$6,482,086	\$24,999,632
19	Less Capital Repairs Deduction	Line 3		\$51,552,126	Mar-2027	5.713%		\$5,995,168	\$30,994,800
20	Less Bonus Depreciation	Line 15		\$0	Mar-2028	5.285%		\$5,546,029	\$36,540,829
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		\$58,625,533	Mar-2029	4.888%		\$5,129,421	\$41,670,250
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2030	4.522%		\$4,745,344	\$46,415,595
23	Remaining Tax Depreciation	Line 21 × Line 22		\$2,198,457	Mar-2031	4.462%		\$4,682,381	\$51,097,975
24					Mar-2032	4.461%		\$4,681,331	\$55,779,307
25	FY21 tax (gain)/loss on retirements	Per Tax Department	2/	925,925	Mar-2033	4.462%		\$4,682,381	\$60,461,687
26	Cost of Removal	Page 12 of 39, Line 7		\$8,861,636	Mar-2034	4.461%		\$4,681,331	\$65,143,019
27					Mar-2035	4.462%		\$4,682,381	\$69,825,399
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		\$63,538,144	Mar-2036	4.461%		\$4,681,331	\$74,506,731
29					Mar-2037	4.462%		\$4,682,381	\$79,189,112
30					Mar-2038	4.461%		\$4,681,331	\$83,870,443
31					Mar-2039	4.462%		\$4,682,381	\$88,552,824
32					Mar-2040	4.461%		\$4,681,331	\$93,234,155
33					Mar-2041	4.462%		\$4,682,381	\$97,916,536
34					Mar-2042	4.461%		\$4,681,331	\$102,597,867
35					Mar-2043	2.231%		\$2,341,190	\$104,939,057
36						100.000%		\$104,939,057	
37									

Column (d), Line 8 = MACRS Rate 6.677% / 365 days x 54 days

1/ Capital Repairs percentage is the actual result of FY2021 tax return

2/ Actual Loss based on FY2021 tax return

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The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 14 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2021 Incremental Capital Investments

Line				Fiscal Year <u>2022</u> (a)	Fiscal Year <u>2023</u> (b)	Fiscal Year <u>2024</u> (c)	Fiscal Year <u>2025</u> (d)	Fiscal Year <u>2026</u> (e)
No.	Deferred Tax Subject to Proration							
1	Book Depreciation	See the corresponding Fiscal Yes Note there are 2 column	ar on Page 12 of 39, Line 15. ns to sum for FY23.	\$3,178,868	\$3,178,868	\$3,178,868	\$3,178,868	\$3,178,868
2	Bonus Depreciation							
3	Remaining MACRS Tax Depreciation	See the corresponding Fiscal Yes Note there are 2 column	ar on Page 12 of 39, Line 12. as to sum for FY23.	(\$4,232,177)	(\$4,514,335)	(\$7,575,551)	(\$7,006,781)	(\$6,482,086)
4	FY21 tax (gain)/loss on retirements	Page 13 of 39, Li	ne 25 ,Col (a)	\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1	through 4	(\$1,053,309)	(\$1,335,467)	(\$4,396,682)	(\$3,827,912)	(\$3,303,217)
6	Effective Tax Rate			21%	21%	21%	21%	21%
7	Deferred Tax Reserve	Line 5 × I	Line 6	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction	Col (a): Docket 4996, R.S. 3,	Att. 1R, page 14 Col (a)					
9	Cost of Removal	Col (a): Docket 4996, R.S. 3,	Att. 1R, page 14 Col (a)					
10 11	Book/Tax Depreciation Timing Difference at 3/31/2021 Cumulative Book / Tax Timer	Line 8 + Line 9	9 + Line 10					
12	Effective Tax Rate							
13	Deferred Tax Reserve	Line 11 × I	Line 12					
14	Total Deferred Tax Reserve	Line 7 + L	ine 13	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
15	Net Operating Loss	Col (a): Docket 4996, R.S. 3,	Att. 1R, page 14 Col (a)					
16	Net Deferred Tax Reserve	Line 14 + I	Line 15	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
	Allocation of FY 2021 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Line	5	(\$1,053,309)	(\$1,335,467)	(\$4,396,682)	(\$3,827,912)	(\$3,303,217)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line I	1	\$0	\$0	\$0	\$0	\$0
19	Total Cumulative Book Tax Timer	Line 17 + 1	Line 18	(\$1,055,509)	(31,555,407)	(34,390,082)	(33,827,912)	(\$3,503,217)
20	Total FY 2021 Federal NOL	Col (a): Docket 4996, R.S. 3.	Att. 1R. page 14 Col (a)					
21	Allocated FY 2021 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 1	9) × Line 20					
22	Allocated FY 2021 Federal NOL Subject to Proration	(Line 17 ÷ Line 1	9) × Line 20					
23	Effective Tax Rate							
24	Deferred Tax Benefit subject to proration	Line 22 × I	Line 23					
25	Net Deferred Tax Reserve subject to proration	Line 7 + L	ine 24	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
		(f)	(g)	(h) Fiscal Year	(i) Fiscal Year	(j) Fiscal Year	(k) Fiscal Year	(l) Fiscal Year
	Proration Calculation	Number of Days in Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91.78%	(\$16,918)	(\$21,450)	(\$70,618)	(\$61,483)	(\$53,055)
27	May	31	83.29%	(\$15,352)	(\$19,465)	(\$64,083)	(\$55,793)	(\$48,146)
28	June	30	75.07%	(\$13,837)	(\$17,544)	(\$57,759)	(\$50,287)	(\$43,394)
29	July	31	66.58%	(\$12,272)	(\$15,559)	(\$51,224)	(\$44,598)	(\$38,485)
30	August	31	58.08%	(\$10,706)	(\$13,574)	(\$44,690)	(\$38,908)	(\$33,575)
32	October	31	49.80%	(\$7,626)	(\$9,668)	(\$31,831)	(\$33,402)	(\$23,914)
33	November	30	33.15%	(\$6,111)	(\$7,748)	(\$25,507)	(\$22,207)	(\$19,163)
34	December	31	24.66%	(\$4,545)	(\$5,763)	(\$18,972)	(\$16,518)	(\$14,254)
35	January	31	16.16%	(\$2,980)	(\$3,778)	(\$12,437)	(\$10,828)	(\$9,344)
36	February	28	8.49%	(\$1,566)	(\$1,985)	(\$6,535)	(\$5,689)	(\$4,910)
37	March	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	l otal	365		(\$101,103)	(\$128,187)	(\$422,021)	(\$367,427)	(\$317,064)
39	Deferred Tax Without Proration	Line 2	25	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
40	Average Deferred Tax without Proration	T : 20 -	0.5	(\$110.507)	(\$140.224)	(\$461.652)	(\$401.021)	(\$246 929)
41	Proration Adjustment	Line 39 -	ine 40	(\$110,597) \$9.494	(\$140,224) \$12.037	\$39.630	\$34.504	(\$340,838) \$29.774
	-							

Column Notes:

(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 15 of 39

The Narragansett Electric Company db/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2022 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year $\frac{2022}{(a)}$	NG 4/1/22 - 5/24/2022 <u>2023</u> (b)	PPL 5/25/22 - 3/31/23 2023 (c)	Fiscal Year $\frac{2024}{(d)}$	Fiscal Year $\frac{2025}{(e)}$	Fiscal Year $\frac{2026}{(f)}$
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Page 30 of 39 , Line 3 ,Col (e) Page 30 of 39 , Line 9 ,Col (e)	_	\$156,694,227 \$6,258,509					
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$150,435,718	\$150,435,718	\$150,435,718	\$150,435,718	\$150,435,718	\$150,435,718
	Change in Net Capital Included in ISR Rate Base								
4	Capital Included in ISR Rate Base	Line 1		\$156,694,227	\$0	\$0	\$0	\$0	\$0
5	Depreciation Expense	Page 34 of 39, Line 77(c)	-	\$40,954,246	\$0	\$0	\$0	\$0	\$0
0	incremental Capital Anoun	6		\$115,739,981	\$115,739,981	\$115,739,981	\$115,739,981	\$115,739,981	\$115,739,981
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (e)		\$10,773,005					
8	Net Plant Amount	Line 6 + Line 7		\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985
	Deferred Tax Calculation:								
9	Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10	Number of days		2/		54	311			
11	Proration Percentage		2/		14.79%	85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 16 of 39, Line 28, Col (a); then = Page 16 of 39, Col (e)		\$127,609,589	\$448,503	\$5,766,741	\$11,101,360	\$10,267,874	\$9,498,975
12		Year 1 = Line 12; then = Prior Year Line 13 +	2/	6127 (00 590	6129.059.002				
15	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 14 +	5/	\$127,009,589	\$128,058,092				
14	Cumulative Tax Depreciation-PPL	Current Year Line 12	3/			\$5,766,741	\$16,868,101	\$27,135,975	\$36,634,950
		Year 1 = Line 3 × Line 9 × 50%; then = Line 3							
15	Book Depreciation	× Line 9	2/	\$2,249,014	\$665,462	\$3,832,566	\$4,498,028	\$4,498,028	\$4,498,028
16	Cumulative Book Depreciation	Year I = Line 15; then = Prior Year Line 16 + Current Year Line 15		\$2,249,014	\$2,914,476	\$6,747,042	\$11,245,070	\$15,743,098	\$20,241,126
		Columns (a) and (b): Line 13 - Line 16, Then							
17	Cumulative Book / Tax Timer	Line 14 - Line 16		\$125,360,575	\$125,143,617	(\$980,301)	\$5,623,031	\$11,392,877	\$16,393,824
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (b)	3/			\$2,914,476	\$2,914,476	\$2,914,476	\$2,914,476
19	Cumulative Book / Tax Timer - PPL	Line 17 + Line 18		21.000	21.000/	\$1,934,174	\$8,537,507	\$14,307,353	\$19,308,300
20	Effective Tax Rate	Columns (a) through (b): Line 17 * Line 20	-	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
21	Deferred Tax Reserve	Then Line 19 * Line 20		\$26,325,721	\$26,280,159	\$406,177	\$1,792,876	\$3,004,544	\$4,054,743
22	Add: FY 2022 Federal NOL (Generation) / Utilization	Page 30 of 39 , Line 12 ,Col (e)	3/	(\$3,264,442)	(\$3,264,442)	\$0	\$0	\$0	\$0
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22	-	\$23,061,278	\$23,015,717	\$406,177	\$1,792,876	\$3,004,544	\$4,054,743
	ISR Rate Base Calculation:								
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985
25	Accumulated Depreciation	- Line 16		(\$2,249,014)	(\$2,914,476)	(\$6,747,042)	(\$11,245,070)	(\$15,743,098)	(\$20,241,126)
20	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	-	\$101,202,693	\$100,582,792	\$119,359,767	\$113,475,039	\$107,765,343	\$102,217,116
	Payanua Paguiramant Calculation:								
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line $27 \div 2$:							
		then = (Prior Year Line 27 + Current Year Line							
		27) ÷ 2	4/	\$50,601,346	\$110,281,230	\$110,281,230	\$116,417,403	\$110,620,191	\$104,991,230
29	Proration Adjustment	Page 17 of 39, Line 41	-	(\$6,077)	\$15,478	\$15,478	\$59,520	\$52,008	\$45,077
50 31	Average ISK Kate Base after Deferred 1 ax Proration Pre-Tax ROR	Line 28 + Line 29 Page 39 of 39, Line 30, Column (e)		\$50,595,269 8.41%	\$110,296,708	\$110,296,708 8.41%	\$116,476,923 8.41%	\$110,672,199 8.41%	\$105,036,307 8.41%
32	Proration Percentage	Line 11	2/		14.79%	85.21%			
	-	Colo(a)(d) and (a): I 20 * I 21: Colo(b) and							
33	Return and Taxes	(c): L 30 * L 31 * L 32	2/	\$4,255,062	\$1,372,333	\$7.903.620	\$9,795,709	\$9.307.532	\$8,833,553
34	Book Depreciation	Line 15	21	\$2,249,014	\$665,462	\$3,832,566	\$4,498,028	\$4,498,028	\$4,498,028
35	Annual Revenue Requirement	Sum of Lines 33 through 34		\$6,504.076	\$2.037.794	\$11,736.187	\$14,293.737	\$13,805.560	\$13,331.581
				A 45 5					1 1 1

 1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
 2/ Columns (b) and (c) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
 3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(l0). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book) value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

4/ Columns (b) and (c) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (a) and the end of the fiscal year on Line 27, Column (c). See note 2.

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The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2022 Incremental Capital Investments

				Fiscal Year					
Line				2022					
No.				(a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 15 of 39, Line 1		\$156,694,227		20 Year MACRS Depre	ciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	73.20%		•			
3	Capital Repairs Deduction	Line 1 × Line 2	-	\$114,700,174	MACRS basis:	Line 21, Column (a)		\$41,994,053	
4								Annual	Cumulative
5					Fiscal Year	Prorat	ed		
6 1	Bonus Depreciation				FY Mar-2022	3.750%		\$1,574,777	\$127,609,589
7	Plant Additions	Line 1		\$156,694,227	FY Mar-2023 (Apr-May 2022)	7.219%	1.068%	\$448,503	\$128,058,092
8	Less Capital Repairs Deduction	Line 3		\$114,700,174					
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8	-	\$41,994,053	PPL Acquisition - May 25, 2022				
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Book Cost	Line 1, Column (a)		\$156,694,227	
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10	-	\$0	Cumulative Book Depreciation	- Page 15 of 39, Line 16,	Col (b)	(\$2,914,476)	
12	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	PPL MACRS basis:	Line 10 + Line 11		\$153,779,751	
13	Bonus Depreciation Rate 0%	Per Tax Department		0.00%					
14	Total Bonus Depreciation Rate	Line 12 + Line 13	•	0.00%	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$5,766,741	\$5,766,741
15	Bonus Depreciation	Line 11 × Line 14		\$0	Mar-2024	7.219%		\$11,101,360	\$16,868,101
16	1				Mar-2025	6.677%		\$10,267,874	\$27,135,975
17	Remaining Tax Depreciation				Mar-2026	6.177%		\$9,498,975	\$36,634,950
18	Plant Additions	Line 1		\$156,694,227	Mar-2027	5.713%		\$8,785,437	\$45,420,387
19	Less Capital Repairs Deduction	Line 3		\$114,700,174	Mar-2028	5.285%		\$8,127,260	\$53,547,647
20	Less Bonus Depreciation	Line 15		\$0	Mar-2029	4.888%		\$7,516,754	\$61,064,401
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20	-	\$41,994,053	Mar-2030	4.522%		\$6,953,920	\$68,018,322
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2031	4.462%		\$6,861,653	\$74,879,974
23	Remaining Tax Depreciation	Line 21 × Line 22		\$1,574,777	Mar-2032	4.461%		\$6,860,115	\$81,740,089
24					Mar-2033	4.462%		\$6,861,653	\$88,601,742
25	FY22 tax (gain)/loss on retirements	Per Tax Department	2/	561,633	Mar-2034	4.461%		\$6,860,115	\$95,461,856
26	Cost of Removal	Page 15 of 39, Line 7		\$10,773,005	Mar-2035	4.462%		\$6,861,653	\$102,323,509
27		e ,			Mar-2036	4.461%		\$6,860,115	\$109,183,623
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 2	6	\$127,609,589	Mar-2037	4.462%		\$6,861,653	\$116,045,276
29			-		Mar-2038	4.461%		\$6.860.115	\$122,905,391
30					Mar-2039	4.462%		\$6,861,653	\$129,767,043
31					Mar-2040	4.461%		\$6.860.115	\$136.627.158
32					Mar-2041	4.462%		\$6.861.653	\$143,488,810
33					Mar-2042	4.461%		\$6.860.115	\$150.348.925
34					Mar-2043	2.231%		\$3,430,826	\$153,779,751
35						100.000%		\$153,779,751	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
36								, ,	

Column (d), Line 7 = MACRS Rate 7.219% / 365 days x 54 days

1/ Capital Repairs percentage is the actual result of FY2022 tax return

2/ Actual Loss based on FY2022 tax return

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The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2022 Incremental Capital Investments

Line				Fiscal Year <u>2022</u> (a)	Fiscal Year <u>2023</u> (b)	Fiscal Year <u>2024</u> (c)	Fiscal Year <u>2025</u> (d)	Fiscal Year <u>2026</u> (e)
No.	Deferred Tax Subject to Proration							
		See the corresponding Fisca	Year on Page 15 of 39,					
1	Book Depreciation	Line 15. Note there are 2 co	lumns to sum for FY23.	\$2,249,014	\$4,498,028	\$4,498,028	\$4,498,028	\$4,498,028
2	Bonus Depreciation							
		Col (a): - Page 16 of 39,	Line 23, column (a),					
		thereafter, see the correspondi	ng Fiscal Year on Page 15					
2	Demoining MACDS Ten Demonistion	of 39, Line 12. Note there a	re 2 columns to sum for	(\$1,574,777)	(\$6.215.244)	(\$11.101.2(0))	(\$10.267.874)	(\$0.409.075)
3	EV22 ten (acia)/lass en actionmente	F 1 23		(\$1,5/4,///)	(\$6,215,244)	(\$11,101,560)	(\$10,207,874)	(\$9,498,973)
4	F 1 22 tax (gain)/loss on retirements	- Page 16 01 39 , L	through 4	\$0	(\$1.717.216)	(\$6 602 222)	(\$5.760.846)	(\$5,000,047)
5	Effective Tex Pote	Sum of Lines I	through 4	\$0/4,23/ 21%	(\$1,/1/,210)	(\$0,005,552)	(\$5,769,846)	(\$5,000,947)
7	Deferred Tex Records	Ling 5 × I	ing 6	\$141.500	(\$260.615)	(\$1.286.700)	(\$1.211.668)	(\$1.050.100)
/	Defended Tax Reserve	Ellie 5 ^ I	line o	\$141,590	(\$500,015)	(\$1,380,700)	(\$1,211,008)	(\$1,050,199)
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction							
9	Cost of Removal							
10	Book/Tax Depreciation Timing Difference at 3/31/2022							
11	Cumulative Book / Tax Timer	Line 8 + Line 9	+ Line 10					
12	Effective Tax Rate							
13	Deferred Tax Reserve	Line 11 × I	ine 12					
14	Total Deferred Tax Reserve	Line 7 + L	ine 13	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
15	Net Operating Loss	- Page 15 of 39 , L	ine 22 ,Col (a)					
16	Net Deferred Tax Reserve	Line 14 + I	line 15	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
	Allocation of EV 2022 Estimated Endered NOL							
17	Cumulative Book/Tex Times Subject to Protein	Line	5	\$674 227	(\$1.717.216)	(\$6 602 222)	(\$5 760 846)	(\$5,000,047)
18	Cumulative Book/Tax Timer Not Subject to Protation	Line I	1	\$0/4,23/	(\$1,717,210)	(30,003,332)	(35,709,840)	(\$3,000,947)
10	Total Cumulative Book/Tax Timer	Line I Line 17 + I	ine 18	\$674.237	(\$1.717.216)	(\$6.603.332)	(\$5 769 846)	(\$5,000,947)
19	Total Culturative Book Tax Tiller	Line 17 + 1	and 10	30/4,23/	(\$1,717,210)	(30,005,552)	(\$5,709,840)	(\$5,000,947)
20	Total FY 2022 Federal NOL	- Page 15 of 39, Line	22 ,Col (a)÷21%					
21	Allocated FY 2022 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 1	9) × Line 20					
22	Allocated FY 2022 Federal NOL Subject to Proration	(Line 17 ÷ Line 1	9) × Line 20					
23	Effective Tax Rate							
24	Deferred Tax Benefit subject to proration	Line 22 × I	ine 23					
25	Net Deferred Tax Reserve subject to proration	Line 7 + L	ine 24	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
		(f)	(g)	(h)	(i)	(i)	(k)	(I)
		0	(8)	Fiscal Year				
	Proration Calculation	Number of Days in Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91.78%	\$10,829	(\$27,581)	(\$106,060)	(\$92,673)	(\$80,323)
27	Mav	31	83.29%	\$9,827	(\$25,029)	(\$96,246)	(\$84,097)	(\$72,891)
28	June	30	75.07%	\$8,857	(\$22,559)	(\$86,748)	(\$75,798)	(\$65,697)
29	July	31	66.58%	\$7,855	(\$20,007)	(\$76,933)	(\$67,223)	(\$58,264)
30	August	31	58.08%	\$6,853	(\$17,454)	(\$67,119)	(\$58,647)	(\$50,832)
31	September	30	49.86%	\$5,883	(\$14,984)	(\$57,621)	(\$50,348)	(\$43,638)
32	October	31	41.37%	\$4,881	(\$12,432)	(\$47,806)	(\$41,772)	(\$36,205)
33	November	30	33.15%	\$3,911	(\$9,962)	(\$38,308)	(\$33,473)	(\$29,012)
34	December	31	24.66%	\$2,909	(\$7,410)	(\$28,494)	(\$24,897)	(\$21,579)
35	January	31	16.16%	\$1,907	(\$4,858)	(\$18,679)	(\$16,322)	(\$14,147)
36	February	28	8.49%	\$1,002	(\$2,552)	(\$9,815)	(\$8,576)	(\$7,433)
37	March	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		\$64,718	(\$164,829)	(\$633,829)	(\$553,826)	(\$480,022)
			_					
39	Deferred Tax Without Proration	Line 2	5	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
40	Average Deferred Tax without Proration	T:	0.5	\$70.705	(\$100.200)	(\$602.250)	(\$605 07 4)	(\$535.000)
41	Dependion A division of	Line 39	ino 40	\$/0,/95 (\$6.077)	(\$150,508)	(\$093,350)	(\$003,834)	(\$323,099)
41	Prorauon Adjustment	Line 38 - L	ine 40	(50,077)	\$15,478	\$59,520	\$52,008	\$45,077

 Column Notes:
 (g)
 Sum of remaining days in the year (Col (f)) ÷ 365

 (h) through (l)
 Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 18 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2023 Actual Incremental Gas Capital Investment

Line No.				NG 4/1/22 - 5/24/2022 <u>2023</u>	PPL 5/25/22 - 3/31/23 <u>2023</u>	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Depreciable Net Capital Included in ISR Rate Base			(a)	(b)	(c)	(d)	(e)
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 30 of 39 , Line 3 ,Col (f)	2/	\$22,362,231	\$128,789,885			
2 3	Retirements Net Depreciable Capital Included in ISR Rate Base	Page 30 of 39 , Line 9 ,Col (f) Year 1 = Line 1 - Line 2; then = Prior Year Line 3	2/	1,256,752 \$21,105,479	7,237,958 \$121,551,927	\$142,657,406	\$142,657,406	\$142,657,406
	Change in Net Capital Included in ISR Rate Base							
4	Capital Included in ISR Rate Base	Line 1	2/	\$22,362,231	\$128,789,885			
6	Incremental Capital Amount	rage 34 of 39, Line //(c)	2/ _	\$0,038,984	\$34,893,202			
		Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$16,303,246	\$93,894,623	\$110,197,870	\$110,197,870	\$110,197,870
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (f)	2/	\$1,569,324	\$9,038,142			
8	Net Plant Amount	Line 6 + Line 7		\$17,872,570	\$102,932,765	\$120,805,335	\$120,805,335	\$120,805,335
9	Deferred Tax Calculation: Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%
10	Proration Percentage							
11	Tax Depreciation and Year 1 Basis Adjustments	Col (a) = Page 19 of 39, Column (a), Line 28; Col (b) = Page 19 of 39, Col (b), Lines 19,25,26 + Col (f), Line 15, Then remaining years from Page 19 of 39, Col (f)		\$11,795,130	\$68,757,963	\$7,190,411	\$6,650,557	\$6,152,537
12	Cumulative Tax Depreciation-NG	Col(a) = Line 11; then = zero Col(b) = Line 11; then = Prior Year Line 13	3/	\$11,795,130				
13	Cumulative Tax Depreciation-PPL	+ Current Year Line 11	3/		\$68,757,963	\$75,948,374	\$82,598,931	\$88,751,469
14	Book Depreciation	Year 1 (Columns (a) and (b)) = Line $3 \times Line 9 \times 50\%$; then = Line $3 \times Line 9$		\$315,527	\$1,817,201	\$4,265,456	\$4,265,456	\$4,265,456
15	Cumulative Book Depreciation	Year I = Line 14; then = Prior Year Line 15 + Current Year Line 14		\$315,527	\$2,132,728	\$6,398,185	\$10,663,641	\$14,929,098
16	Book / Tax Timer	Line 11 - Line 14	_	\$11,479,603	\$66,940,762	\$2,924,954	\$2,385,101	\$1,887,081
17	Cumulative Book / Tax Timer -NG	Line 16, Column (a), then = zero Col (a) = zero: Col (b) = Line 16, Column (b): then = Prior Year	3/	\$11,479,603				
18	Cumulative Book / Tax Timer - PPL	Line 18 + Current Year Line 16	3/		\$66,940,762	\$69,865,716	\$72,250,817	\$74,137,898
19	Cumulative Book / Tax Timer - Total	Line 17 + Line 18		\$11,479,603	\$66,940,762	\$69,865,716	\$72,250,817	\$74,137,898
20	Effective Tax Rate		-	21.0076	21.0076	21.0076	21.0076	21.0076
21	Deferred Tax Reserve	Line $19 \times \text{Line } 20$	21	\$2,410,717	\$14,057,560	\$14,671,800	\$15,172,672	\$15,568,959
22	Add: FY 2023-NG Federal NOL (Generation) / Utilization Net Deferred Tax Reserve before Proration Adjustment	Page 30 of 39 , Line 12 ,Col (f) Line 21 + Line 22	3/	\$43,762,725 \$46,173,442	\$14,057,560	\$14,671,800	\$15,172,672	\$15,568,959
	3		-	,			, . ,	
24	ISR Rate Base Calculation:	Ling 8		\$17 872 570	\$102 022 765	\$120 805 225	\$120 805 225	\$120 805 225
25	Accumulated Depreciation	Year 1 (Cols (a) and (b)) = -Line 14; Then = -Line 15		(\$315,527)	(\$1,817,201)	(\$6,398,185)	(\$10,663,641)	(\$14,929,098)
26	Deferred Tax Reserve	- Line 23	_	(\$46,173,442)	(\$14,057,560)	(\$14,671,800)	(\$15,172,672)	(\$15,568,959)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	-	(\$28,616,398)	\$87,058,004	\$99,735,350	\$94,969,022	\$90,307,279
28	<u>Revenue Requirement Calculation:</u> Average Rate Base before Deferred Tax Proration Adjustment	Year 1 (Cols (a) and (b)) = Current Year, Line 27 * 50%; Then =		(\$14,208,100)	842 520 002	670 000 470	807 252 196	F02 628 151
20	Promision A directment	(Prior Tear Line 2) + Current Tear Line 2/) + 2 Page 20 of 20 Line 41	2/	(\$14,508,199)	\$45,529,002	\$79,088,478	\$97,332,180	\$92,038,131
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29	2/ -	(\$13,631,275)	\$43,649,583	\$79,114,842	\$97,373,685	\$92,655,160
31	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	_	8.41%	8.41%	8.41%	8.41%	8.41%
32	Proration	Line 10						
33	Return and Taxes	Line 30 x Line 31		(\$1,146.390)	\$3,670,930	\$6,653,558	\$8,189,127	\$7,792,299
34	Book Depreciation	Line 14		\$315,527	\$1,817,201	\$4,265,456	\$4,265,456	\$4,265,456
35	Annual Revenue Requirement	Sum of Lines 33 through 34	E	(\$830,863)	\$5,488,131	\$10,919,015	\$12,454,583	\$12,057,755
	Sum of Columns (a) and (b) equal Docket No. 5210 FY 2023 Gas I	SR Reconciliation, Page 1, Line 7(b) or						
36	Page 18, Line 35(a) and 35(b)		_	(\$951,490)	\$5,273,146			
37	2023 Tax True-Up			\$120,627	\$214,985			

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

2/ Columns (a) and (b) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

^{2/2} Columns (a) and (b) represent the 12 months within fiscal year 2025, but activity is separated to accommodate the impacts or une acquisition as uscanced in none 2.
^{3/} National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 19 of 39

The Narragansett Electric Company db/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2023 Incremental Capital Investments

				NG	PPL					
				Apr 1-May 24,	May 25-Mar 31,					
				2022	2023					
Line				FY 2023	FY 2023					
No.				(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Capital Repairs Deduction					-				
1	Plant Additions	Page 18 of 39, Line 1		\$22,362,231	\$128,789,885		20 Year MACRS I	Depreciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	39.78%	39.78%					
3	Capital Repairs Deduction	Line 1 × Line 2		\$8,895,695	\$51,232,616	MACRS basis:	Line 21, Column (a)		\$13,466,536	
4									Annual	Cumulative
5						Fiscal Year		Prorated	MACRS	Tax Depr
6	Bonus Depreciation					FY Mar-2023 (Apr-May 2022)	3.750%	0.555%	\$74,712	\$11,795,130
7	Plant Additions	Line 1		\$22,362,231	\$128,789,885					
8	Less Capital Repairs Deduction	Line 3		\$8,895,695	\$51,232,616	PPL Acquisition - May 25, 2022				
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$13,466,536	\$77,557,269	Book Cost	Line 1, Column (a)		\$22,362,231	
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	0.00%	Cumulative Book Depreciation	- Page 18 of 39, Line	14, Col (a)	(\$315,527)	
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		\$0	\$0	MACRS basis from Acquisition:	Line 9(f) + Line 10(f) –	\$22,046,704	
12	Bonus Depreciation Rate 1	Per Tax Department		0.00%	0.00%	MACRS basis (Jun-Mar 2023)	Line 21, Column (b)		\$77,557,269	
13	Bonus Depreciation Rate 2	Per Tax Department		0.00%	0.00%	Total MACRS Basis thru 3/2023	Line 11(f) + Line 12	(f)	\$99,603,973	
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%	0.00%					
15	Bonus Depreciation	Line 11 × Line 14		\$0	\$0	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$3,735,149	\$68,757,963
16						Mar-2024	7.219%		\$7,190,411	\$75,948,374
17	Remaining Tax Depreciation					Mar-2025	6.677%		\$6,650,557	\$82,598,931
18	Plant Additions	Line 1		\$22,362,231	\$128,789,885	Mar-2026	6.177%		\$6,152,537	\$88,751,469
19	Less Capital Repairs Deduction	Line 3		\$8,895,695	\$51,232,616	Mar-2027	5.713%		\$5,690,375	\$94,441,844
20	Less Bonus Depreciation	Line 15		\$0	\$0	Mar-2028	5.285%		\$5,264,070	\$99,705,914
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		\$13,466,536	\$77,557,269	Mar-2029	4.888%		\$4,868,642	\$104,574,556
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	3.75%	Mar-2030	4.522%		\$4,504,092	\$109,078,647
23	Remaining Tax Depreciation	Line 21 × Line 22		\$504,995	\$2,908,398	Mar-2031	4.462%		\$4,444,329	\$113,522,977
24						Mar-2032	4.461%		\$4,443,333	\$117,966,310
25	FY23 tax (gain)/loss on retirements	Per Tax Department	2/	825,116	4,752,056	Mar-2033	4.462%		\$4,444,329	\$122,410,639
26	Cost of Removal	Page 18 of 39, Line 7		\$1,569,324	\$9,038,142	Mar-2034	4.461%		\$4,443,333	\$126,853,972
27						Mar-2035	4.462%		\$4,444,329	\$131,298,302
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		\$11,795,130	\$67,931,212	Mar-2036	4.461%		\$4,443,333	\$135,741,635
29						Mar-2037	4.462%		\$4,444,329	\$140,185,964
30	Reconcilation of MACRS Tax Depreciation:					Mar-2038	4.461%		\$4,443,333	\$144,629,298
31	Apr 1 -May 24, 2022 Plant Additions	Line 1, Column			\$22,362,231	Mar-2039	4.462%		\$4,444,329	\$149,073,627
32	Cumulative Book Depreciaiton through May 24, 2022	, Line 19, Col			(\$315,527)	Mar-2040	4.461%		\$4,443,333	\$153,516,960
33	2022 Plant Additions (Net Book) through Acquisition	Line 31 + Line 32		-	\$22,046,704	Mar-2041	4.462%		\$4,444,329	\$157,961,289
34	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946			3.750%	Mar-2042	4.461%		\$4,443,333	\$162,404,623
35	Tax Depreciation	Line 33 * Line 34		-	\$826,751	Mar-2043	2.231%		\$2,222,165	\$164,626,787
36	•						100.00%	-	\$99,603,973	<i>, , , , , , , , , ,</i>
37	MACRS Basis in May 25-Mar 2023 Plant Additions	Line 20, Column (a)			\$77,557,269	•				
38	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946			3,750%	Column (e), Line 6 = MACRS Rate 3	3.75% / 365 days x 54 da	avs		
39	Tax Depreciation	Line 37 * Line 38		-	\$2,908,398	(-),				
40	1									
41	Total MACRS Tax Depreciation	Sum of Lines 35, 39, Column (b)		-	\$3,735,149					
	1									

Capital Repairs percentage is based on the actual results of National Grid's short period FY2023 tax return and PPL's short period CY2022 tax return, which covers the period from April 2022 through December 1/ 2022; and one-fourth (January 2023 thru March 2023) of PPL's CY2023 consolidated tax return, which is expected to be filed in October of 2024.

FY 2023 tax loss on retirements is based on actual results of National Grid's short period FY2023 tax return and PPL's short period CY2022 tax return, which covers the period from April 2022 through December

2/ 2022; and one-fourth (January 2023 thru March 2023) of PPL's CY2023 consolidated tax return, which is expected fo be filed in October 2024.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 20 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2023 Incremental Capital Investments

				NG	PPL	Fiscal Year	Fiscal Year	Fiscal Year
				4/1/22 - 5/24/2022	5/25/22 - 3/31/23	2024	2025	2026
Line				2023	2023			
No.	Deferred Tax Subject to Proration			(a)	(b)	(c)	(d)	(e)
		See the corresponding Fisc	al Year on Page 18 of 39,					
1	Book Depreciation	Line	14	\$315,527	\$1,817,201	\$4,265,456	\$4,265,456	\$4,265,456
2	Bonus Depreciation	- Page 19 of 39, I	Line 15 ,Col (a)	\$0	\$0	\$0		
		- Page 19 of 39	,column (f),					
3	Remaining MACRS Tax Depreciation	Lines 6 and 15	through 18	(\$74,712)	(\$3,735,149)	(\$7,190,411)	(\$6,650,557)	(\$6,152,537)
4	FY23-NG tax (gain)/loss on retirements	- Page 19 of 39, I	Line 25 ,Col (a)	(\$825,116)	(\$4,752,056)	\$0		
5	Cumulative Book / Tax Timer	Sum of Lines	1 through 4	(\$584,301)	(\$6,670,004)	(\$2,924,954)	(\$2,385,101)	(\$1,887,081)
6	Effective Tax Rate			21%	21%	21%	21%	21%
7	Deferred Tax Reserve	Line 5 ×	Line 6	(\$122,703)	(\$1,400,701)	(\$614,240)	(\$500,871)	(\$396,287)
	Deferred Tax Not Subject to Proration							
		- Page 19 of 39 , Line	3 ,Cols (a) and (b),					
8	Capital Repairs Deduction	Then	= 0	(\$8,895,695)	(\$51,232,616)			
		- Page 18 of 39 , Line	7 ,Cols (a) and (b),					
9	Cost of Removal	Then	= 0	(\$1,569,324)	(\$9,038,142)			
10	Book/Tax Depreciation Timing Difference at 3/31/2023							
11	Cumulative Book / Tax Timer	Line 8 + Line	9 + Line 10	(\$10,465,019)	(\$60,270,758)	\$0	\$0	\$0
12	Effective Tax Rate			21%	21%	21%	21%	21%
13	Deferred Tax Reserve	Line 11 ×	Line 12	(\$2,197,654)	(\$12,656,859)	\$0	\$0	\$0
14	Total Deferred Tay December	T in . 7 . 1	ture 19	(\$2,220,257)	(\$14.057.5(0))	(\$614.240)	(\$500.971)	(\$20(287)
14	Net Operating Lease	Dana 18 af 20 1	Sine 13	(\$2,520,557)	(\$14,057,500)	(\$014,240)	(\$500,871)	(\$390,287)
15	Net Operating Loss	- Page 18 01 59 , 1	Line 22 ,Col (a)	(\$2,220,257)	(\$14.057.5(0))	(\$614.240)	(\$500.971)	(\$20(287)
16	Net Deletted Tax Reserve	Line 14 +	Line 15	(\$2,520,557)	(\$14,037,360)	(\$014,240)	(\$500,871)	(\$390,287)
	Allocation of FY 2023-NG Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Line	5	(\$584,301)	(\$6,670,004)	(\$2,924,954)	(\$2,385,101)	(\$1,887,081)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line	11	(\$10,465,019)	(\$60,270,758)	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 +	Line 18	(\$11,049,319)	(\$66,940,762)	(\$2,924,954)	(\$2,385,101)	(\$1,887,081)
20	Total EV 2023-NG Federal NOI	Page 18 of 30 Lin	a 22 Col (a)÷21%	(\$208 393 929)	\$0	\$0	\$0	\$0
20	Allocated EV 2023 NG Federal NOL Not Subject to Proration	$-1 \operatorname{age} 10 \operatorname{O} 159$, Elli	$10) \times Line 20$	(\$107 373 821)	\$0	\$0 \$0	\$0	\$0 \$0
21	Allocated FV 2023 NG Federal NOL Subject to Proration	(Line 17 ÷ Line	19) × Line 20	(\$11,020,108)	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
22	Effective Tex Date	(Ente 17) Ente	19 / \times Line 20	(\$11,020,108)	210/	2194	2194	2104
23	Deferred Tax Rate	Line 22 v	Line 22	(\$2,214,222)	2176	2176	2170	2170
24	Detened Tax Benefit subject to protation	Line 22 ×	Lille 25	(\$2,514,225)	30	30	30	30
25	Net Deferred Tax Reserve subject to proration	Line 7 + 1	Line 24	(\$2,436,926)	(\$1,400,701)	(\$614,240)	(\$500,871)	(\$396,287)
		(f)	(g)	(h)	(i)	(j)	(k)	(1)
				NG	PPL			
				4/1/22 - 5/24/2022	5/25/22 - 3/31/23	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Number of Days in Month	Proration Percentage	2023	2023	2024	2025	2026
26	April	30	91.78%	(\$541,539)		(\$46,980)	(\$38,309)	(\$30,310)
27	May	31	83.29%	\$0	(\$111,778)	(\$42,632)	(\$34,764)	(\$27,505)
28	June	30	75.07%		(\$99,494)	(\$38,425)	(\$31,333)	(\$24,791)
29	July	31	66.58%		(\$86,802)	(\$34.078)	(\$27,788)	(\$21,986)
30	August	31	58.08%		(\$74,109)	(\$29,730)	(\$24,243)	(\$19,181)
31	Sentember	30	49.86%		(\$61.826)	(\$25,523)	(\$20.812)	(\$16,467)
32	October	31	41 37%		(\$49,133)	(\$21,176)	(\$17,267)	(\$13,662)
33	November	30	33.15%		(\$36,850)	(\$16,969)	(\$13,837)	(\$10.948)
34	December	31	24.66%		(\$24,157)	(\$12,621)	(\$10,202)	(\$8 143)
35	Ianuary	31	16 16%		(\$11.464)	(\$2 274)	(\$6 747)	(\$5,175)
36	February	28	8 49%		(\$24.157)	(\$4 347)	(\$3,545)	(\$2,805)
37	March	31	0.00%		(#24,157) ©0	(0-1,5-17) ¢0	(00,040) \$0	(#2,305) ¢n
38	Total	365	0.0070	(\$5/11.520)	(\$570 770)	(\$280.756)	(\$228 027)	(\$181.124)
50	1000	505		(\$271,239)	(0519,110)	(\$200,750)	(0220,757)	(\$101,134)
39	Deferred Tax Without Proration	Line	25	(\$2,436,926)	(\$1,400,701)	(\$614,240)	(\$500,871)	(\$396,287)
40	Average Deferred Tax without Proration							
		Line 39	× 0.5	(\$1,218,463)	(\$700,350)	(\$307,120)	(\$250,436)	(\$198,144)
41	Proration Adjustment	Line 38 -	Line 40	\$676,924	\$120,581	\$26,365	\$21,499	\$17,010

Column Notes:

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(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 21 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2024 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year <u>2024</u> (a)	Fiscal Year <u>2025</u> (b)	Fiscal Year <u>2026</u> (c)
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Page 30 of 39 , Line 3 ,Col (g) Page 30 of 39 , Line 9 ,Col (g)		\$133,114,306 \$46,411,734		
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3	_	\$86,702,573	\$86,702,573	\$86,702,573
	Change in Net Capital Included in ISR Rate Base					
4	Capital Included in ISR Rate Base	Line 1		\$133,114,306	\$0	\$0
5	Depreciation Expense	Page 34 of 39, Line //(c)	_	\$40,954,246	\$0	\$0
0	netenentai Capitai Antoun	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$92,160,060	\$92,160,060	\$92,160,060
7	Cost of Removal	Page 30 of 39, Line 6, Col (g)		\$16,008,363		
8	Net Plant Amount	Line 6 + Line 7		\$108,168,423	\$108,168,423	\$108,168,423
	Deferred Tax Calculation:					
9	Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%
10	Proration Percentage					
11	Tax Depreciation and Year 1 Basis Adjustments	Year 1 = Page 22 of 39. Line 28. Col (a): then = Page 22 of 39. Col (d)		\$40.579.304	\$8.446.770	\$7.812.589
12	Cumulative Tax Depreciation-PPL	Prior Year Line 12 + Current Year Line 11		\$40,579,304	\$49,026,074	\$56,838,663
13	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% x Line 10; then = Line 3 × Line 9		\$1,296,203	\$2,592,407	\$2,592,407
14	Cumulative Book Depreciation	Prior Year Line 14 + Current Year Line 13		\$1,296,203	\$3,888,610	\$6,481,017
15	Cumulative Book / Tax Timer	Line 11 - Line 13		\$39,283,101	\$45,137,464	\$50,357,646
16	Effective Tax Rate	T' 15 T' 16		21.00%	21.00%	21.00%
1/	Add. CV 2024 Federal NOL (Commission) (Utilization	Line 15 × Line 16 Dece 20 \neq 520 Line 12 Cel (c)		\$8,249,451	\$9,4/8,86/	\$10,575,106
18	Net Deferred Tax Reserve before Proration Adjustment	Line 17 + Line 18	-	\$8,249,451	\$9,478,867	\$10,575,106
	ISD Date Date Calculation		-	, ., .		, ,
20	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$108 168 423	\$108 168 423	\$108 168 423
21	Accumulated Depreciation	- Line 14		(\$1,296,203)	(\$3,888,610)	(\$6,481,017)
22	Deferred Tax Reserve	- Line 19		(\$8,249,451)	(\$9,478,867)	(\$10,575,106)
23	Year End Rate Base before Deferred Tax Proration	Sum of Lines 20 through 22	_	\$98,622,769	\$94,800,945	\$91,112,300
	Revenue Requirement Calculation:					
24	Average Rate Base before Deferred Tax Proration Adjustment	Year $1 = $ Current Year Line $23 \div 2$;				
		then = (Prior Year Line 23 + Current Year Line 23) \div 2		\$49,311,384	\$96,711,857	\$92,956,623
25	Proration Adjustment	Page 23 of 39, Line 41		\$64,609	\$52,769	\$47,053
26	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24		\$49,375,994	\$96,764,626	\$93,003,676
27	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	_	8.41%	8.41%	8.41%
28	Proration Percentage	Line 10				
29	Return and Taxes	Line 26 × Line 27		\$4,152,521	\$8,137,905	\$7,821,609
30	Book Depreciation	Line 13		\$1,296,203	\$2,592,407	\$2,592,407
21	Annual Devenue Dequirement	Sum of Lines 20 through 30		\$5 118 725	\$10 720 212	\$10.414.016

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 22 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2024 Incremental Capital Investments

Line No.				Fiscal Year <u>2024</u> (a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction							
1	Plant Additions	Page 21 of 39, Line 1		\$133,114,306		20 Year M	ACRS Depreciation	on
2	Capital Repairs Deduction Rate	Per Tax Department	1/	12.10%				
3	Capital Repairs Deduction	Line $1 \times \text{Line } 2$		\$16,106,831	MACRS basis:		\$117,007,475	
4						А	nnual	Cumulative
5					Calendar Year			
6	Bonus Depreciation				Mar-2024	3.75%	\$4,387,780	\$40,579,304
7	Plant Additions	Line 1		\$133,114,306	Mar-2025	7.22%	\$8,446,770	\$49,026,074
8	Less Capital Repairs Deduction	Line 3		\$16,106,831	Mar-2026	6.68%	\$7,812,589	\$56,838,663
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$117,007,475	Mar-2027	6.18%	\$7,227,552	\$64,066,215
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Mar-2028	5.71%	\$6,684,637	\$70,750,852
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		\$0	Mar-2029	5.29%	\$6,183,845	\$76,934,697
12	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	Mar-2030	4.89%	\$5,719,325	\$82,654,022
13	Bonus Depreciation Rate 0%	Per Tax Department		0.00%	Mar-2031	4.52%	\$5,291,078	\$87,945,101
14	Total Bonus Depreciation Rate	Line $12 + Line 13$		0.00%	Mar-2032	4.46%	\$5,220,874	\$93,165,974
15	Bonus Depreciation	Line 11 × Line 15		\$0	Mar-2033	4.46%	\$5,219,703	\$98,385,678
16					Mar-2034	4.46%	\$5,220,874	\$103,606,551
17	Remaining Tax Depreciation				Mar-2035	4.46%	\$5,219,703	\$108,826,255
18	Plant Additions	Line 1		\$133,114,306	Mar-2036	4.46%	\$5,220,874	\$114,047,128
19	Less Capital Repairs Deduction	Line 3		\$16,106,831	Mar-2037	4.46%	\$5,219,703	\$119,266,832
20	Less Bonus Depreciation	Line 15		\$0	Mar-2038	4.46%	\$5,220,874	\$124,487,705
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		\$117,007,475	Mar-2039	4.46%	\$5,219,703	\$129,707,409
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2040	4.46%	\$5,220,874	\$134,928,282
23	Remaining Tax Depreciation	Line $21 \times \text{Line } 22$		\$4,387,780	Mar-2041	4.46%	\$5,219,703	\$140,147,986
24				· ·	Mar-2042	4.46%	\$5,220,874	\$145,368,859
25	CY24 tax (gain)/loss on retirements	Per Tax Department	2/	4,076,330	Mar-2043	4.46%	\$5,219,703	\$150,588,563
26	Cost of Removal	Page 21 of 39, Line 7		\$16,008,363	Mar-2044	2.23%	\$2,610,437	\$153,198,999
27					-	100.00%	\$117,007,475	
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		\$40,579,304			· ·	

Capital Repairs percentage is based on on three-fourths (April 2023 thru December 2023) of PPL's CY2023 consolidated tax return, which is expected to be filed in October of 2024. When PPL's CY2024 consolidated tax return is finalized in year 2025, this percentage will be updated to include one-fourth 1/ (January thru March 2024) of the CY 2024 tax return.

Tax loss on retirements is based is based on on three-fourths (April 2023 thru December 2023) of PPL's CY2023 consolidated tax return, which is expected to be filed in October of 2024. When PPL's CY2024 consolidated tax return is finalized in year 2025, this amount will be updated to include

2/ one-fourth (January thru March 2024) of the CY 2024 tax return.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 23 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2024 Incremental Capital Investments

				Fiscal Year	Fiscal Year	Fiscal Year
Line				2024	2025	2026
No.	Deferred Tax Subject to Proration			(a)	(b)	(c)
1	Book Depreciation	Page 21 c	of 39. Line 15	\$1,296,203	\$2,592,407	\$2.592.407
2	Bonus Depreciation	- Page 22 of 3	9. Line 15. Col (a)	+-,	+_,+, +, ++,	+_,-,-,,
3	Remaining MACRS Tax Depreciation	- Page 22 of 39. C	ol (d). Lines 6 through 8	(\$4,387,780)	(\$8,446,770)	(\$7.812.589)
4	CY24 tax (gain)/loss on retirements	- Page 22 of 3	9. Line 25. Col (a)	(\$4,076,330)	((-))	((**))
5	Cumulative Book / Tax Timer	Sum of Li	nes 1 through 4	(\$7,167,907)	(\$5,854,363)	(\$5,220,182)
6	Effective Tax Rate		6	21%	21%	21%
7	Deferred Tax Reserve	Line	5 × Line 6	(\$1,505,260)	(\$1,229,416)	(\$1,096,238)
	Deferred Tax Not Subject to Proration					
8	Capital Repairs Deduction	- Page 22 of 39, L	ine 3 , Col (a), Then = 0	(16,106,831)		
9	Cost of Removal	- Page 21 of 39, L	ine 7, Col (a), Then $= 0$	(\$16,008,363)		
10	Book/Tax Depreciation Timing Difference at 3/31/2024	5	· · · · · · · · · · · · · · · · · · ·			
11	Cumulative Book / Tax Timer	Line 8 + L	Line 9 + Line 10	(\$32,115,194)	\$0	\$0
12	Effective Tax Rate			21%	21%	21%
13	Deferred Tax Reserve	Line 1	1 × Line 12	(\$6,744,191)	\$0	\$0
14	Total Deferred Tax Reserve	Line	7 + Line 13	(\$8,249,451)	(\$1,229,416)	(\$1,096,238)
15	Net Operating Loss	- Page 21 of 3	9, Line 18, Col (a)			
16	Net Deferred Tax Reserve	Line 1	4 + Line 15	(\$8,249,451)	(\$1,229,416)	(\$1,096,238)
	Allocation of CY 2023 Estimated Federal NOL					
17	Cumulative Book/Tax Timer Subject to Proration	I	Line 5	(\$7,167,907)	(\$5,854,363)	(\$5,220,182)
18	Cumulative Book/Tax Timer Not Subject to Proration	L	line 11	(\$32,115,194)	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 1	7 + Line 18	(\$39,283,101)	(\$5,854,363)	(\$5,220,182)
20	Total FY 2024 Federal NOL	- Page 21 of 39,	Line 18 ,Col (a)÷21%	\$0	\$0	\$0
21	Allocated FY 2024 Federal NOL Not Subject to Proration	(Line 18 ÷ L	ine 19) × Line 20	\$0	\$0	\$0
22	Allocated FY 2024 Federal NOL Subject to Proration	(Line 17 ÷ L	ine 19) × Line 20	\$0	\$0	\$0
23	Effective Tax Rate			21%	21%	21%
24	Deferred Tax Benefit subject to proration	Line 2	2 × Line 23	\$0	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line	7 + Line 24	(\$1,505,260)	(\$1,229,416)	(\$1,096,238)
		(d)	(e)	(f)	(g)	(h)
		Number of Days in	<u>L</u>	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Month	Proration Percentage	2024	2025	2026
26	April	30	91.78%	(\$115,128)	(\$94,031)	(\$83,845)
27	May	31	83.29%	(\$104,475)	(\$85,329)	(\$76,086)
28	June	30	75.07%	(\$94,165)	(\$76,909)	(\$68,577)
29	July	31	66.58%	(\$83,511)	(\$68,207)	(\$60,819)
30	August	31	58.08%	(\$72,857)	(\$59,506)	(\$53,060)
31	September	30	49.86%	(\$62,547)	(\$51,085)	(\$45,551)
32	October	31	41.37%	(\$51,894)	(\$42,384)	(\$37,793)
33	November	30	33.15%	(\$41,584)	(\$33,963)	(\$30,284)
34	December	31	24.66%	(\$30,930)	(\$25,262)	(\$22,525)
35	January	31	16.16%	(\$20,276)	(\$16,561)	(\$14,767)
36	February	28	8.49%	(\$10,654)	(\$8,701)	(\$7,759)
37	March	31	0.00%	\$0	\$0	\$0
38	Total	365		(\$688,021)	(\$561,939)	(\$501,066)
39	Deferred Tax Without Proration	L	line 25	(\$1,505,260)	(\$1,229,416)	(\$1,096,238)
40	Average Deferred Tax without Proration	_		(*)) (**)	(- , - , - •)	(. ,,
-	5	Line	e 39 × 0.5	(\$752,630)	(\$614,708)	(\$548,119)
41	Proration Adjustment	Line 3	38 - Line 40	\$64,609	\$52,769	\$47,053

Column Notes:

(e)Sum of remaining days in the year (Col (d)) ÷ 365(f) through (h)Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 24 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2025 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year $\frac{2025}{(a)}$	Fiscal Year $\frac{2026}{(b)}$
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	RIPUC Docket No.23-49-NG, Page 24, Line 1, Column (a) RIPUC Docket No.23-49-NG, Page 24, Line 2, Column (a)		\$154,964,000 \$7,674,708	
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$147,289,292	\$147,289,292
	Change in Net Capital Included in ISR Rate Base				
4	Capital Included in ISR Rate Base	Line I $\mathbf{D} = 24$ (20) $\mathbf{L}^{\dagger} = 77$ ()		\$154,964,000	\$0
2	Depreciation Expense	Page 34 of 39, Line //(c)		\$40,954,246	\$0
0	incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$114,009,754	\$114,009,754
7	Cost of Removal	RIPUC Docket No.23-49-NG, Page 24, Line 7, Column (a)		\$6,636,000	
8	Net Plant Amount	Line 6 + Line 7		\$120,645,754	\$120,645,754
9	Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%
10	Tax Depreciation and Year 1 Basis Adjustments	Vear 1 = Page 25 of 39 Line 32 Col (a): then = Page 25 of 39 Col (d)		\$91 790 682	\$5 235 880
11	Cumulative Tax Depreciation-PPL	Prior Year Line 11 + Current Year Line 10		\$91,790,682	\$97,026,562
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9		\$2,201,975	\$4,403,950
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12		\$2,201,975	\$6,605,925
14	Cumulative Book / Tax Timer	Line 11 - Line 13		\$89,588,707	\$90,420,637
15	Effective Tax Rate			21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15		\$18,813,628	\$18,988,334
17	Add: CY 2025 Federal NOL (Generation) / Utilization	Page 30 of 39, Line 12, Col (e)		\$0	\$0
18	Net Deferred Tax Reserve before Proration Adjustment	Line $16 + Line 17$		\$18,813,628	\$18,988,334
	ISR Rate Base Calculation:				
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$120,645,754	\$120,645,754
20	Accumulated Depreciation	- Line 13		(\$2,201,975)	(\$6,605,925)
21	Deferred Tax Reserve	- Line 18		(\$18,813,628)	(\$18,988,334)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21	_	\$99,630,150	\$95,051,495
	Revenue Requirement Calculation:				
23	Average Rate Base before Deferred Tax Proration Adjustment				
		Year 1 = Current Year Line $22 \div 2$;			
		then = (Prior Year Line $22 + Current Year Line 22) \div 2$		\$49,815,075	\$97,340,822
24	Proration Adjustment	Page 26 of 39		\$4,668	\$7,499
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24		\$49,819,743	\$97,348,321
26	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)		8.41%	8.41%
27	Return and Taxes	Line $25 \times \text{Line } 26$		\$4,189,840	\$8,186,994
28	Book Depreciation	Line 12		\$2,201,975	\$4,403,950
29	Annual Revenue Requirement	Sum of Lines 27 through 28		\$6,391,815	\$12,590,944

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 25 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2025 Incremental Capital Investments

				Fiscal Year				
Line				2025				
No.				(a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction							
1	Plant Additions	Page 24 of 39, Line 1		\$154,964,000	20 Year MACRS Depreciation			ion
	Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs	Docket No. 23-49-NG, Section 3, Attachment 1					<u>,</u>	
2		(Compliance), Page 1, Line 1, Column (b)	1/	\$12,000,000				
3	Tax Basis in Plant Additions	Line $1 + \text{Line } 2$	-	\$166,964,000	MACRS basis:		\$72,529,162	
4	Capital Repairs Deduction Rate	Per Tax Department	2/	56.56%		А	nnual	Cumulative
5	Capital Repairs Deduction	Line $3 \times Line 4$	-	\$94,434,838	Calendar Year			
6					Mar-2025	3.75%	\$2,719,844	\$91,790,682
7	Internal Revenue Code ("IRC") 263a Tax Capitalization				Mar-2026	7.22%	\$5,235,880	\$97,026,562
8	Paving Costs	Line 2	1/	\$12,000,000	Mar-2027	6.68%	\$4,842,772	\$101,869,334
9					Mar-2028	6.18%	\$4,480,126	\$106,349,461
10	Bonus Depreciation				Mar-2029	5.71%	\$4,143,591	\$110,493,052
11	Tax Basis in Plant Additions	Line 3		\$166,964,000	Mar-2030	5.29%	\$3,833,166	\$114,326,218
12	Less Capital Repairs Deduction	Line 5		\$94,434,838	Mar-2031	4.89%	\$3,545,225	\$117,871,443
13	Plant Additions Net of Capital Repairs Deduction	Line 11 - Line 12	-	\$72,529,162	Mar-2032	4.52%	\$3,279,769	\$121,151,212
14	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Mar-2033	4.46%	\$3,236,251	\$124,387,463
15	Plant Eligible for Bonus Depreciation	Line $13 \times \text{Line } 14$	-	\$0	Mar-2034	4.46%	\$3,235,526	\$127,622,989
16	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	Mar-2035	4.46%	\$3,236,251	\$130,859,240
17	Bonus Depreciation Rate 0%	Per Tax Department		0.00%	Mar-2036	4.46%	\$3,235,526	\$134,094,766
18	Total Bonus Depreciation Rate	Line 16 + Line 17	-	0.00%	Mar-2037	4.46%	\$3,236,251	\$137,331,018
19	Bonus Depreciation	Line $15 \times \text{Line } 18$		\$0	Mar-2038	4.46%	\$3,235,526	\$140,566,543
20					Mar-2039	4.46%	\$3,236,251	\$143,802,795
21	Remaining Tax Depreciation				Mar-2040	4.46%	\$3,235,526	\$147,038,321
22	Tax Basis in Plant Additions	Line 3		\$166,964,000	Mar-2041	4.46%	\$3,236,251	\$150,274,572
23	Less Capital Repairs Deduction	Line 5		\$94,434,838	Mar-2042	4.46%	\$3,235,526	\$153,510,098
24	Less Bonus Depreciation	Line 19		\$0	Mar-2043	4.46%	\$3,236,251	\$156,746,349
25	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 22 - Line 23 - Line 24	-	\$72,529,162	Mar-2044	4.46%	\$3,235,526	\$159,981,875
26	20 YR MACRS Tax Depreciation Rates	IRS Publication 946	_	3.75%	Mar-2045	2.23%	\$1,618,126	\$161,600,000
27	Remaining Tax Depreciation	Line $25 \times \text{Line } 26$	-	\$2,719,844		100.00%	\$72,529,162	
28								
29	FY25 tax (gain)/loss on retirements	Per Tax Department	3/	-				
30	Cost of Removal	Page 24 of 39, Line 7		\$6,636,000				
31								
32	Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs	Sum of Lines 5, 19, 27, 29 and 30 Less Line 8	_	\$91,790,682				

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 26 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2025 Incremental Capital Investments

Line				(a) <u>Fiscal Year</u> <u>2025</u>	(b) <u>Fiscal Year</u> <u>2026</u>
No.	Deferred Tax Subject to Proration				
1	Book Depreciation	Page 24 of	f 39 , Line 12	\$2,201,975	\$4,403,950
2	Bonus Depreciation	- Page 25 of 39, Line 19, Col (a)			
3	Remaining MACRS Tax Depreciation	- Page 25 of 39	9, Col (a), Line 27	(\$2,719,844)	(\$5,235,880)
4	C Y 25 tax (gain)/loss on retirements	- Page 25 of 39	, Line 29, Col (a)	\$U (\$517.860)	(\$821.020)
6	Effective Tax Rate	Sull Of Lin	ies i unough 4	(\$317,809)	(\$851,950)
0 7	Deferred Tax Reserve	Line 5	$5 \times \text{Line } 6$	(\$108,752)	(\$174,705)
	Deferred Tax Not Subject to Proration				
8	Capital Repairs Deduction	- Page 25 of 39 , Li	ne 5 ,Col (a), Then = 0	(\$94,434,838)	
9	IRC 263a Tax Capitalization of Paving Costs	Page 25 of 39 , Lin	he 8, $Col(a)$, Then = 0	\$12,000,000	
10	Cost of Removal	- Page 24 of 39 , Li	ne 7, Col (a), Then $= 0$	(\$6,636,000)	
11	Book/Tax Depreciation Timing Difference at 3/31/2025		10 . 1 . 11	(\$00.070.020)	¢0
12	Cumulative Book / Tax Timer	Line $8 + Lii$	he $10 + Line 11$	(\$89,070,838)	\$U 210/
13	Deferred Tax Reserve	Line 12	2 × Line 13	(\$18,704,876)	21% \$0
1.5		I		(*10.012.(20)	(\$174.705)
15	Not Operating Loss	Line / Page 24 of 20	+ Line 14 Line 17 $\operatorname{Col}(a)$	(\$18,813,628)	(\$1/4,/05)
10	Net Deferred Tax Reserve	- rage 24 01 55	$5 \pm Line 16$	(\$18 813 628)	(\$174,705)
1,		Enite 15	Line IV	(\$10,015,020)	(\$171,705)
	Allocation of CY 2024 Estimated Federal NOL				
18	Cumulative Book/Tax Timer Subject to Proration	L	ine 5	(\$517,869)	(\$831,930)
19	Cumulative Book/Tax Timer Not Subject to Proration	Li	ne 12	(\$89,070,838)	\$0
20	Total Cumulative Book/Tax Timer	Line 18	3 + Line 19	(\$89,588,707)	(\$831,930)
21	Total CY 2025 Federal NOL	- Page 24 of 39, I	Line 21 ,Col (a)÷21%	\$0	\$0
22	Allocated FY 2025 Federal NOL Not Subject to Proration	(Line $19 \div \text{Line } 20$) × Line 21		\$0	\$0
23	Allocated FY 2025 Federal NOL Subject to Proration	(Line $18 \div$ Line 20) × Line 21		\$0	\$0
24	Effective Tax Rate			21%	21%
25	Deferred Tax Benefit subject to proration	Line $23 \times \text{Line } 24$		\$0	\$0
26	Net Deferred Tax Reserve subject to proration	Line 7 + Line 25		(\$108,752)	(\$174,705)
		(c)	(d)	(e)	(f)
		Number of Days in			
	Proration Calculation	Month	Proration Percentage	Fiscal Year2025	Fiscal Year2026
27	April	30	91.78%	(\$8,318)	(\$13,362)
28	May	31	83.29%	(\$7,548)	(\$12,126)
29	June	30	/5.0/%	(\$6,803)	(\$10,929)
30	August	31	58.08%	(\$0,034)	(\$9,095)
32	Sentember	30	49.86%	(\$4,519)	(\$7,259)
33	October	31	41.37%	(\$3,749)	(\$6,023)
34	November	30	33.15%	(\$3,004)	(\$4,826)
35	December	31	24.66%	(\$2,235)	(\$3,590)
36	January	31	16.16%	(\$1,465)	(\$2,353)
37	February	28	8.49%	(\$770)	(\$1,236)
38	March	31	0.00%	\$0	\$0
39	Total	365		(\$49,708)	(\$79,854)
40	Deferred Tax Without Proration	Li	ne 26	(\$108,752)	(\$174,705)
40	Average Deferred Tax without Proration	_			<i>a</i>
41	Proration Adjustment	Line Line 39	40 × 0.5 9 - Line 40	(\$54,376) \$4,668	(\$87,353) \$7,499

Column Notes:

_

(d)	Sum of remaining days in the year $(Col (c)) \div 365$
(e) through (f)	Current Year Line $26 \div 12 \times$ Current Month Col (d)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 27 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan

Fiscal Year 2026 Revenue Requirement on FY 2026 Actual Incremental Gas Capital Investment

Line No.			Fi	scal Year <u>2026</u> (2)
1	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Patirements	Section 2, Table 1		(a) \$171,669,466 \$25,681,229
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$145,988,237
	Change in Net Capital Included in ISR Rate Base			
4	Capital Included in ISR Rate Base	Line 1		\$171,669,466
5	Depreciation Expense	Page 34 of 39, Line 77(c)		\$40,954,246
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$130,715,220
7	Cost of Removal	Section 2, Page 2		\$8,344,735
8	Net Plant Amount	Line 6 + Line 7		\$139,059,955
	Deferred Tax Calculation			
9	Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%
10	Tax Depreciation	Year 1 = Page 28 of 39. Line 30. Col (a): then = Page 28 of 39. Col (d)		\$16.162.570
11	Cumulative Tax Depreciation-PPL	Prior Year Line 11 + Current Year Line 10		\$16,162,570
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9		\$2,182,524
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12		\$2,182,524
14	Cumulative Book / Tax Timer	Line 11 - Line 13		\$13,980,046
15	Effective Tax Rate	Line 14 × Line 15		<u>21.00%</u>
17	Add: CY 2026 Federal NOL (Generation) / Utilization	Page 30 of 39 Line 12 Col (e)		\$2,955,810
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17		\$2,935,810
	ISR Rate Base Calculation:			
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$139,059,955
20	Accumulated Depreciation	- Line 15		(\$2,182,524) (\$2,935,810)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21		\$133,941,621
	Revenue Requirement Calculation:			
23	Average Rate Base before Deferred Tax Proration Adjustment	Vear $1 = Current$ Vear Line $22 \div 2$.		
		then = (Prior Year Line 22 + Current Year Line 22) \div 2		\$66,970,810
24	Proration Adjustment	Page 29 of 39		\$37,869
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24		\$67,008,680
26	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)		8.41%
27	Return and Taxes	Line $25 \times$ Line 26		\$5,635,430 \$2,182,524
20		Line 12		φ2,102,J24
29	Annual Revenue Requirement	Sum of Lines 27 through 28		\$7,817,954

1/2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

\$8,794,386

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 28 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2026 Incremental Capital Investments

				Fiscal Year				
Line				2026				
No.				(a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction							
1	Plant Additions	Page 27 of 39, Line 1		\$171,669,466	20 Year MACRS Depreciation			n
2	Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs	Section 2, Table 1		\$22,000,000			<u>^</u>	
3	Tax Basis in Plant Additions	Line 1 + Line 2		\$193,669,466	MACRS basis:		\$170,235,461	
4	Capital Repairs Deduction Rate	Per Tax Department	1/	12.10%			Annual	Cumulative
5	Capital Repairs Deduction	Line $3 \times$ Line 4		\$23,434,005	Calendar Year			
6					Mar-2026	3.75%	\$6,383,830	\$16,162,570
7	Internal Revenue Code ("IRC") 263a Tax Capitalization				Mar-2027	7.22%	\$12,289,298	\$28,451,868
8	Paving Costs	Line 2		\$22,000,000	Mar-2028	6.68%	\$11,366,622	\$39,818,490
9					Mar-2029	6.18%	\$10,515,444	\$50,333,934
10	Bonus Depreciation				Mar-2030	5.71%	\$9,725,552	\$60,059,486
11	Tax Basis in Plant Additions	Line 3		\$193,669,466	Mar-2031	5.29%	\$8,996,944	\$69,056,430
12	Less Capital Repairs Deduction	Line 5		\$23,434,005	Mar-2032	4.89%	\$8,321,109	\$77,377,539
13	Plant Additions Net of Capital Repairs Deduction	Line 11 - Line 12		\$170,235,461	Mar-2033	4.52%	\$7,698,048	\$85,075,587
14	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Mar-2034	4.46%	\$7,595,906	\$92,671,493
15	Plant Eligible for Bonus Depreciation	Line $13 \times \text{Line } 14$		\$0	Mar-2035	4.46%	\$7,594,204	\$100,265,697
16	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	Mar-2036	4.46%	\$7,595,906	\$107,861,603
17	Bonus Depreciation Rate 0%	Per Tax Department		0.00%	Mar-2037	4.46%	\$7,594,204	\$115,455,807
18	Total Bonus Depreciation Rate	Line 16 + Line 17		0.00%	Mar-2038	4.46%	\$7,595,906	\$123,051,714
19	Bonus Depreciation	Line 15 × Line 18		\$0	Mar-2039	4.46%	\$7,594,204	\$130,645,918
20					Mar-2040	4.46%	\$7,595,906	\$138,241,824
21	Remaining Tax Depreciation				Mar-2041	4.46%	\$7,594,204	\$145,836,028
22	Tax Basis in Plant Additions	Line 3		\$193,669,466	Mar-2042	4.46%	\$7,595,906	\$153,431,934
23	Less Capital Repairs Deduction	Line 5		\$23,434,005	Mar-2043	4.46%	\$7,594,204	\$161,026,138
24	Less Bonus Depreciation	Line 19		\$0	Mar-2044	4.46%	\$7,595,906	\$168,622,044
25	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 22 - Line 23 - Line 24		\$170,235,461	Mar-2045	4.46%	\$7,594,204	\$176,216,248
26	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2046	2.23%	\$3,797,953	\$180,014,201
27	Remaining Tax Depreciation	Line $25 \times \text{Line } 26$		\$6,383,830		100.00%	\$170,235,461	
28								
29	FY26 tax (gain)/loss on retirements	Per Tax Department	2/	-				
30	Cost of Removal	Page 27 of 39, Line 7		\$8,344,735				
	Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs	Sum of Lines 5, 19, 27, 29 and 30 Less Line	e 8	\$16,162,570				
The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 29 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2026 Incremental Capital Investments

				(a)
Line				<u>Fiscal Year</u>
No.	Deferred Tax Subject to Proration			2020
1	Book Depreciation	Page 27	of 39 Line 12	\$2 182 524
2	Bonus Depreciation	- Page 28 of	39 Line 17 Col (a)	\$2,102,524
3	Remaining MACRS Tax Depreciation	- Page 28 of	39. Col (a). Line 25	(\$6,383,830)
4	CY26 tax (gain)/loss on retirements	- Page 28 of	39. Line 27. Col (a)	(\$0,505,050)
5	Cumulative Book / Tax Timer	Sum of I	ines 1 through 4	(\$4,201,306)
6	Effective Tax Rate	Sum of L	anes i unough i	(\$1,201,300)
7	Deferred Tax Reserve	Line	$e 5 \times Line 6$	(\$882,274)
	Deferred Tax Not Subject to Proration			
8	Capital Repairs Deduction	- Page 28 of 39, 1	Line 5, $Col(a)$, Then = 0	(\$23,434,005)
9	IRC 263a Tax Capitalization of Paving Costs	Page 28 of 39, L	ine 8, $Col(a)$, Then = 0	\$22,000,000
10	Cost of Removal	- Page 27 of 39, 1	Line 7, $Col(a)$, Then = 0	(\$8,344,735)
11	Book/Tax Depreciation Timing Difference at 3/31/2026	-		
12	Cumulative Book / Tax Timer	Line 8 + I	Line 10 + Line 11	(\$9,778,740)
13	Effective Tax Rate			21%
14	Deferred Tax Reserve	Line	12 × Line 13	(\$2,053,535)
15	Total Deferred Tax Reserve	Line	7 + Line 14	(\$2,935,810)
16	Net Operating Loss	- Page 27 of 2	39 , Line 17 ,Col (a)	\$0
17	Net Deferred Tax Reserve	Line	15 + Line 16	(\$2,935,810)
	Allocation of CY 2026 Estimated Federal NOL			
18	Cumulative Book/Tax Timer Subject to Proration		Line 5	(\$4,201,306)
19	Cumulative Book/Tax Timer Not Subject to Proration		Line 12	(\$9,778,740)
20	Total Cumulative Book/Tax Timer	Line	18 + Line 19	(\$13,980,046)
21	Total CY 2026 Federal NOL	- Page 27 of 39	, Line 21 ,Col (a)÷21%	\$0
22	Allocated FY 2024 Federal NOL Not Subject to Proration	(Line 19 ÷ 1	Line 20) × Line 21	\$0
23	Allocated FY 2024 Federal NOL Subject to Proration	(Line 18 ÷ 1	Line 20) × Line 21	\$0
24	Effective Tax Rate			21%
25	Deferred Tax Benefit subject to proration	Line	23 × Line 24	\$0
26	Net Deferred Tax Reserve subject to proration	Line	7 + Line 25	(\$882,274)
		(b)	(c)	(d)
		Number of Days i	<u>n</u>	
	Proration Calculation	Month	Proration Percentage	Fiscal Year2026
27	April	30	91.78%	(\$67,480)
28	May	31	83.29%	(\$61,235)
29	June	30	75.07%	(\$55,192)
30	July	31	66.58%	(\$48,948)
31	August	31	58.08%	(\$42,704)
32	September	30	49.86%	(\$36,661)
33	October	31	41.37%	(\$30,416)
34	November	30	33.15%	(\$24,373)
35	December	31	24.66%	(\$18,129)
36	January	31	16.16%	(\$11,885)
37	February	28	8.49%	(\$6,244)
38	March	31	0.00%	\$0
39	Total	365		(\$403,268)
40	Deferred Tax Without Proration		Line 26	(\$882,274)
40	Average Deferred Tax without Proration	Lir	the 40×0.5	(\$441,137)
41	Proration Adjustment	Line	39 - Line 40	\$37,869

Column Notes:

- (c) Sum of remaining days in the year (Col (b)) ÷ 365
- (d) Current Year Line $26 \div 12 \times$ Current Month Col (c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 30 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan FY 2018 - FY 2024 Incremental Capital Investment Summary

Line No.			Actual Fiscal Year <u>2018</u> (a)	Actual Fiscal Year <u>2019</u> (b)	Actual Fiscal Year <u>2020</u> (c)	Actual Fiscal Year <u>2021</u> (d)	Actual Fiscal Year <u>2022</u> (e)	Actual Fiscal Year <u>2023</u> (f)	Actual Fiscal Year <u>2024</u> (g)
1	Capital Investment ISR-eligible Capital Investment	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing	\$97,809,718	\$92,263,000	\$144,119,796	\$110,177,659	\$156,694,227	\$151,152,116	\$133,114,306
2	ISR-eligible Capital Additions included in Rate Base per RIPUC Docket No. 4770	Docket No. 4770 Schedule MAL-11-Gas Page 5, Col (a)=Lines 1(a) + 1(b); Col(b)=Lines 1(c) + 1(d); Col(c)= Line 1(e); Col(d) = Line 1(h) + 1(j)	\$93,177,000	\$93,177,000	\$38,823,750	\$0	\$0	\$0	\$0
3	Incremental ISR Capital Investment	Line 1 - Line 2	\$4,632,718	(\$914,000)	\$105,296,046	\$110,177,659	\$156,694,227	\$151,152,116	\$133,114,306
4	<u>Cost of Removal</u> ISR-eligible Cost of Removal ISR-eligible Cost of Removal in Rate Base per RIPUC Docket No. 4770	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L32+L42×7+12+Docket 4678 Page 2, Line 7x3+12; Col(b)=[P1]L42×5+12+P02L18×7+12; Col (c)=[P2]L18×5+12+L39×7+12; Col (d) = [P2]L39×5+12+L60×7+12; Col (e)=[P2]L60×5+12	\$8,603,224 \$6,662,056	\$11,583,085 \$5,956,522	\$10,161,508 \$3,105,878	\$9,975,152 \$1,113,515	\$11,244,351 \$471,346	\$10,607,466	\$16,008,363
6	Incremental Cost of Removal	Line 4 - Line 5	\$1,941,168	\$5,626,564	\$7,055,630	\$8,861,636	\$10,773,005	\$10,607,466	\$16,008,363
7	Retirements ISR-eligible Retirements ISR-eligible Retirements per RIPUC Docket No. 4770	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing; Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L24+L43×7+12+	\$24,056,661	\$6,531,844	\$8,395,321	\$5,337,792	\$6,883,634	\$8,494,710	\$46,411,734
	Docker No. 4770	Docket 46/8 Page 2, Line $2x5+12$; Col(b)=[P1]L43×5+12+[P2]L19×7+12 Col (c)=[P2]L19×5+12+L40×7+12; Col (d) = [P2]L40×5+12+L61×7+12; Col (c)=L61×5+12	\$11,997,233	\$7,899,865	\$4,119,186	\$1,476,805	\$625,125	\$0	\$0
9	Incremental Retirements	Line 7 - Line 8	\$12,059,428	(\$1,368,021)	\$4,276,135	\$3,860,987	\$6,258,509	\$8,494,710	\$46,411,734
10	(NOL)/ NOL Utilitization ISR (NOL)/NOL Utilization Per ISR	Page 31 of 39, Line 12	(\$6,051,855)	\$1,091,119	\$0	\$2,072,387	\$893,329	\$43,762,725	\$0
11	ISR NOL Utilization Per Docket 4770		\$0	\$804,769	\$3,063,059	\$7,598,182	\$4,157,771	\$0	<u>\$0</u>
12	Incremental (NOL)/NOL Utilization	Line 10 - Line 11	(\$6,051,855)	\$286,350	(\$3,063,059)	(\$5,525,796)	(\$3,264,442)	\$43,762,725	\$0

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(1)
			Test Year July						12 Mths Aug 31				
			2016 - June 2017					Jul & Aug 2017	2018	2019	2020	2021	2022
1	Total Base Rate Plant DIT Provision		\$29,439,421					\$5,223,437	\$20,453,237	\$16,078,372	\$5,085,206	\$7,746,916	\$0
2	Excess DIT amortization							\$0	\$0	(\$1,470,238)	(\$1,470,238)	(\$1,470,238)	\$0
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023-NG	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
3	Total Base Rate Plant DIT Provision							\$24,514,347.17	\$17,043,594	\$8,195,453.84	\$5,167,632	\$2,615,282.52	\$0
4	Incremental FY 18	\$2,507,039	\$2,560,766	\$2,611,618	\$2,662,153	\$2,712,395	\$2,719,788	\$2,507,039	\$53,728	\$50,851	\$50,535	\$50,242	\$7,393
5	Incremental FY 19		\$1,090,524	\$1,085,911	\$1,081,431	\$1,077,072	\$1,076,444	\$0	\$1,090,524	(\$4,613)	(\$4,480)	(\$4,358)	(\$628)
6	Incremental FY 20			\$18,484,445	\$18,218,347	\$17,924,604	\$17,877,373	\$0	\$0	\$18,484,445	(\$266,098)	(\$293,743)	(\$47,231)
7	Incremental FY 21				\$13,009,229	\$13,230,424	\$13,253,277			\$0	\$13,009,229	\$221,195	\$22,853
8	Incremental FY 22					\$26,325,721	\$26,280,159					\$26,325,721	(\$45,561)
9	Incremental FY 23						\$2,410,717						\$2,410,717
10	TOTAL Plant DIT Provision	\$2,507,039	\$3,651,291	\$22,181,974	\$34,971,160	\$61,270,216	\$63,617,758	\$27,021,386	\$18,187,846	\$26,726,137	\$17,956,818	\$28,914,339	\$2,347,542
11	NOL (Utilization)							\$6,051,855	(\$1,091,119)	\$0	(\$2,072,387)	(\$893,329)	(\$43,762,725)
12	Lesser of NOL or DIT Provision							\$6,051,855	(\$1,091,119)	\$0	(\$2,072,387)	(\$893,329)	(\$43,762,725)

Line Notes:

1(b) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 2 of 23, Line 29, Col (e) minus Col (b)

1(g) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 3 plus Line 4

1(h) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 7

1(i) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 50

1(j) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 41

1(k) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 51

1(1) RIPUC Docket Nos. 4770/4780 third rate year ends at Aug 31, 2021

2 RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 52

3 $Col(f) = Line 1(b) \times 25\% + Line 1(f) + Line 1(g) \times 7/12;$ $Col(g) = Line 1(g) \times 5/12 + Line 1(h) \times 7/12 + Line (2(g) x 5/12 + Line 2(h) \times 7/12;$ $Col(h) = Line 1(h) \times 5/12 + Line 1(h) \times 5/12 + Line 2(h) \times 5/12 + Line 1(h) \times 5/12 + Line 1$

4(a)-9(f) Cumulative DIT plus Deferred Income Tax (Page 2, Line 21 + Line 23; Page 5, Line 21; Page 8, Line 21; Page 12, Line 21; Page 15, Line 21; Page 18, Line 21)

4(g)-9(m) Year over year change in cumulative DIT shown in Cols (a) through (f)

10 Sum of Lines 3 through 9

11 Col (g)~(h) = Docket no. 4916 FY 20 ISR Rec, Att. MAL-1, p.19, L. 8; Col (i) ~Col (l) Per Tax Department

12 Lesser of Line 9 or Line 10

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 32 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy ISR Depreciation Expense per Rate Case RIPUC Docket No. 4770

	Account No.	Account Title	Test Year June 30, 2017 (a)	l/ ARO Adjustment (b)	Adjustments June 30, 2017 (c)	Adjusted Balance (d) = (a) + (b) + (c)	Proposed Rate (e)	Depreciation Expense (f) = (d) x (e)
1 2 3	302.00 303.00 303.01	Franchises And Consents Misc. Intangible Plant Misc. Int Cap Software	\$213,499 \$25,427 \$19,833,570	\$0 \$0 \$0	\$0 \$0 \$9,991,374	\$213,499 \$25,427 \$29,824,944	0.00% 0.00% 0.00%	\$0 \$0 \$0
4 5 6		Total Intangible Plant	\$20,072,496	\$0	\$9,991,374	\$30,063,870		\$0
7		Production Plant						
9	304.00	Production Land Land Rights	\$364,912	\$0	\$0	\$364,912	0.00%	\$0
10 11	305.00 307.00	Prod. Structures & Improvements Production Other Power	\$2,693,397 \$46,159	\$0 \$0	\$0 \$0	\$2,693,397 \$46,159	15.05% 7.16%	\$405,356 \$3,305
12	311.00	Production LNG Equipme	\$3,167,445	\$0	\$0	\$3,167,445	11.40%	\$361,089
13	320.00	Prod. Other Equipment	\$1,106,368	\$0	\$0	\$1,106,368	6.69%	\$/4,016
15 16		Total Production Plant	\$7,378,281	\$0	\$0	\$7,378,281		\$843,766
18		Storage Plant						
19 20	360.00	Stor Land & Land Rights	\$261,151	\$0 \$0	\$0 \$0	\$261,151	0.00%	\$0 \$22.512
21	362.04	Storage Gas Holders	\$4,606,338	\$0	\$0	\$4,606,338	0.04%	\$1,843
22	363.00	Stor. Purification Equipment	\$13,891,210	\$0	\$0	\$13,891,210	3.37%	\$468,134
23 24 25		Total Storage Plant	\$22,143,748	\$0	\$0	\$22,143,748		\$503,488
26		Distribution Plant						
28	374.00	Dist. Land & Land Rights	\$956,717	\$0	\$0	\$956,717	0.00%	\$0
29 30	375.00 376.00	Gas Dist Station Structure Distribution Mains	\$10,642,632 \$46 080 760	\$0 \$0	\$0 \$0	\$10,642,632 \$46,080,760	1.15%	\$122,390 \$1.663.515
31	376.03	Dist. River Crossing Main	\$695,165	\$0	\$0	\$695,165	3.61%	\$25,095
32	376.04	Mains - Steel And Other - Sl Dist. District Regulator	\$4,190 \$14 213 837	\$0 \$0	\$0 \$0	\$4,190 \$14 213 837	0.00%	\$0 \$513 120
34	376.11	Gas Mains Steel	\$57,759,572	\$0	\$0	\$57,759,572	3.31%	\$1,908,954
35	376.12	Gas Mains Plastic	\$382,797,443	\$0 \$0	\$0 \$0	\$382,797,443	2.70%	\$10,316,391
37	376.14	Gas Mains Cast Holi Gas Mains Valves	\$222,104	\$0	\$0	\$222,104	3.61%	\$8,018
38	376.15	Propane Lines	\$0	\$0	\$0	\$0	3.61%	\$0
39 40	376.16	Dist. Cathodic Protect Dist. Joint Seals	\$1,569,576 \$63,067,055	\$0 \$0	\$0 \$0	\$63,067,055	4.63%	\$2,920,005
41	377.00	T&D Compressor Sta Equipment	\$248,656	\$0	\$0	\$248,656	1.07%	\$2,661
42 43	377.62 I 378.10	Gas Measur & Reg Sta Equipment	\$299 \$19,586,255	(\$299) \$0	\$0 \$0	\$0 \$19,586,255	2.08%	\$407,394
44	378.55	Gas M&Reg Sta Eqp RTU	\$372,772	\$0	\$0	\$372,772	6.35%	\$23,671
45 46	379.00 379.01	Dist. Measur. Reg. Gs Dist. Meas. Reg. Gs Eq	\$11,033,164 \$1,399,586	\$0 \$0	\$0 \$0	\$11,033,164 \$1,399,586	2.22%	\$244,936 \$0
47	380.00	Gas Services All Sizes	\$331,205,854	\$0	\$0	\$331,205,854	3.05%	\$10,101,779
48 49	381.10 381.30	Sml Meter& Reg Bare Co	\$26,829,565 \$15,779,214	\$0 \$0	\$0 \$0	\$26,829,565 \$15,779,214	1.76%	\$472,200 \$277.714
50	381.40	Meters	\$9,332,227	\$0	\$0	\$9,332,227	0.96%	\$89,589
51 52	382.00	Meter Installations	\$675,201 \$43 145 998	\$0 \$0	\$0 \$0	\$675,201 \$43,145,998	3.66%	\$24,712 \$1 579 144
53	382.30	Lrg Meter&Reg Installation	\$2,524,025	\$0	\$0	\$2,524,025	3.66%	\$92,379
54	383.00	Dist. House Regulators	\$937,222 \$1,216,551	\$0 \$0	\$0 \$0	\$937,222 \$1,216,551	0.67%	\$6,279
56	385.00	Industrial Measuring And Regulating Station Equipment	\$540,187	\$0	\$0	\$540,187	4.18%	\$22,580
57	385.01	Industrial Measuring And Regulating Station Equipment	\$255,921	\$0 \$0	\$0 \$0	\$255,921	0.00%	\$0 \$625
58 59	386.00	Dist. Consumer Prem Equipment	\$110,131	\$0 \$0	\$0 \$0	\$110,131	0.25%	\$023
60	387.00	Dist. Other Equipment	\$930,079	\$0	\$0	\$930,079	2.15%	\$19,997
61 62 63	388.00 1	Total Distribution Plant	\$5,730,827	(\$5,730,827)	\$0 \$0	\$0	2.99%	\$31,384,677
64 65		General Plant						
66 67	389.01	General Plant Land Lan	\$285.357	\$0	\$0	\$285.357	0.00%	\$0
68	390.00	Structures And Improvements	\$7,094,532	\$0	\$0	\$7,094,532	3.12%	\$221,349
69 70	391.01 394.00	Gas Office Furniture & Fixture General Plant Tools Shon (Fully Dep)	\$274,719 \$26,487	\$0 \$0	\$0 \$0	\$274,719 \$26.487	6.67% 0.00%	\$18,324 \$0
71	394.00	General Plant Tools Shop	\$5,513,613	\$0	\$0	\$5,513,613	5.00%	\$275,681
72 73	395.00 397.30	General Plant Laboratory Communication Radio Site Specific	\$221,565 \$387,650	\$0 \$0	\$0 \$0	\$221,565 \$387.650	6.67% 5.00%	\$14,778 \$19,383
74	397.42	Communication Equip Tel Site	\$63,481	\$0	\$0	\$63,481	20.00%	\$12,696
75 76	398.10 398.10	Miscellaneous Equipment (Fully Dep) Miscellaneous Equipment	\$1,341,386 \$2 789 499	\$0 \$0	\$0 \$0	\$1,341,386 \$2 789 499	0.00%	\$0 \$186.060
77	399.10 1	/ ARO	\$342,146	(\$342,146)	\$0	\$0	0.00%	\$0
78 79 80		Total General Plant	\$18,340,436	(\$342,146)	\$0	\$17,998,289	4.16%	\$748,271
81 82		Grand Total - All Categories	\$1,123,631,722	(\$6,079,273)	\$9,991,374	\$1,127,543,823	3.05% 2.97%	\$33,480,202
83 84		Other Utility Plant Assets	Line 63	Total	Distribution Plant	\$1 040 050 635	2 00%	\$31 384 677
85 86			Line 73 + Line 74	Commu Total	nication Equipment ISR Tangible Plant	\$451,132 \$1,050,410,767	7.11% 2.99%	\$32,079 \$31,416,756

Non ISR Assets Lines 1 through 81 - per RIPUC Docket No. 4770 Compliance filing dated August 16, 2018 , Compliance Attachment 2, Schedule 6-GAS, Pages 3 & 4

\$77,133,057

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 33 of 39

			THE NARRAG.	RIP	TT ELECTRIC COMPANY d/b/a NATIONAL GRID UC Docket Nos. 4770/4780 Compliance Attachment 2 Schedule 6-GAS Page 1 of 5		
	The Narragansett Electric Co Depreciation E:	mpany	y d/b/a National Grid - Gas			The Narragansett El d/b/a Nation	ectric Company al Grid
	For the Test Year Ended June 30, 2017 and	d the I	Rate Year Ending August 31, 2019			Gas ISR Deprecia	tion Expense
Line No	Description		Reference		Amount	Less non-ISR eligible Plant	ISR Amount
1 2 3 4	Total Company Rate Year Depreciation Total Company Test Year Depreciation Less: Reserve adjustments Adjusted Total Company Test Year Depreciation Expense Depreciation Expense Adjustmen		Sum of Page 2, Line 16 and Line 17 Per Company Books Page 4, Line 29, Col (b) + Col (c) Line 2 + Line 3 Line 1, Line 4		(a) \$39,136,909 \$33,311,851 (\$15,649) \$33,296,202 \$5,840,707	(b)	(c)
6 7 8	Test Vear Depreciation Expense 12 Months Ended 06/30/17				Per Book Amount		
9	Total Gas Utility Plant 06/30/17		Page 4, Line 27, Col (d) Sum of Page 3, Line 5, Col (d) and Page 4, Lin	ne 25,	\$1,405,994,678	(\$77,133,057)	\$1,328,861,622
10 11 12	Less Non Depreciable Plant Depreciable Utility Plant 06/30/17		Col (e) Line 9 + Line 10		(\$308,514,725) \$1,097,479,953	(\$77,133,057)	(\$308,514,725) \$1,020,346,897
13 14 15	Plus: Added Plant 2 Mos Ended 08/31/17 Less: Retired Plant 2 Months Ended 08/31/17 Depreciable Utility Plant 08/31/17	1/	Schedule 11-GAS, Page 3, Line 4 Line 13 x Retirement Rate Line 11 + Line 13 + Line 14		\$19,592,266 (\$1,345,989) \$1,115,726,231	(\$77,133,057)	\$19,592,266 (\$1,345,989) \$1,020,346,897
16 17 18	Average Depreciable Plant for Year Ended 08/31/17		(Line 11 + Line 15)/2		\$1,106,603,092		\$1,106,603,092
19 20	Composite Book Rate %		As Approved in RIPUC Docket No. 4323		3.38%		
21 22 23 24 25 26	Book Depreciation Reserve 06/30/17 Plus: Book Depreciation Expense Less: Net Cost of Removal/(Salvage) Less: Retired Plant Book Depreciation Reserve 08/31/17	2/	Page 5, Line 72, Col (d) Line 17 x Line 19 Line 13 x Cost of Removal Rate Line 14 Sum of Line 21 through Line 24		\$357,576,825 \$6,233,864 (\$1,014,879) (\$1,345,989) \$361,449,821		\$357,576,825 \$6,233,864 (\$1,014,879) (\$1,345,989)
27 28 29 30	Depreciation Expense 12 Months Ended 08/31/18 Total Utility Plant 08/31/17 Less Non Depreciable Plant Depreciable Utility Plant 08/31/17		Line 9 + Line 13 + Line 14 Line 10 Line 28 + Line 29		\$1,424,240,956 (\$308,514,725) \$1,115,726,231	(\$77,133,057)	\$1,347,107,900 (\$308,514,725) \$1,038,593,175
31 32 33 34 35	Plus: Plant Added in 12 Months Ended 08/31/18 Less: Plant Retired in 12 Months Ended 08/31/18 Depreciable Utility Plant 08/31/18		Schedule 11-GAS, Page 3, Line 11 Line 32 x Retirement rate Sum of Line 30 through Line 33		\$115,710,016 (\$7,949,278) \$1,223,486,969		\$115,710,016 (\$7,949,278) \$1,146,353,912
36 37	Average Depreciable Plant for 12 Months Ended 08/31/18		(Line 30 + Line 34)/2		\$1,169,606,600		\$1,092,473,543
38 39	Composite Book Rate %		As Approved in RIPUC Docket No. 4323		3.38%		3.38%
40 41 42 43 44	Book Depreciation Reserve 08/31/17 Plus: Book Depreciation 08/31/18 Less: Net Cost of Removal/(Salvage) Less: Refired Plant Book Depreciation Reserve 08/31/18		Line 25 Line 36 x Line 38 Line 32 x Cost of Removal Rate Line 33 Sum of Line 40 through Line 43		\$361,449,821 \$39,532,703 (\$5,993,779) (\$7,949,278) \$387,039,467		\$36,925,606
1/ 2/	3 year average retirement over plant addition in service FY 15 \sim FY17 3 year average Cost of Removal over plant addition in service FY 15 \sim FY17		6 5	5.87% 5.18%	Retirements COR		

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 34 of 39

			THE NARF	RAGANSE RII	TT ELECTRIC COMPANY d/b/a NATIONAL GRID PUC Docket Nos. 4770/4780 Compliance Attachment 2 Schedule 6-GAS		
	The Narragansett Electric Co	ompany	d/b/a National Grid		Page 2 of 5	The Narragansett Electric d/b/a Nation	Company al Grid
	Depreciation E For the Test Year Ended June 30, 2017 ar	xpense id the R	- Gas ate Year Ending August 31, 2021			Gas ISR Deprecia	tion Expense
Line			8 8 . , .			Less non-ISR eligible	
No	Description	_	Reference		Amount	Plant (b)	ISR Amount
1	Rate Year Depreciation Expense 12 Months Ended 08/31/19:		Dec. 1 I inc 29 I inc 22 I inc 22		(a) 61 522 001 (04	(0)	(°) 61 454 969 627
3	Less Non-Depreciable Plant		Page 1, Line 28 + Line 32 + Line 33 Page 1, Line 10		(\$308,514,725)	(\$//,133,05/)	\$1,454,868,637 (\$308,514,725)
4	Depreciable Utility Plant 08/31/18		Line 2 + Line 3		\$1,223,486,969		\$1,146,353,912
6 7 8	Plus: Added Plant 12 Months Ended 08/31/19 Less: Depreciable Retired Plant	1/	Schedule 11-GAS, Page 3, Line 35 Line 6 x Retirement rate		\$114,477,000 (\$7,864,570)	(\$1,348,000) \$92,608	\$113,129,000 (\$7,771,962)
9	Depreciable Utility Plant 08/31/19		Sum of Line 4 through Line 7		\$1,330,099,399	(\$78,388,449)	\$1,251,710,950
10	Average Depreciable Plant for Rate Year Ended 08/31/19		(Line 4 + Line 9)/2		\$1,276,793,184		\$1,199,032,431
12 13	Proposed Composite Rate %		Page 4, Line 17, Col (e)		3.05%		2.99%
14 15	Book Depreciation Reserve 08/31/18		Page 1 Line 44		\$387 039 467		\$0
16	Plus: Book Depreciation Expense		Line 11 x Line 13		\$38,950,409		\$35,851,070
17	Plus: Unrecovered Reserve Adjustment	2/	Schedule NWA-1-GAS, Part VI, Page 6		\$186,500		\$186,500
18	Less: Net Cost of Removal/(Salvage) Less: Retired Plant	2/	Line 6 x Cost of Removal Rate		(\$7,864,570)		\$0 \$0
20	Book Depreciation Reserve 08/31/15		Sum of Line 15 through Line 19		\$412,381,898		\$36,037,570
21 22	Rate Year Depreciation Expense 12 Months Ended 08/31/20:						
23	Total Utility Plant 08/31/19		Line 2 + Line 6 + Line 7		\$1,638,614,124	(\$78,388,449)	\$1,560,225,675
24 25	Less Non-Depreciable Plant Depreciable Utility Plant 08/31/19		Page 1, Line 10 Line 23 + Line 24		(\$308,514,725) \$1,330,099,399		(\$308,514,725) \$1,251,710,950
26							
27 28	Plus: Added Plant 12 Months Ended 08/31/20 Less: Depreciable Retired Plant	1/	Schedule 11-GAS, Page 5, Line 11(i) Line 27 x Retirement rate		\$21,017,630 (\$1,443,911)	(\$750,000) \$51,525	\$20,267,630 (\$1,392,386)
29					(01,00,000,00)		\$0
30 31	Depreciable Utility Plant 08/31/20		Sum of Line 25 through Line 28		\$1,349,673,118	(\$79,086,924)	\$1,270,586,194
32 33	Average Depreciable Plant for Rate Year Ended 08/31/20		(Line 25 + Line 30)/2		\$1,339,886,258		\$1,261,148,572
34	Proposed Composite Rate %		Page 4, Line 17, Col (e)		3.05%		2.99%
36	Book Depreciation Reserve 08/31/20		Line 20		\$412,381,898		\$0
37	Plus: Book Depreciation Expense		Line 32 x Line 34		\$40,875,154		\$37,708,342
38 39	Plus: Unrecovered Reserve Adjustment Less: Net Cost of Removal/(Salvage)	2/	Schedule NWA-1-GAS, Part VI, Page 6 Line 27 x Cost of Removal Rate		\$186,500 (\$1,088,713)		\$186,500
40	Less: Retired Plant		Line 28		(\$1,443,911)		\$0
41 42	Book Depreciation Reserve 08/31/20		Sum of Line 36 through Line 4(\$450,910,927		\$37,894,842
43	Rate Year Depreciation Expense 12 Months Ended 08/31/21:						
44	Total Utility Plant 08/31/20		Line 23 + Line 27 + Line 28		\$1,658,187,843	(\$79,086,924)	\$1,579,100,919
45	Depreciable Utility Plant 08/31/20		Line 44 + Line 45		\$1,349,673,118		\$1,270,586,194
47	Diver Added Dent 12 Months Ended 09/21/21		Sakadula 11 CAS, Daga 5, Lina 11(1)		\$21 020 426	(\$750,000)	\$21,099,426
48 49	Less: Depreciable Retired Plant	1/	Line 48 x Retirement rate		(\$1,500,301)	\$51,525	(\$1,448,776)
50 51	Depreciable Utility Plant 08/31/21		Sum of Line 46 through Line 49		\$1.370.011.253	(\$79,785,399)	\$1,290,225,854
52	A vorsee Demonichle Dient fen Date Voen En ded 08/21/21		(Line 46 + Line 51)/2		\$1.250.942.195		\$1.280.406.024
54	Average Depiceration Frank for Rate Fear Ended 06/31/21		(Enc 40 + Enc 51)/2		\$1,555,642,165		\$1,280,400,024
55 56	Proposed Composite Rate %		Page 4, Line 17, Col (e)		3.05%		2.99%
57	Book Depreciation Reserve 08/31/20		Line 41		\$450,910,927		\$0
58 59	Plus: Book Depreciation Expense Plus: Unrecovered Reserve Adjustment		Line 53 x Line 55 Schedule NWA-1-GAS, Part VI, Page 6		\$41,483,938 \$186,500		\$38,284,140 \$186,500
60	Less: Net Cost of Removal/(Salvage)	2/	Line 48 x Cost of Removal Rate		(\$1,131,231)		\$0
61 62	Less: Retired Plant Book Depreciation Reserve 08/31/21		Line 49 Sum of Line 57 through Line 61		(\$1,500,301) \$489 949 834		\$0
63	Book Depresation Reserve 00/51/21		Sum of Enice 57 through Enic of		\$405,545,054		\$50,470,040
64 1/ 65 2/	3 year average retirement over plant addition in service FY 15 ~ FY17 3 year average Cost of Removal over plant addition in service FY 15 ~ FY17			0.0687	Retirements		
66				0.0210	con		
67 68	Book Depreciation RY2		Line 37 (a) + Line 38 (b) Page 10 Line 79(f)				\$41,061,654 (\$748,271)
69	Plus: Comm Equipment Depreciation		Page 10, Line 79(1) Page 10, Line 73 + Line 74				\$32,079
70	Total						\$40,345,462
/1 72	/ Months FY 2020 Depreciation Expense						x7/12 \$23,534,853
73							044
74 75	BOOK Depreciation RY3 Less: General Plant Depreciation		Line 58 (a) + Line 59 (b) Page 10, Line 79(f)				\$41,670,438 (\$748.271)
76	Plus: Comm Equipment Depreciation		Page 10, Line 73 + Line 74			_	\$32,079
77 78	Total FY 2021 Depreciation Expense		5 Months of RY 2 and 7 Months of RY 3				\$40,954,246 \$40,700.586
	·						

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 35 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Year 2023 ISR Property Tax Recovery Adjustment

(000s)

Line		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		End of FY 2018	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2019
1	Plant In Service	\$1,195,705	\$92,263	\$24,845	\$117,108		(\$6,844)		\$0	\$1,305,969
2	Accumulated Depr	\$414,713				\$40,858	(\$6,844)	(\$6,123)		\$442,604
3	Net Plant	\$780,992								\$863,364
4	Property Tax Expense	\$22,678								\$23,283
5	Effective Prop tax Rate	2.90%								2.70%
		End of FY 2019	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2020
6	Plant In Service	\$1,305,969	\$144,120	\$22,074	\$166,193		(\$8,567)		\$0	\$1,463,595
7	Accumulated Depr	\$442,604				\$41,588	(\$8,567)	(\$10,162)		\$465,463
8	Net Plant	\$863,364								\$998,132
9	Property Tax Expense	\$23,283								\$25,959
10	Effective Prop tax Rate	2.70%								2.60%
		End of FY 2020	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2021
11	Plant In Service	\$1,463,595	\$110,178	\$97,667	\$207,844		(\$5,766)		(\$26,386)	\$1,639,288
12	Accumulated Depr	\$465,463				\$45,652	(\$5,766)	(\$11,566)	(\$32,599)	\$461,185
13	Net Plant	\$998,132								\$1,178,103
14	Property Tax Expense	\$25,959								\$28,846
15	Effective Prop tax Rate	2.60%								2.45%
		End of FY 2021	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2022
16	Plant In Service	\$1,639,288	\$156,694	\$29,406	\$186,100		(\$7,443)			\$1,817,945
17	Accumulated Depr	\$461,185				\$51,439	(\$7,443)	(\$11,244)		\$493,937
18	Net Plant	\$1,178,103								\$1,324,008
19	Property Tax Expense	\$28,846								\$33,631
20	Effective Prop tax Rate	2.45%								2.54%
		End of FY 2022	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2023
21	Plant In Service	\$1,817,945	\$151,152	\$57,055	\$208,207		(\$13,374)			\$2,012,779
22	Accumulated Depr	\$493,937				\$55,565	(\$13,374)	(\$10,607)		\$525,521
23	Net Plant	\$1,324,008								\$1,487,258
24	Property Tax Expense	\$33,631								\$38,297
25	Effective Prop tax Rate	2.54%								2.58%
		End of FY 2023	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2024
26	Plant In Service	\$2,012,779	\$133,114	\$29,106	\$162,220		(\$71,085)			\$2,103,914
27	Accumulated Depr	\$525,521				\$57,497	(\$71,085)	(\$16,008)		\$495,925
28	Net Plant	\$1,487,258								\$1,607,989
29	Property Tax Expense	\$38,297								\$42,262
30	Effective Prop tax Rate	2.58%								2.63%
		End of FY 2024	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2025
31	Plant In Service	\$2,103,914	\$154,964	\$57,055	\$212,019		(\$7,675)			\$2,308,259
32	Accumulated Depr	\$495,925				\$62,279	(\$7,675)	(\$6,636)		\$543,893
33	Net Plant	\$1,607,989								\$1,764,366
34	Property Tax Expense	\$42,262								\$45,521
35	Effective Prop tax Rate	2.63%								2.58%
		End of FY 2025	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2026
36	Plant In Service	\$2,308,259	\$171,669	\$29,106	\$200,775		(\$25,681)			\$2,483,353
37	Accumulated Depr	\$543,893				\$71,563	(\$25,681)	(\$8,345)		\$581,430
38	Net Plant	\$1,764,366								\$1,901,923
39	Property Tax Expense	\$45,521								\$50,021
40	Effective Prop tax Rate	2.58%								2.63%

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 36 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Vear 2023 ISR Property Tax Recovery Adjustment Fiscal Vear 2023 ISR Property Tax Recovery Adjustment (Continued) 1

			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		(i)	(j)	(k)
		_	Cumulative Incre	m. ISR Prop. Tax for	FY2018		Cumulative Increm. ISR	R Prop. Tax for FY2019	1st 5 month			Cumulative Incre	em. ISR Prop. Tax for	FY2019
41 42	Incremental ISR Additions Book Depreciation: base allowance on ISR eligible plant			\$97,810 (\$24,356)				\$92,263 (\$24,356)					(\$914) \$0	
43 44	Book Depreciation: current year ISR additions COR			(\$1,246) \$8,603				(\$1,449) \$11,583				_	(\$7) \$5,627	
45	Net Plant Additions			\$80,811				\$78,041					\$4,705	
46	RY Effective Tax Rate			3.06%				3.06%			7 mos		2.92%	
47 48 49 50 51 52 53 54 55 56 57	ISR Year Effective Tax Rate RY Effective Tax Rate 5 mos for FY 2019 RY Effective Tax Rate 5 mos for FY 2019 RY Net Plant times 5 mo rate FY 2014 Net Adds times ISR Year Effective Tax rate FY 2015 Net Adds times ISR Year Effective Tax rate FY 2016 Net Adds times ISR Year Effective Tax rate FY 2017 Net Adds times ISR Year Effective Tax rate FY 2018 Net Adds times ISR Year Effective Tax rate FY 2019 Net Adds times ISR Year Effective Tax rate FY 2019 Net Adds times ISR Year Effective Tax rate FY 2019 Net Adds times ISR Year Effective Tax rate	7 month 7 month 7 month	2.90% 3.06% \$458,057 \$6.343 \$42,913 \$59,527 \$58,883 \$80,810	-0.15% -0.15% 2.90% 2.90% 2.90% 2.90%	(\$694) \$184 \$1,246 \$1,729 \$1,710 \$2,347 \$6,521		2.70% 3.06% 5 month \$458,057 \$39,920 \$35,693 \$56,076 \$77,664 \$78,041	-0.36% -0.15% -0.15% 1.12% 1.12% 1.12% 1.12% 1.12% 1.12%	(\$684) \$67 \$449 \$626 \$630 \$873 \$877 \$2,837			2.70% 2.92% \$919,892 \$6,934 \$4,705	-0.22% -0.13% 7 * -0.13% 1.57% 1.57%	mos (\$1,203) \$0 \$109 \$74 (\$1,020)
			(a) Cumulative Incre	(b) m. ISR Prop. Tax for	(c) FY2020	(d)	(e) Cumulative Increi	(f) m. ISR Prop. Tax for FY	(g) (2021	(h)		(i) Cumulative Incre	(j) em. ISR Prop. Tax for	(k) FY2022
58 59 60 61	Incremental ISR Additions Book Depreciation: base allowance on ISR eligible plant Book Depreciation: current year ISR additions COR			\$105,296 \$0 (\$1,510) \$7,056				\$110,178 \$0 (\$1,589) \$8,862				_	\$156,694 (\$23,890) (\$2,249) \$10,773	
62 63	Net Plant Additions			\$110,841				\$117,450					\$141,328	
64	RY Effective Tax Rate			2.96%				3.02%				_	3.05%	
65	Property Tax Recovery on Growth and non-ISR													
66 67 68 69 70 71 72 73 74 75	ISR Year Effective Tax Rate RY Effective Tax Rate RY Effective Tax Rate 7 mos for FY 2019 RY Net Plant times Rate Difference Growth and non-ISR Incremental times rate difference FY 2018 Net Incremental times rate difference FY 2019 Net Incremental times rate difference FY 2020 Net Incremental times rate difference FY 2020 Net Incremental times rate difference FY 2021 Net Incremental times rate difference FY 2022 Net Adds times rate difference	7 month	2.60% 2.96% \$908,586 (\$20,407) \$7,156 \$4,692 \$110,841	-0.36% -0.36% * -0.36% * 2.6% * 2.6% * 2.6%	(\$3,246) \$73 \$186 \$122 \$2,882		2.45% 3.02% \$889,353 (\$41,336) \$7,378 \$4,678 \$107,821 \$117,450	-0.57% -0.57% *-0.57% *0.57% *2.45% *2.45% *2.45% *2.45%	(\$5,080) \$236 \$181 \$115 \$2,642 \$2,878			2.54% 3.05% \$881,383 (\$51,615) \$7,600 \$4,665 \$104,800 \$114,271 \$141,328	-0.51% -0.51% * -0.51% * 2.54% * 2.54% * 2.54% * 2.54% * 2.54%	(\$4,486) \$263 \$193 \$118 \$2,662 \$2,902 \$3,590
76	Total ISR Property Tax Recovery				\$17			_	\$970				_	\$5,242

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 37 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Year 2023 ISR Property Tax Recovery Adjustment Fiscal Year 2023 ISR Property Tax Recovery Adjustment (Continued) 2

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		Cumulative Incre	m. ISR Prop. Tax for	FY2023	-	Cumulative Increm.	ISR Prop. Tax for FY	/2024	-	Cumulative Incren	a. ISR Prop. Tax for F	Y2025
77	Incremental ISR Additions		\$151,152				\$133,114				\$154,964	
78	Book Depreciation: base allowance on ISR eligible plant		(\$40,954)				(\$40,954)				(\$40,954)	
79	Book Depreciation: current year ISR additions		(\$2,133)				(\$1,296)				(\$2,202)	
80	COR		\$10,607				\$16,008				\$6,636	
81	Net Plant Additions		\$118,673				\$106,872				\$118,444	
82												
83	RY Effective Tax Rate		3.05%				3.05%				3.05%	
84	Property Tax Recovery on Growth and non-ISR											
85	ISR Year Effective Tax Rate	2.58%				2.63%				2.58%		
86	RY Effective Tax Rate	3.05%	-0.47%			3.05%	-0.42%			3.05%	-0.47%	
87	RY Effective Tax Rate 7 mos for FY 2019		-0.47%				-0.42%				-0.47%	
88	RY Net Plant times Rate Difference	\$881,383	* -0.47%	(\$4,134)		\$881,383	* -0.42%	(\$3,689)		\$881,383	* -0.47%	(\$4,130)
89	Growth and non-ISR Incremental times rate difference	(\$51,615)	* -0.47%	\$242		(\$51,615)	* -0.42%	\$216		(\$51,615)	* -0.47%	\$242
90	FY 2018 Net Incremental times rate difference	\$7,822	* 2.58%	\$202		\$8,044	* 2.63%	\$212		\$8,266	* 2.58%	\$213
91	FY 2019 Net Incremental times rate difference	\$4,651	* 2.58%	\$120		\$4,638	* 2.63%	\$122		\$4,624	* 2.58%	\$119
92	FY 2020 Net Incremental times rate difference	\$101,780	* 2.58%	\$2,626		\$98,759	* 2.63%	\$2,597		\$95,739	* 2.58%	\$2,470
93	FY 2021 Net Incremental times rate difference	\$111,092	* 2.58%	\$2,866		\$107,913	* 2.63%	\$2,838		\$104,734	* 2.58%	\$2,702
94	FY 2022 Net Adds times rate difference	\$136,830	* 2.58%	\$3,530		\$132,332	* 2.63%	\$3,480		\$127,834	* 2.58%	\$3,298
95	FY 2023 Net Adds times rate difference	\$118,673	* 2.58%	\$3,062		\$114,407	* 2.63%	\$3,009		\$110,142	* 2.58%	\$2,842
96	FY 2024 Net Adds times rate difference					\$106,872	* 2.63%	\$2,811		\$104,280	* 2.58%	\$2,690
97	FY 2025 Net Adds times rate difference									\$118,444	* 2.58%	\$3,056
98	Total ISR Property Tax Recovery			\$8,514				\$11,596				\$13,503

		Cumulative Increa	n. ISR Prop. Tax for F	Y2026
99	Incremental ISR Additions		\$171.669	
100	Book Depreciation: base allowance on ISR eligible plant		(\$40,954)	
101	Book Depreciation: current year ISR additions		(\$2,183)	
102	COR		\$8,345	
103	Net Plant Additions		\$136,877	
104				
105	RY Effective Tax Rate		3.05%	
106	Property Tax Recovery on Growth and non-ISR			
107	ISR Year Effective Tax Rate	2.63%		
108	RY Effective Tax Rate	3.05%	-0.42%	
109	RY Effective Tax Rate 7 mos for FY 2019		-0.42%	
110	RY Net Plant times Rate Difference	\$881,383	* -0.42%	(\$3,693)
111	Growth and non-ISR Incremental times rate difference	(\$51,615)	* -0.42%	\$216
112	FY 2018 Net Incremental times rate difference	\$8,488	* 2.63%	\$223
113	FY 2019 Net Incremental times rate difference	\$4,610	* 2.63%	\$121
114	FY 2020 Net Incremental times rate difference	\$92,718	* 2.63%	\$2,438
115	FY 2021 Net Incremental times rate difference	\$101,556	* 2.63%	\$2,671
116	FY 2022 Net Adds times rate difference	\$123,336	* 2.63%	\$3,244
117	FY 2023 Net Adds times rate difference	\$105,876	* 2.63%	\$2,785
118	FY 2024 Net Adds times rate difference	\$101,687	* 2.63%	\$2,674
119	FY 2025 Net Adds times rate difference	\$114,040	* 2.63%	\$2,999
120	FY 2026 Net Adds times rate difference	\$136,877	* 2.63%	\$3,600
121	Total ISR Property Tax Recovery			\$17,279

(a)

(b)

(c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 38 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Year 2023 ISR Property Tax Recovery Adjustment Fiscal Year 2023 ISR Property Tax Recovery Adjustment (Continued) 3

Line Notes	
1(a) - 5(i)	Docket No. 4781 Attachment MAL-2, Page 10 of 13, 1(a) to 5(h)
6(i) - 10(i)	Docket No. 4916 Attachment MAL-1, Page 17 of 20, 6(a) to 10(h)
11(a) - 15(i)	Docket No. 4996 Attachment MAL-1, Page 20 of 22, 11(a) to 15(i)
16(a) - 20(a)	11(1) - 15(1) $P = 20 + 520$ $L_{10} + 1 = 0.1$ (3) 1000
10(D)	Page 30 of 39, Line 1, Col (e)=1000 $P_{10} = 1000$ $P_{10} = 2000$ $P_{10} = 2000$ $P_{10} = 2000$
16(c)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (C)
16(d)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (d)
10(1)	Docket No. 5099, Section 5, Att. 1 (C), Page 25, 16 (I)
10(1)	Line $10(a) + (d) + (f)$ P25 (L50) L50) (D2 L2()) D5 L2() (D0 L2()) D12 L2()) (1000) 2.05% (L50)
17(e)	$(L_1(c)+L_2(c)+L_1(c))\times 0.0416+P15, L_2(a)+P3, L_2(a)+P12, L_2(a))+1000\times 0.05\times 0.0416$
17(f)	=16(f)
17(g)	Docket No. 5099. Section 3. Att. 1 (C). Page 23. 17 (g)
17(i)	Line $17(a) + (e) + (f) + (g)$
18(i)	Line $16(i) - 17(i)$
19(i)	Line $18(h) \times 20(h)$
20(i)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 20 (h)
21(a) - 25(a)	16(i) - 20(i)
21(b)	Page 18 of 39, Line 1, Col (d)+1000
21(c)	Line 6(c)
21(d)	Line $16(b) + 16(c)$
21(f)	- Page 18 of 39, Line 2, Col (d)+1000
21(i)	Line 21 (a) $+$ (d) $+$ (f)
22(e)	Page 34, (Line 58 + Line 59) + (Page 2 , Line 3, Col (a) + Page 5 , Line 3, Col (a) + Page 8
	Line 3, Col (a) + Page 12 , Line 3, Col (a) + Page 15 , Line 3, Col (a))÷1000 × 3.05%+
	Incremental (L1(c)+L6(c)+L11(c)+L16(c))×3.05% + Page 18, Line 3, Col (a)+
	L21(c))×0.5×3.05%÷1000
22(f)	=21(f)
22(g)	- Page 18 of 39, Line 7, Col (d)+1000
22(i)	Line 22 (a) + (c) + (f) + (g)
23(i)	Line 21(i) - 22(i)
24(i)	Line $23(i) \times 25(i)$
25(i)	=20(a) most recent actual property tax rate
26(a) - 30(a)	21(i) - 25(i)
26(b)	
26(c)	Line 16(c)
26(d)	Line $26(b) + 26(c)$
26(f)	
26(1)	Line 26 (a) + (d) + (f)
27(e)	Page 34, (Line 58 + Line 59) + (Page 2, Line 3, Col (a) + Page 5, Line 3, Col (a) + Page 8
	Line 3, Col (a) + Page 12, Line 3, Col (a) + Page 15, Line 3, Col (a)) \div 1000 × 3.05%+
	Incremental ($L1(c)+L6(c)+L11(c)+L16(c)$)×3.05% + Page 18, Line 3, Col (a)+
	L21(c))×0.5×3.05%÷1000
27(f)	=26(f)
27(g)	
27(1)	Line $2/(a) + (e) + (f) + (g)$
28(i)	Line 26(1) - 27(1)
29(i)	Line $28(1) \times 30(1)$
30(i)	=20(1) most recent actual property tax rate

Line Notes	
41(a) - 57(h)	Docket No. 4781 Rec, Attachment MAL-1, Page 29 of 35, 82(e) to 107(k)
58(a)-76 (c)	Docket No. 4781 Rec, Attachment MAL-2, Page 10 of 13, 31(a) to 50 (c)
58(e) -76(g)	Docket No. 4916 Rec, Attachment MAL-1, Page 18 of 20, 28(e) to 48 (g)
58(j)	Page 15 of 39, Line 4(a)÷1000
59(j)	 (Page 34 of 39, Line 77(c) ×7÷12)÷1000
60(j)	 Page 15 of 39, Line 15(a)÷1000
61(j)	Page 15 of 39, Line 7(a)÷1000
62(j)	Sum of Lines 58(j) through 61(j)
64(j)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal.
	Att. 1, Sch 1-G, P3, L15, Col (e) ÷ 69(j)
66(i)	=20(i)
67(i)	=64(j)
67(j)	66(i)-67(i)
68(j)	=67(j)
69(i)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1:
	69(a) × 5÷12 + (Sch 6-G, P2, L30 - L41 + P3, L5(d) - P5, L4(d)
	- Sch 5-G, P1, L1(e) - L1(g)) × 7÷12000
69(k)	69(i)×68(j)
70(i)	 - Rate Case, Docket 4770, Compliance, Revised Rebuttal
	Att. 1: Sch 11-G, P5, L3(e)+L3(i)+L7(e)+L7(i)+L3(l)+L7(l)")
70(k)	70(i)×68(j)
71(i)	Line 71(e) - Page 2 of 39, Line 15(e)+1000
71(k)	=71(i)×66(i)
72(i)	Line 72(e) - Page 5 of 39, Line 15(d)+1000
72(k)	=72(i)×66(i)
73(i)	Line 73(e) - Page 8 of 39, Line 15(c)+1000
73(k)	=73(i)×66(i)
74(i)	Line 74(e) - Page 12 of 39, Line 15(c)+1000
74(k)	=74(i)×66(i)

I ine Notes	
75(i)	62(i)
75(k)	$=75(i) \times 66(i)$
76(k)	sum of $69(k)$ through $75(k)$
77(h)	Page 18 of 39 Line $4(a) \div 1000$
78(b)	- Page 18 of 39. Line 5(a)÷1000
79(b)	- Page 18 of 39 Line 14(a)÷1000
80(b)	Page 18 of 39 Line $7(a) \div 1000$
81(b)	Sum of Lines 77(b) through 80(b)
83(b)	64(i)
85(a)	25(j)
85(a)	23(1) 92(b)
86(a)	85(b) 85(c) 86(c)
80(0)	65(a)-60(a)
87(D)	80(D)
88(a)	69(1) 00(1) 07(1)
88(c)	88(a)×87(b)
89(a)	70(i)
89(c)	89(a)×87(b)
90(a)	Line 71(i) - (Page 2 of 39, Line 15(f) through (h))+1000
90(c)	=90(a)×85(a)
91(a)	Line 72(i) - (Page 5 of 39, Line 15(e) through (g))+1000
91(c)	=91(a)×85(a)
92(a)	Line 73(i) - (Page 8 of 39, Line 15(d) through (f))÷1000
92(c)	=92(a)×85(a)
93(a)	Line 74(i) - (Page 12 of 39, Line 15(c) through (e))+1000
93(c)	=93(a)×85(a)
94(a)	(Line 75(i) - (Page 15 of 39, Line 15(b) through (d))+1000
94(c)	=94(a)×85(a)
95(a)	=81(b)
95(c)	$=95(a) \times 85(a)$

sum of 88(c) through 95(c) 98(c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 1 Page 39 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Weighted Average Cost of Capital

Line No.

ne no.				1222 1220	· •	
1	Weighted Average Cost of Capital a	as approved in	RIPUC Docket	No. 4323 at 359	6 income tax ra	te effective
2	April 1, 2015	(a)	(b)	(c)	(d)	(e)
				Weighted	()	
3		Ratio	Rate	Rate	Taxes	Return
4	Long Term Debt	49.95%	5.70%	2.85%		2.85%
5	Short Term Debt	0.76%	0.80%	0.01%		0.01%
6	Preferred Stock	0.15%	4.50%	0.01%		0.01%
7	Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
8	_	100.00%		7.54%	2.51%	10.05%
9						
10	(d) - Column (c) x 35% divided by	(1 - 35%)				
11						
12						
	Weighted Average Cost of Capital a	as approved in	RIPUC Docket	No. 4323 at 219	6 income tax ra	te effective
13	January 1, 2018					
14		(a)	(b)	(c)	(d)	(e)
				Weighted		
15	_	Ratio	Rate	Rate	Taxes	Return
16	Long Term Debt	49.95%	5.70%	2.85%		2.85%
17	Short Term Debt	0.76%	0.80%	0.01%		0.01%
18	Preferred Stock	0.15%	4.50%	0.01%		0.01%
19	Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
20		100.00%		7.54%	1.24%	8.78%
21	(d) - Column (c) x 21% divided by	(1 - 21%)				
22						
a a		1.		1770 00		2010
23	Weighted Average Cost of Capital a	as approved in	RIPUC Docket	No. $4^{\prime}/0$ effect	ive September	1, 2018
24		(a)	(b)	(c)	(d)	(e)
25		D. (D (Weighted	T	
25		Katio	Rate	Rate	laxes	Return
26	Long Term Debt	48.35%	4.98%	2.41%		2.41%
27	Short Term Debt	0.60%	1.76%	0.01%		0.01%
28	Preferred Stock	0.10%	4.50%	0.00%	1.0.00	0.00%
29	Common Equity	50.95%	9.28%	4.73%	1.26%	5.99%
30		100.00%		7.15%	1.26%	8.41%
31	(d) - Column (c) x 21% divided by	(1 - 21%)				
32						
33	FY18 Blended Rate	Ι	$line 8(e) \times 75\%$	+ Line $20(e) \times$	25%	9.73%
34						
35	FY19 Blended Rate	Ι	Line 20 x $5 \div 12$	+ Line 30 x 7 ÷	12	8.56%

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY 2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 2 Page 1 of 2

Impact of Elimination of ADIT and Hold Harmless Commitment for the FY 2026 Gas Plan Plan Year 2026 - April 2025 - March 2026



Distribution ROE Mechanics

Notes:

1. The sale of the business is treated as a sale of assets for income tax purposes causing the reversal of cumulative timing differences and a payment to the government of the amounts that had been recorded as deferred tax liabilities by National Grid ("NG").

2. PPL does not assume the interest-free liability of ADIT from NG because NG paid this tax liability to the government as a result of the sales transaction. As such, PPL has to replace the nocost capital with other capital. This calculation assumes that the substitute for the eliminated DTL is debt and equity in the same proportion as stated in Lines 5 and 6. 3 The revenue credit for hold harmless is reflected on Line 23.

4. Line 28 reflects the goodwill tax deduction needed to hold customers harmless from the increased revenue requirement due to the rate base increase from the elimination of deferred taxes. Any tax deduction lower than the amount reflected on this line will not provide enough of a tax benefit to share with customers.

5. Line 29 relects the cash tax benefit of the goodwill tax deduction and is recorded for GAAP reporting (not reflected for FERC reporting). There is not an income statement tax benefit since the goodwill tax deduction is a flip between current and deferred taxes. This amount grossed up for tax shown on Line 30 is the revenue credit reflected on Line 23.

			Post-Acquisition Results for ISR Capital Adjustments through the Date of Acquisition	Results for ISR Capital Adjustments through the Date of Acquisition as if the Acqusition did not occur	Difference	
			(a)	(b)	(c) = (a) - (b)	
16	Rate Base after Acquisition	Line 13	338.252.090	338.252.090	-	
17	ADIT Adjustment	- Line 15	-	(56,377,464)	56,377,464	
18	Adjusted Rate Base	Lines 16 + 17	338,252,090	281,874,627	56,377,464	
19	Debt Return (4.576%)	Lines 18 * 5 * 9	8,196,966	6,830,754	1,366,212	
20	Equity Return (9.275%)	Lines 18 * 6 * 10	15,984,483	13,320,303	2,664,180	
21	Taxes on Equity (21%)	(Line 20 / (1 - Line 1)) * Line 1	4,249,040	3,540,840	708,200	
22	Total Unadjusted Revenue	Sum of Lines 19 , 20, 21	28,430,489	23,691,896	4,738,593	
23	Revenue Adjustment	- Line 15 * Line 11	(4,741,345)		(4,741,345)	Note 1
24	Total Revenue	Lines 22 + 23	23,689,144	23,691,896	(2,752)	
25	Interest Expense	Lines 18, Col (b) * 5 * 9	6,830,754	6,830,754	-	
26	Tax Expense	(Lines 24 - 25) * Line 1	3,540,262	3,540,840	(578)	
27	Net Income	Lines 24 - 25 - 26	13,318,128	13,320,303	(2,174)	
	Impact of Transaction					
		- Line 23 *				
28	Transaction-related Tax Deduction	(1-Line 1) / Line 1	17,836,487			
29	Cash Tax Benefit at 21%	Line 28 * Line 1	3,745,662			
30	Cash Tax Benefit Grossed Up	Line 29 / (1-Line 1)	4,741,345			

Note 1: There is a slight variation in the calculated hold harmless amount in the ISR filing due to the roundings that are used to calculate the WACC in the ISR files.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY 2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 3: Attachment 2 Page 2 of 2

Average ISR Rate Base after Deferred Tax Proration

				Post-Acquisition				No Acquisition		
		Post-Acquisition	Prorated	After Proration		No Acquisition	Prorated	After Proration		
		(a)	(b)	(c)		(d)	(e)	(f)		
1	Plan Year 2026									
2	FY 2018	7,139,617	100%	7,139,617		11,544,581	100%	11,544,581		
3	FY 2019	4,668,035	100%	4,668,035		3,267,983	100%	3,267,983		
4	FY 2020	68,610,429	100%	68,610,429		57,035,176	100%	57,035,176		
5	FY 2021	60,142,542	100%	60,142,542		54,464,302	100%	54,464,302		
6	FY 2022	105,036,307	100%	105,036,307		86,724,631	100%	86,724,631		
7	FY 2023	92,655,160	100%	92,655,160		68,837,954	100%	68,837,954		
8	Total	338,252,090		338,252,090	Page 1, Line 13	281,874,627		281,874,627	Page 1, Line 14	

Section 4 Rate Design (O&M) The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 4: Rate Design

Section 4 Rate Design (Paving as O&M Expense)

Proposed FY2026 Gas ISR Plan

Section 4: Rate Design (Paving as O&M Expense)

For purposes of rate design, the revenue requirement associated with total net capital investment is allocated to rate classes based upon the most recent rate base allocator approved in the Amended Settlement Agreement in Docket No. 4770. For each rate class, the allocated revenue requirement is divided by the plan year (12-month period) forecasted therm deliveries to arrive at a per-therm factor unique to each rate class.

If all paving costs are treated as operation and maintenance ("O&M") expense, the estimated bill impact of the Gas ISR Plan for the average Residential Heating customer, using 845 therms annually, would be an annual increase of \$78.58, or 4.4%, from current bills. Please see Section 6 for the proposed alternative rate design and bill impacts if the costs of curb-to-curb paving are treated as capital investment.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 4: Attachment 1 Page 1 of 2

	Fiscal Year 2026 (12- Month)		Rate Base	Allocation to Rate Class	Throughput	ISR Factor		Uncollectible	ISR Factor
	Revenue Requirement	Rate Class	Allocator (%)	(\$)	(dth)	(dth)	ISR Factor (therm)	%	(therm)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
(1)									
(2)	\$108,561,885	Residential Total	66.59%	\$72,291,359	19,855,057	\$3.6409	\$0.3640	1.91%	\$0.3710
(3)		Small	8.04%	\$8,728,376	2,473,124	\$3.5292	\$0.3529	1.91%	\$0.3597
(4)		Medium	12.23%	\$13,277,119	5,663,262	\$2.3444	\$0.2344	1.91%	\$0.2389
(5)		Large LL	5.57%	\$6,046,897	2,859,292	\$2.1148	\$0.2114	1.91%	\$0.2155
(6)		Large HL	2.25%	\$2,442,642	1,162,022	\$2.1020	\$0.2102	1.91%	\$0.2142
(7)		XL-LL	0.97%	\$1,053,050	1,251,351	\$0.8415	\$0.0841	1.91%	\$0.0857
(8)		XL-HL	4.35%	\$4,722,442	5,900,191	\$0.8003	\$0.0800	1.91%	\$0.0815
(9)		Total	100.00%	\$108,561,885	39,164,299				

(a) Line 1: Fiscal Year 2026 Revenue Requirement (Section 3 - Attachment 1, Page 1, Line 1, Column (b) plus Line 14, Column (b), plus Line 17, Column (b)):

Operation and Maintenance Expense \$ 22,000,000

Total Capital Investment Component of Revenue Requirement \$ 91,303,230

 Tax Hold Harmless Adjustment
 \$ (4,741,345)

Total Net Revenue Requirement \$ 108,561,885

(c) Docket 4770, RI 2017 Rate Case, Compliance Attachment 14 (August 16, 2018), Schedule 2, Page 1 & 2, Line 15 (Rate Class divided by Total Company)

(d) Column (a) Line 1 * Column (c)

(e) Page 2, Column (m)

(f) Column (d) / Column (e), truncated to 4 decimal places

(g) Column (d) / (Column (e)*10), truncated to 4 decimal places

(h) Docket 4770, RI 2017 Rate Case, Compliance Attachment 2 (August 16, 2018), Schedule 22, Page 7, Line 15

(i) Column (g) / (1- Column (h)), truncated to 4 decimal places

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Forecasted Throughput April 2025 - March 2026

		Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(1)	(m)
(1)	Res-NH	28,785	16,049	14,041	10,816	9,128	9,707	11,130	15,554	26,220	34,511	35,840	31,510	243,294
(2)	Res-H	2,365,699	1,018,731	635,758	435,858	377,427	392,860	522,591	1,183,812	2,494,086	3,445,149	3,645,773	3,094,018	19,611,764
(3)	Small	283,002	106,900	57,577	46,279	40,136	38,855	56,276	129,277	307,757	469,774	511,661	425,630	2,473,124
(4)	Medium	648,658	305,293	214,515	164,795	153,556	163,436	219,612	390,075	701,614	914,507	949,357	837,843	5,663,262
(5)	Large LL	342,402	141,047	73,798	43,434	38,051	39,238	84,816	215,533	391,229	512,189	515,897	461,658	2,859,292
(6)	Large HL	114,889	87,766	77,964	70,710	66,130	72,233	76,432	88,341	111,434	128,102	145,067	122,955	1,162,022
(7)	X-Large LL	120,002	48,587	27,192	22,471	22,573	28,313	62,567	135,630	182,562	231,579	198,541	171,335	1,251,351
(8)	X-Large HL	498,042	466,610	449,222	439,246	439,546	442,240	466,268	493,092	536,331	572,840	568,024	528,729	5,900,191
(9)		4,401,479	2,190,982	1,550,068	1,233,610	1,146,546	1,186,881	1,499,693	2,651,314	4,751,235	6,308,652	6,570,161	5,673,679	39,164,299

Source: Company Forecast

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Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

(1)								Difference du	ie to:		
(2)	Annual	Proposed	Current				DA	С			
(3)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
(4)											
(5)	548	\$1,272.92	\$1,221.95	\$50.97	4.2%	\$0.00	\$0.00	\$49.44	\$0.00	\$0.00	\$1.53
(6)	608	\$1,392.30	\$1,335.77	\$56.54	4.2%	\$0.00	\$0.00	\$54.84	\$0.00	\$0.00	\$1.70
(7)	667	\$1,509.67	\$1,447.65	\$62.02	4.3%	\$0.00	\$0.00	\$60.16	\$0.00	\$0.00	\$1.86
(8)	726	\$1,627.07	\$1,559.54	\$67.53	4.3%	\$0.00	\$0.00	\$65.50	\$0.00	\$0.00	\$2.03
(9)	785	\$1,744.34	\$1,671.33	\$73.01	4.4%	\$0.00	\$0.00	\$70.82	\$0.00	\$0.00	\$2.19
(10)	845	\$1,863.68	\$1,785.11	\$78.58	4.4%	\$0.00	\$0.00	\$76.22	\$0.00	\$0.00	\$2.36
(11)	905	\$1,983.09	\$1,898.92	\$84.16	4.4%	\$0.00	\$0.00	\$81.64	\$0.00	\$0.00	\$2.52
(12)	964	\$2,100.37	\$2,010.72	\$89.65	4.5%	\$0.00	\$0.00	\$86.96	\$0.00	\$0.00	\$2.69
(13)	1,023	\$2,217.73	\$2,122.61	\$95.11	4.5%	\$0.00	\$0.00	\$92.26	\$0.00	\$0.00	\$2.85
(14)	1,082	\$2,335.07	\$2,234.47	\$100.61	4.5%	\$0.00	\$0.00	\$97.59	\$0.00	\$0.00	\$3.02
(15)	1,142	\$2,454.42	\$2,348.23	\$106.19	4.5%	\$0.00	\$0.00	\$103.00	\$0.00	\$0.00	\$3.19

Residential Heating Low Income:

Residential Heating:

(16)								Difference d	ue to:			
(17)	Annual	Proposed	Current				Low Income	DAC				
(18)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Discount	Base DAC	ISR	EE	LIHEAP	GET
(19)												
(20)	548	\$943.77	\$905.55	\$38.23	4.2%	\$0.00	(\$12.36)	\$0.00	\$49.44	\$0.00	\$0.00	\$1.15
(21)	608	\$1,032.09	\$989.68	\$42.40	4.3%	\$0.00	(\$13.71)	\$0.00	\$54.84	\$0.00	\$0.00	\$1.27
(22)	667	\$1,118.95	\$1,072.43	\$46.52	4.3%	\$0.00	(\$15.04)	\$0.00	\$60.16	\$0.00	\$0.00	\$1.40
(23)	726	\$1,205.81	\$1,155.17	\$50.64	4.4%	\$0.00	(\$16.38)	\$0.00	\$65.50	\$0.00	\$0.00	\$1.52
(24)	785	\$1,292.61	\$1,237.85	\$54.76	4.4%	\$0.00	(\$17.71)	\$0.00	\$70.82	\$0.00	\$0.00	\$1.64
(25)	845	\$1,380.90	\$1,321.97	\$58.93	4.5%	\$0.00	(\$19.05)	\$0.00	\$76.22	\$0.00	\$0.00	\$1.77
(26)	905	\$1,469.24	\$1,406.12	\$63.12	4.5%	\$0.00	(\$20.41)	\$0.00	\$81.64	\$0.00	\$0.00	\$1.89
(27)	964	\$1,556.05	\$1,488.81	\$67.24	4.5%	\$0.00	(\$21.74)	\$0.00	\$86.96	\$0.00	\$0.00	\$2.02
(28)	1,023	\$1,642.89	\$1,571.56	\$71.34	4.5%	\$0.00	(\$23.07)	\$0.00	\$92.26	\$0.00	\$0.00	\$2.14
(29)	1,082	\$1,729.72	\$1,654.26	\$75.46	4.6%	\$0.00	(\$24.40)	\$0.00	\$97.59	\$0.00	\$0.00	\$2.26
(30)	1,142	\$1,818.03	\$1,738.39	\$79.64	4.6%	\$0.00	(\$25.75)	\$0.00	\$103.00	\$0.00	\$0.00	\$2.39

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 4: Attachment 2 Page 2 of 5

Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

Residential Non-Heating:

(31)								Difference du	e to:		
(32)	Annual	Proposed	Current			_	DA	С			
(33)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	<u>GET</u>
(34)											
(35)	144	\$463.05	\$449.63	\$13.42	3.0%	\$0.00	\$0.00	\$13.02	\$0.00	\$0.00	\$0.40
(36)	158	\$490.27	\$475.56	\$14.71	3.1%	\$0.00	\$0.00	\$14.27	\$0.00	\$0.00	\$0.44
(37)	172	\$517.50	\$501.51	\$15.99	3.2%	\$0.00	\$0.00	\$15.51	\$0.00	\$0.00	\$0.48
(38)	189	\$550.57	\$533.01	\$17.56	3.3%	\$0.00	\$0.00	\$17.03	\$0.00	\$0.00	\$0.53
(39)	202	\$575.83	\$557.06	\$18.77	3.4%	\$0.00	\$0.00	\$18.21	\$0.00	\$0.00	\$0.56
(40)	220	\$610.84	\$590.36	\$20.47	3.5%	\$0.00	\$0.00	\$19.86	\$0.00	\$0.00	\$0.61
(41)	238	\$645.83	\$623.69	\$22.13	3.5%	\$0.00	\$0.00	\$21.47	\$0.00	\$0.00	\$0.66
(42)	251	\$671.10	\$647.76	\$23.34	3.6%	\$0.00	\$0.00	\$22.64	\$0.00	\$0.00	\$0.70
(43)	268	\$704.14	\$679.23	\$24.91	3.7%	\$0.00	\$0.00	\$24.16	\$0.00	\$0.00	\$0.75
(44)	282	\$731.40	\$705.18	\$26.22	3.7%	\$0.00	\$0.00	\$25.43	\$0.00	\$0.00	\$0.79
(45)	297	\$760.55	\$732.93	\$27.62	3.8%	\$0.00	\$0.00	\$26.79	\$0.00	\$0.00	\$0.83

Residential Non-Heating Low Income:

(46)								Difference d	ue to:			
(47)	Annual	Proposed	Current				Low Income	DAC				
(48)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Discount	Base DAC	ISR	EE	LIHEAP	GET
(49)												
(50)	144	\$344.43	\$334.37	\$10.07	3.0%	\$0.00	(\$3.26)	\$0.00	\$13.02	\$0.00	\$0.00	\$0.30
(51)	158	\$364.55	\$353.52	\$11.03	3.1%	\$0.00	(\$3.57)	\$0.00	\$14.27	\$0.00	\$0.00	\$0.33
(52)	172	\$384.68	\$372.68	\$11.99	3.2%	\$0.00	(\$3.88)	\$0.00	\$15.51	\$0.00	\$0.00	\$0.36
(53)	189	\$409.15	\$395.98	\$13.17	3.3%	\$0.00	(\$4.26)	\$0.00	\$17.03	\$0.00	\$0.00	\$0.40
(54)	202	\$427.83	\$413.75	\$14.08	3.4%	\$0.00	(\$4.55)	\$0.00	\$18.21	\$0.00	\$0.00	\$0.42
(55)	220	\$453.73	\$438.37	\$15.36	3.5%	\$0.00	(\$4.96)	\$0.00	\$19.86	\$0.00	\$0.00	\$0.46
(56)	238	\$479.63	\$463.03	\$16.60	3.6%	\$0.00	(\$5.37)	\$0.00	\$21.47	\$0.00	\$0.00	\$0.50
(57)	251	\$498.32	\$480.82	\$17.51	3.6%	\$0.00	(\$5.66)	\$0.00	\$22.64	\$0.00	\$0.00	\$0.53
(58)	268	\$522.77	\$504.09	\$18.68	3.7%	\$0.00	(\$6.04)	\$0.00	\$24.16	\$0.00	\$0.00	\$0.56
(59)	282	\$542.92	\$523.26	\$19.66	3.8%	\$0.00	(\$6.36)	\$0.00	\$25.43	\$0.00	\$0.00	\$0.59
(60)	297	\$564.50	\$543.79	\$20.71	3.8%	\$0.00	(\$6.70)	\$0.00	\$26.79	\$0.00	\$0.00	\$0.62

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 4: Attachment 2 Page 3 of 5

Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

	C & I Small:										
(61)								Difference du	e to:		
(62)	Annual	Proposed	Current				DA	С			
(63)	Consumption (Therms)	Rates	Rates	Difference	<u>% Chg</u>	GCR	Base DAC	ISR	EE	LIHEAP	GET
(64)											
(65)	830	\$1,865.63	\$1,798.97	\$66.66	3.7%	\$0.00	\$0.00	\$64.66	\$0.00	\$0.00	\$2.00
(66)	919	\$2,031.42	\$1,957.62	\$73.80	3.8%	\$0.00	\$0.00	\$71.59	\$0.00	\$0.00	\$2.21
(67)	1,010	\$2,200.98	\$2,119.89	\$81.09	3.8%	\$0.00	\$0.00	\$78.66	\$0.00	\$0.00	\$2.43
(68)	1,099	\$2,366.85	\$2,278.60	\$88.25	3.9%	\$0.00	\$0.00	\$85.60	\$0.00	\$0.00	\$2.65
(69)	1,187	\$2,530.84	\$2,435.53	\$95.31	3.9%	\$0.00	\$0.00	\$92.45	\$0.00	\$0.00	\$2.86
(70)	1,277	\$2,698.56	\$2,596.03	\$102.54	3.9%	\$0.00	\$0.00	\$99.46	\$0.00	\$0.00	\$3.08
(71)	1,367	\$2,866.16	\$2,756.39	\$109.76	4.0%	\$0.00	\$0.00	\$106.47	\$0.00	\$0.00	\$3.29
(72)	1,456	\$3,032.04	\$2,915.11	\$116.93	4.0%	\$0.00	\$0.00	\$113.42	\$0.00	\$0.00	\$3.51
(73)	1,544	\$3,196.04	\$3,072.05	\$123.99	4.0%	\$0.00	\$0.00	\$120.27	\$0.00	\$0.00	\$3.72
(74)	1,635	\$3,365.63	\$3,234.34	\$131.29	4.1%	\$0.00	\$0.00	\$127.35	\$0.00	\$0.00	\$3.94
(75)	1,725	\$3,533.28	\$3,394.75	\$138.53	4.1%	\$0.00	\$0.00	\$134.37	\$0.00	\$0.00	\$4.16

C & I Medium:

Annual	Proposed	Current				DA	C			
Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
6,907	\$12,000.76	\$11,599.18	\$401.58	3.5%	\$0.00	\$0.00	\$389.53	\$0.00	\$0.00	\$12.05
7,650	\$13,177.67	\$12,732.89	\$444.78	3.5%	\$0.00	\$0.00	\$431.44	\$0.00	\$0.00	\$13.34
8,391	\$14,350.96	\$13,863.09	\$487.88	3.5%	\$0.00	\$0.00	\$473.24	\$0.00	\$0.00	\$14.64
9,136	\$15,530.86	\$14,999.68	\$531.19	3.5%	\$0.00	\$0.00	\$515.25	\$0.00	\$0.00	\$15.94
9,880	\$16,709.32	\$16,134.87	\$574.44	3.6%	\$0.00	\$0.00	\$557.21	\$0.00	\$0.00	\$17.23
10,623	\$17,886.20	\$17,268.57	\$617.63	3.6%	\$0.00	\$0.00	\$599.10	\$0.00	\$0.00	\$18.53
11,366	\$19,063.19	\$18,402.32	\$660.87	3.6%	\$0.00	\$0.00	\$641.04	\$0.00	\$0.00	\$19.83
12,111	\$20,243.07	\$19,538.89	\$704.18	3.6%	\$0.00	\$0.00	\$683.05	\$0.00	\$0.00	\$21.13
12,855	\$21,421.45	\$20,674.03	\$747.41	3.6%	\$0.00	\$0.00	\$724.99	\$0.00	\$0.00	\$22.42
13,596	\$22,594.79	\$21,804.24	\$790.55	3.6%	\$0.00	\$0.00	\$766.83	\$0.00	\$0.00	\$23.72
14,340	\$23,773.19	\$22,939.42	\$833.77	3.6%	\$0.00	\$0.00	\$808.76	\$0.00	\$0.00	\$25.01
	Annual <u>Consumption (Therms)</u> 6,907 7,650 8,391 9,136 9,880 10,623 11,366 12,111 12,855 13,596 14,340	Annual Consumption (Therms)Proposed Rates6,907\$12,000.767,650\$13,177.678,391\$14,350.969,136\$15,530.869,880\$16,709.3210,623\$17,886.2011,366\$19,063.1912,111\$20,243.0712,855\$21,421.4513,596\$22,594.7914,340\$23,773.19	$\begin{array}{c c} Annual \\ \underline{Consumption\ (Therms)} \\ \hline Rates \\ \hline$	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference6,907\$12,000.76\$11,599.18\$401.587,650\$13,177.67\$12,732.89\$444.788,391\$14,350.96\$13,863.09\$487.889,136\$15,530.86\$14,999.68\$531.199,880\$16,709.32\$16,134.87\$574.4410,623\$17,886.20\$17,268.57\$617.6311,366\$19,063.19\$18,402.32\$660.8712,111\$20,243.07\$19,538.89\$704.1812,855\$21,421.45\$20,674.03\$747.4113,596\$22,594.79\$21,804.24\$790.5514,340\$23,773.19\$22,939.42\$833.77	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference% ChgGCR6,907\$12,000.76\$11,599.18\$401.583.5%\$0.007,650\$13,177.67\$12,732.89\$444.783.5%\$0.008,391\$14,350.96\$13,863.09\$487.883.5%\$0.009,136\$15,530.86\$14,999.68\$531.193.5%\$0.009,880\$16,709.32\$16,134.87\$574.443.6%\$0.0010,623\$17,886.20\$17,268.57\$617.633.6%\$0.0011,366\$19,063.19\$18,402.32\$660.873.6%\$0.0012,111\$20,243.07\$19,538.89\$704.183.6%\$0.0012,855\$21,421.45\$20,674.03\$747.413.6%\$0.0013,596\$22,594.79\$21,804.24\$790.553.6%\$0.0014,340\$23,773.19\$22,939.42\$833.773.6%\$0.00	Annual Consumption (Therms) Proposed Rates Current Rates Difference % Chg GCR Base DAC 6,907 \$12,000.76 \$11,599.18 \$401.58 3.5% \$0.00 \$0.00 7,650 \$13,177.67 \$12,732.89 \$444.78 3.5% \$0.00 \$0.00 8,391 \$14,350.96 \$13,863.09 \$487.88 3.5% \$0.00 \$0.00 9,136 \$15,530.86 \$14,999.68 \$531.19 3.5% \$0.00 \$0.00 9,880 \$16,709.32 \$16,134.87 \$574.44 3.6% \$0.00 \$0.00 10,623 \$17,886.20 \$17,268.57 \$617.63 3.6% \$0.00 \$0.00 11,366 \$19,063.19 \$18,402.32 \$660.87 3.6% \$0.00 \$0.00 12,111 \$20,243.07 \$19,538.89 \$704.18 3.6% \$0.00 \$0.00 12,855 \$21,421.45 \$20,674.03 \$747.41 3.6% \$0.00 \$0.00 13,596 \$22,594.79 \$21,804.24	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Annual Consumption (Therms) Proposed Rates Current Rates Difference % Chg GCR Base DAC ISR EE 6,907 \$12,000.76 \$11,599.18 \$401.58 3.5% \$0.00 \$0.00 \$389.53 \$0.00 7,650 \$13,177.67 \$12,732.89 \$444.78 3.5% \$0.00 \$0.00 \$431.44 \$0.00 8,391 \$14,350.96 \$13,863.09 \$487.88 3.5% \$0.00 \$0.00 \$473.24 \$0.00 9,136 \$15,530.86 \$14,999.68 \$531.19 3.5% \$0.00 \$0.00 \$515.25 \$0.00 9,880 \$16,709.32 \$16,134.87 \$574.44 3.6% \$0.00 \$0.00 \$557.21 \$0.00 10,623 \$17,886.20 \$17,268.57 \$617.63 3.6% \$0.00 \$0.00 \$599.10 \$0.00 11,366 \$19,063.19 \$18,402.32 \$660.87 3.6% \$0.00 \$0.00 \$641.04 \$0.00 12,855 \$21,421.45 \$20,674.03 \$7	Annual Consumption (Therms) Proposed Rates Current Rates Difference bifference % Chg GCR Base DAC ISR EE LIHEAP 6,907 \$12,000.76 \$11,599.18 \$401.58 3.5% \$0.00 \$0.00 \$389.53 \$0.00 \$0.00 7,650 \$13,177.67 \$12,732.89 \$444.78 3.5% \$0.00 \$0.00 \$431.44 \$0.00 \$0.00 8,391 \$14,350.96 \$13,863.09 \$487.88 3.5% \$0.00 \$0.00 \$473.24 \$0.00 \$0.00 9,136 \$15,530.86 \$14,999.68 \$531.19 3.5% \$0.00 \$0.00 \$515.25 \$0.00 \$0.00 9,880 \$16,709.32 \$16,134.87 \$574.44 3.6% \$0.00 \$0.00 \$557.21 \$0.00 \$0.00 10,623 \$17,886.20 \$17,268.57 \$617.63 3.6% \$0.00 \$0.00 \$641.04 \$0.00 \$0.00 11,366 \$19,063.19 \$18,402.32 \$660.87 3.6% \$0.00 <td< td=""></td<>

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Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

(91)						ie to:					
(92)	Annual	Proposed	Current				DA	С			
(93)	Consumption (Therms)	Rates	Rates	Difference	<u>% Chg</u>	GCR	Base DAC	ISR	EE	LIHEAP	GET
(94)					-						
(95)	37,587	\$59,365.56	\$57,567.59	\$1,797.97	3.1%	\$0.00	\$0.00	\$1,744.03	\$0.00	\$0.00	\$53.94
(96)	41,634	\$65,489.66	\$63,498.08	\$1,991.58	3.1%	\$0.00	\$0.00	\$1,931.83	\$0.00	\$0.00	\$59.75
(97)	45,683	\$71,617.21	\$69,431.98	\$2,185.23	3.1%	\$0.00	\$0.00	\$2,119.67	\$0.00	\$0.00	\$65.56
(98)	49,731	\$77,743.36	\$75,364.47	\$2,378.89	3.2%	\$0.00	\$0.00	\$2,307.52	\$0.00	\$0.00	\$71.37
(99)	53,777	\$83,866.09	\$81,293.69	\$2,572.39	3.2%	\$0.00	\$0.00	\$2,495.22	\$0.00	\$0.00	\$77.17
(100)	57,825	\$89,992.26	\$87,226.20	\$2,766.06	3.2%	\$0.00	\$0.00	\$2,683.08	\$0.00	\$0.00	\$82.98
(101)	61,873	\$96,118.40	\$93,158.71	\$2,959.69	3.2%	\$0.00	\$0.00	\$2,870.90	\$0.00	\$0.00	\$88.79
(102)	65,920	\$102,242.53	\$99,089.24	\$3,153.29	3.2%	\$0.00	\$0.00	\$3,058.69	\$0.00	\$0.00	\$94.60
(103)	69,967	\$108,367.29	\$105,020.42	\$3,346.87	3.2%	\$0.00	\$0.00	\$3,246.46	\$0.00	\$0.00	\$100.41
(104)	74,016	\$114,494.80	\$110,954.24	\$3,540.57	3.2%	\$0.00	\$0.00	\$3,434.35	\$0.00	\$0.00	\$106.22
(105)	78,063	\$120,618.91	\$116,884.75	\$3,734.15	3.2%	\$0.00	\$0.00	\$3,622.13	\$0.00	\$0.00	\$112.02

C & I HLF Large:

C & I LLF Large:

(106)				Difference due to:							
(107)	Annual	Proposed	Current				DA	C			
(108)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
(109)											
(110)	41,956	\$57,711.54	\$55,276.34	\$2,435.20	4.4%	\$0.00	\$0.00	\$2,362.14	\$0.00	\$0.00	\$73.06
(111)	46,471	\$63,654.86	\$60,957.59	\$2,697.27	4.4%	\$0.00	\$0.00	\$2,616.35	\$0.00	\$0.00	\$80.92
(112)	50,991	\$69,604.40	\$66,644.82	\$2,959.59	4.4%	\$0.00	\$0.00	\$2,870.80	\$0.00	\$0.00	\$88.79
(113)	55,507	\$75,548.93	\$72,327.24	\$3,221.69	4.5%	\$0.00	\$0.00	\$3,125.04	\$0.00	\$0.00	\$96.65
(114)	60,028	\$81,499.63	\$78,015.53	\$3,484.10	4.5%	\$0.00	\$0.00	\$3,379.58	\$0.00	\$0.00	\$104.52
(115)	64,545	\$87,445.45	\$83,699.17	\$3,746.28	4.5%	\$0.00	\$0.00	\$3,633.89	\$0.00	\$0.00	\$112.39
(116)	69,062	\$93,391.21	\$89,382.79	\$4,008.42	4.5%	\$0.00	\$0.00	\$3,888.17	\$0.00	\$0.00	\$120.25
(117)	73,583	\$99,341.93	\$95,071.10	\$4,270.84	4.5%	\$0.00	\$0.00	\$4,142.71	\$0.00	\$0.00	\$128.13
(118)	78,099	\$105,286.49	\$100,753.55	\$4,532.95	4.5%	\$0.00	\$0.00	\$4,396.96	\$0.00	\$0.00	\$135.99
(119)	82,619	\$111,235.98	\$106,440.67	\$4,795.31	4.5%	\$0.00	\$0.00	\$4,651.45	\$0.00	\$0.00	\$143.86
(120)	87,137	\$117,183.94	\$112,126.40	\$5,057.55	4.5%	\$0.00	\$0.00	\$4,905.82	\$0.00	\$0.00	\$151.73

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 4: Attachment 2 Page 5 of 5

Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

C & I LLF Extra-Large:

(121)			Difference due to:								
(122)	Annual	Proposed	Current			_	DA	С			
(123)	Consumption (Therms)	Rates	Rates	Difference	<u>% Chg</u>	GCR	Base DAC	ISR	EE	LIHEAP	GET
(124)											
(125)	233,835	\$269,910.21	\$265,329.93	\$4,580.28	1.7%	\$0.00	\$0.00	\$4,442.87	\$0.00	\$0.00	\$137.41
(126)	259,019	\$298,312.01	\$293,238.43	\$5,073.58	1.7%	\$0.00	\$0.00	\$4,921.37	\$0.00	\$0.00	\$152.21
(127)	284,197	\$326,707.79	\$321,141.02	\$5,566.77	1.7%	\$0.00	\$0.00	\$5,399.77	\$0.00	\$0.00	\$167.00
(128)	309,381	\$355,109.54	\$349,049.51	\$6,060.03	1.7%	\$0.00	\$0.00	\$5,878.23	\$0.00	\$0.00	\$181.80
(129)	334,562	\$383,508.29	\$376,954.99	\$6,553.30	1.7%	\$0.00	\$0.00	\$6,356.70	\$0.00	\$0.00	\$196.60
(130)	359,745	\$411,909.07	\$404,862.50	\$7,046.57	1.7%	\$0.00	\$0.00	\$6,835.17	\$0.00	\$0.00	\$211.40
(131)	384,928	\$440,309.84	\$432,770.02	\$7,539.81	1.7%	\$0.00	\$0.00	\$7,313.62	\$0.00	\$0.00	\$226.19
(132)	410,110	\$468,709.62	\$460,676.53	\$8,033.08	1.7%	\$0.00	\$0.00	\$7,792.09	\$0.00	\$0.00	\$240.99
(133)	435,293	\$497,110.40	\$488,584.02	\$8,526.37	1.7%	\$0.00	\$0.00	\$8,270.58	\$0.00	\$0.00	\$255.79
(134)	460,471	\$525,506.10	\$516,486.56	\$9,019.54	1.7%	\$0.00	\$0.00	\$8,748.95	\$0.00	\$0.00	\$270.59
(135)	485,655	\$553,907.90	\$544,395.07	\$9,512.82	1.7%	\$0.00	\$0.00	\$9,227.44	\$0.00	\$0.00	\$285.38

C & I HLF Extra-Large:

			Difference due to:							
Annual	Proposed	Current				D	AC			
Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
486,528	\$497,529.23	\$488,801.81	\$8,727.42	1.8%	\$0.00	\$0.00	\$8,465.60	\$0.00	\$0.00	\$261.82
538,924	\$550,443.06	\$540,775.76	\$9,667.30	1.8%	\$0.00	\$0.00	\$9,377.28	\$0.00	\$0.00	\$290.02
591,320	\$603,356.06	\$592,748.88	\$10,607.19	1.8%	\$0.00	\$0.00	\$10,288.97	\$0.00	\$0.00	\$318.22
643,718	\$656,271.75	\$644,724.66	\$11,547.09	1.8%	\$0.00	\$0.00	\$11,200.68	\$0.00	\$0.00	\$346.41
696,109	\$709,180.15	\$696,693.23	\$12,486.92	1.8%	\$0.00	\$0.00	\$12,112.31	\$0.00	\$0.00	\$374.61
748,506	\$762,094.89	\$748,668.09	\$13,426.79	1.8%	\$0.00	\$0.00	\$13,023.99	\$0.00	\$0.00	\$402.80
800,903	\$815,009.66	\$800,642.93	\$14,366.73	1.8%	\$0.00	\$0.00	\$13,935.73	\$0.00	\$0.00	\$431.00
853,294	\$867,918.02	\$852,611.49	\$15,306.53	1.8%	\$0.00	\$0.00	\$14,847.33	\$0.00	\$0.00	\$459.20
905,692	\$920,833.73	\$904,587.31	\$16,246.42	1.8%	\$0.00	\$0.00	\$15,759.03	\$0.00	\$0.00	\$487.39
958,088	\$973,746.74	\$956,560.43	\$17,186.31	1.8%	\$0.00	\$0.00	\$16,670.72	\$0.00	\$0.00	\$515.59
1,010,485	\$1,026,661.50	\$1,008,535.24	\$18,126.26	1.8%	\$0.00	\$0.00	\$17,582.47	\$0.00	\$0.00	\$543.79
	Annual <u>Consumption (Therms)</u> 486,528 538,924 591,320 643,718 696,109 748,506 800,903 853,294 905,692 958,088 1,010,485	Annual Consumption (Therms)Proposed Rates486,528\$497,529.23538,924\$550,443.06591,320\$603,356.06643,718\$656,271.75696,109\$709,180.15748,506\$762,094.89800,903\$815,009.66853,294\$867,918.02905,692\$920,833.73958,088\$973,746.741,010,485\$1,026,661.50	Annual Consumption (Therms)Proposed RatesCurrent Rates486,528\$497,529.23\$488,801.81538,924\$550,443.06\$540,775.76591,320\$603,356.06\$592,748.88643,718\$656,271.75\$644,724.66696,109\$709,180.15\$696,693.23748,506\$762,094.89\$748,668.09800,903\$815,009.66\$800,642.93853,294\$867,918.02\$852,611.49905,692\$920,833.73\$904,587.31958,088\$973,746.74\$956,560.431,010,485\$1,026,661.50\$1,008,535.24	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference486,528\$497,529.23\$488,801.81\$8,727.42538,924\$550,443.06\$540,775.76\$9,667.30591,320\$603,356.06\$592,748.88\$10,607.19643,718\$656,271.75\$644,724.66\$11,547.09696,109\$709,180.15\$696,693.23\$12,486.92748,506\$762,094.89\$748,668.09\$13,426.79800,903\$815,009.66\$800,642.93\$14,366.73853,294\$867,918.02\$852,611.49\$15,306.53905,692\$920,833.73\$904,587.31\$16,246.42958,088\$973,746.74\$956,560.43\$17,186.311,010,485\$1,026,661.50\$1,008,535.24\$18,126.26	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference% Chg486,528\$497,529.23\$488,801.81\$8,727.421.8%538,924\$550,443.06\$540,775.76\$9,667.301.8%591,320\$603,356.06\$592,748.88\$10,607.191.8%643,718\$656,271.75\$644,724.66\$11,547.091.8%696,109\$709,180.15\$696,693.23\$12,486.921.8%748,506\$762,094.89\$748,668.09\$13,426.791.8%800,903\$815,009.66\$800,642.93\$14,366.731.8%853,294\$867,918.02\$852,611.49\$15,306.531.8%905,692\$920,833.73\$904,587.31\$16,246.421.8%958,088\$973,746.74\$956,560.43\$17,186.311.8%1,010,485\$1,026,661.50\$1,008,535.24\$18,126.261.8%	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference% ChgGCR486,528\$497,529.23\$488,801.81\$8,727.421.8%\$0.00538,924\$550,443.06\$540,775.76\$9,667.301.8%\$0.00591,320\$603,356.06\$592,748.88\$10,607.191.8%\$0.00643,718\$656,271.75\$644,724.66\$11,547.091.8%\$0.00696,109\$709,180.15\$696,693.23\$12,486.921.8%\$0.00748,506\$762,094.89\$748,668.09\$13,426.791.8%\$0.00800,903\$815,009.66\$800,642.93\$14,366.731.8%\$0.00853,294\$867,918.02\$852,611.49\$15,306.531.8%\$0.00905,692\$920,833.73\$904,587.31\$16,246.421.8%\$0.00958,088\$973,746.74\$956,560.43\$17,186.311.8%\$0.001,010,485\$1,026,661.50\$1,008,535.24\$18,126.261.8%\$0.00	Annual Consumption (Therms) Proposed Rates Current Rates Difference % Chg GCR Base DAC 486,528 \$497,529.23 \$488,801.81 \$8,727.42 1.8% \$0.00 \$0.00 538,924 \$550,443.06 \$540,775.76 \$9,667.30 1.8% \$0.00 \$0.00 591,320 \$603,356.06 \$592,748.88 \$10,607.19 1.8% \$0.00 \$0.00 643,718 \$656,271.75 \$644,724.66 \$11,547.09 1.8% \$0.00 \$0.00 696,109 \$709,180.15 \$696,693.23 \$12,486.92 1.8% \$0.00 \$0.00 748,506 \$762,094.89 \$748,668.09 \$13,426.79 1.8% \$0.00 \$0.00 800,903 \$815,009.66 \$800,642.93 \$14,366.73 1.8% \$0.00 \$0.00 803,903 \$815,009.66 \$800,642.93 \$14,366.73 1.8% \$0.00 \$0.00 905,692 \$920,833.73 \$904,587.31 \$16,246.42 1.8% \$0.00 \$0.00 905,692	Annual Consumption (Therms) Proposed Rates Current Rates Difference % Chg GCR Base DAC ISR 486,528 \$497,529.23 \$488,801.81 \$8,727.42 1.8% \$0.00 \$0.00 \$8,465.60 538,924 \$550,443.06 \$540,775.76 \$9,667.30 1.8% \$0.00 \$0.00 \$9,377.28 591,320 \$603,356.06 \$592,748.88 \$10,607.19 1.8% \$0.00 \$0.00 \$10,288.97 643,718 \$656,271.75 \$644,724.66 \$11,547.09 1.8% \$0.00 \$0.00 \$11,200.68 696,109 \$709,180.15 \$696,693.23 \$12,486.92 1.8% \$0.00 \$0.00 \$11,200.68 696,109 \$709,180.15 \$696,693.23 \$12,486.92 1.8% \$0.00 \$12,112.31 748,506 \$762,094.89 \$748,668.09 \$13,426.79 1.8% \$0.00 \$0.00 \$13,023.99 800,903 \$815,009.66 \$800,642.93 \$14,366.73 1.8% \$0.00 \$0.00 \$13,935.73	Annual Consumption (Therms) Proposed Rates Current Rates Difference % Chg GCR Base DAC ISR EE 486,528 \$497,529.23 \$488,801.81 \$8,727.42 1.8% \$0.00 \$0.00 \$8,465.60 \$0.00 538,924 \$550,443.06 \$540,775.76 \$9,667.30 1.8% \$0.00 \$0.00 \$9,377.28 \$0.00 591,320 \$603,356.06 \$592,748.88 \$10,607.19 1.8% \$0.00 \$0.00 \$10,288.97 \$0.00 643,718 \$656,271.75 \$644,724.66 \$11,547.09 1.8% \$0.00 \$0.00 \$11,200.68 \$0.00 696,109 \$709,180.15 \$696,693.23 \$12,486.92 1.8% \$0.00 \$0.00 \$12,112.31 \$0.00 748,506 \$762,094.89 \$748,668.09 \$13,426.79 1.8% \$0.00 \$0.00 \$13,023.99 \$0.00 800,903 \$815,009.66 \$800,642.93 \$14,366.73 1.8% \$0.00 \$0.00 \$13,935.73 \$0.00 805,692	Annual Consumption (Therms) Proposed Rates Current Rates Difference States % Chg GCR Base DAC ISR EE LIHEAP 486,528 \$497,529.23 \$488,801.81 \$8,727.42 1.8% \$0.00 \$0.00 \$8,465.60 \$0.00 \$0.00 538,924 \$550,443.06 \$540,775.76 \$9,667.30 1.8% \$0.00 \$0.00 \$9,377.28 \$0.00 \$0.00 591,320 \$603,356.06 \$592,748.88 \$10,607.19 1.8% \$0.00 \$0.00 \$10,288.97 \$0.00 \$0.00 643,718 \$656,271.75 \$644,724.66 \$11,547.09 1.8% \$0.00 \$0.00 \$11,200.68 \$0.00 \$0.00 696,109 \$709,180.15 \$696,693.23 \$12,486.92 1.8% \$0.00 \$0.00 \$11,200.68 \$0.00 \$0.00 748,506 \$762,094.89 \$748,668.09 \$13,426.79 1.8% \$0.00 \$0.00 \$13,023.99 \$0.00 \$0.00 800,903 \$815,009.66 \$800,642.93 \$14,366.73

Section 5 Revenue Requirement (Capital)

Section 5 Revenue Requirement (Paving Treated as Capital)

Proposed FY2026 Gas ISR Plan

Section 5: Gas Revenue Requirement FY 2026 Proposal (Paving Treated as Capital)

Introduction

The attached proposed revenue requirement calculations reflect the revenue requirement related to the Company's proposed investment in its Gas ISR Plan for fiscal year ("FY") 2026, which is the twelve-month period ended March 31, 2026.

As shown on Attachment 1, Page 1, Column (b), the Company's FY2026 Gas ISR Plan cumulative revenue requirement totals \$88,134,152. The revenue requirement consists of the following elements: (1) the revenue requirement of \$8,818,977 on FY2026 proposed nongrowth ISR capital investment of \$193,669,466, as calculated on Attachment 1, Page 27; (2) the FY2026 revenue requirement on incremental non-growth ISR capital investment for FY2018 through FY2025 totaling \$66,206,325, as summarized on Attachment 1, Page 1; and (3) property tax expense adjustments of \$17,850,194, as shown on Attachment 1, Page 37, in accordance with the property tax recovery mechanism included in the Amended Settlement Agreement in Docket No. 4323 and continued under the Amended Settlement Agreement in Docket No. 4770. The FY 2026 revenue requirement was reduced by \$4,741,345 related to the impact of the PPL Rhode Island Holdings, LLC's¹ acquisition of 100 percent of the outstanding shares of common stock of the Company from National Grid USA ("National Grid") on May 25, 2022 (the "Acquisition") on the ISR rate base as described further below. Importantly, the incremental capital investment for the FY2026 ISR revenue requirement excludes capital investment embedded in base rates in

¹ PPL Rhode Island Holdings, LLC is a wholly owned indirect subsidiary of PPL Corporation.

Docket No. 4770 for FY 2018 through FY 2026. Incremental non-growth capital investment for this purpose is intended to represent the net change in net plant for non-growth infrastructure investments during the relevant fiscal year and is defined as capital additions plus cost of removal, less annual depreciation expense ultimately embedded in the Company's base distribution rates (excluding depreciation expense attributable to general plant, which is not eligible for inclusion in the Gas ISR Plan).

Gas Infrastructure Investment

Incremental Capital Investment

As noted above, Attachment 1, Page 27 calculates the revenue requirement of incremental capital investment associated with the Company's FY 2026 Gas ISR Plan, that is, gas infrastructure investment (net of general plant) incremental to the amounts embedded in the Company's base distribution rates. In accordance with the PUC Order No. 24042 issued on May 6, 2021 in Docket No. 5099, and the resulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3, Schedule A, Sheets 4 and 5, the definition of ISR capital investment changed from "non-growth capital spending" to "non-growth capital investment recorded as in service" effective April 1, 2021. The Company has implemented the plant-inservice methodology to replace the non- growth capital spending method to comply with the PUC order and the tariff revision. The proposed FY2026 vintage year ISR capital investments represent the non-growth capital investment projected to be in service in FY2026. The proposed capital investment and cost of removal were obtained from Table 1 in Section 2 of the Plan. The FY2026 revenue requirement also includes the incremental capital investment associated with

the Company's actual ISR capital investments from FY2018 through FY2024 and forecasted ISR capital investments approved in the FY2025 Gas ISR Plan, excluding investments reflected in rate base in Docket No. 4770.

Attachment 1, Page 30 calculates the incremental FY2018 through FY2024 capital investment and the related incremental cost of removal, incremental retirements, and incremental net operating loss ("NOL") position for the FY2026 gas ISR revenue requirement. The calculations on Page 30 compare ISR-eligible capital investment, cost of removal, retirements, and net NOL position for FY2018 through FY2024 to the corresponding amounts reflected in rate base in Docket No. 4770. Docket No. 4770 includes three rate years, and the forecasted rate base embedded in each rate year included an estimate of incremental capital, cost of removal, retirements and NOL/NOL utilization through Rate Year 3 which ended on August 31, 2021. As such, no estimate of the incremental non-growth capital investment, cost of removal, retirements, or NOL position to be incurred during FY2026 were included in Docket No. 4770. Therefore, all FY2026 ISR-eligible capital is deemed incremental.

Incremental Capital Investment Calculation

The ISR mechanism was established to allow the Company to recover outside of base distribution rates its costs associated with plant additions incurred to expand its gas infrastructure and improve the reliability and safety of its gas facilities. When new base distribution rates are implemented, as was the case in Docket No. 4770, the Company no longer recovers costs for pre-rate case ISR plant additions through a separate ISR factor. Instead, such costs are recovered through base distribution rates, and the underlying ISR plant additions become a component of

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base distribution rate base from that point forward. The forecast used to develop rate base in the distribution rate case included forecasted ISR plant additions for FY2018, FY2019 and five months of FY2020 (using the level of plant additions approved in the FY2018 Gas ISR Plan as a proxy for FY2019 and FY2020). The effective date of new base distribution rates in Docket No. 4770 was September 1, 2018. Therefore, recovery of the approved FY2012 through FY2017 ISR revenue requirement through the ISR factor ended on August 31, 2018, and all future recovery of those ISR plant additions will be through the Company's base distribution rates.

As a result of the implementation of new base distribution rates pursuant to Docket No. 4770 effective September 1, 2018, the cumulative amount of forecasted ISR plant additions were rolled into base distribution rates effective at that date. The FY2026 revenue requirement for incremental FY2018 through FY2026 ISR investments reflect a full year of revenue requirement because none of these incremental investments are included in the Company's rate base in Docket 4770. These incremental fiscal year vintage amounts must remain in the ISR recovery mechanism as provided for in the terms of the approved Amended Settlement Agreement in Docket No. 4770. The current filing is based on the actual ISR investment made during the Company's fiscal years ended March 31, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and planned ISR investment levels for the Company's fiscal years ended March 31, 2018, 2019, 2020, 2021, 2025 and 2026, which are incremental to the levels reflected in rate base in Docket No. 4770.

Gas Infrastructure Revenue Requirement

The revenue requirement calculation on incremental gas infrastructure investment for vintage year FY2026 is shown on Attachment 1, Page 27. The revenue requirement calculation incorporates the incremental Gas ISR Plan capital investment, cost of removal, and retirements. and NOL Position, which are the basis for determining the two components of the revenue requirement: (1) the return on investment (i.e., average Plan rate base at the weighted average cost of capital) and (2) depreciation expense. The calculation on Page 27 begins with the determination of the depreciable net incremental capital that will be included in the Plan rate base. Because depreciation expense is affected by plant retirements, retirements have been deducted from the total allowed capital included in the Plan rate base in determining depreciation expense. Retirements, however, do not affect rate base because plant-in-service and the depreciation reserve are reduced by the installed value of the plant being retired and, therefore, have no impact on net plant. Incremental book depreciation expense on Line 12 is computed based on the net depreciable additions from Line 3 at the 2.99 percent composite depreciation rate approved in Docket No. 4770, and as shown on Line 9. The Company has assumed a halfyear convention for the year of installation. Unlike retirements, cost of removal affects rate base, but not depreciation expense. Consequently, the cost of removal, as shown on Line 7, is combined with the incremental capital investment amount from Line 6 (vintage year ISR Plan allowable capital additions, less non-general plant depreciation expense included in base distribution rates) to arrive at the total incremental investment on Line 8 to be included in the rate base upon which the return component of the annual revenue requirement is calculated.

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The rate base calculation incorporates net plant from Line 8 and accumulated depreciation on current vintage year investment and accumulated deferred tax reserves as shown on Lines 13 and 18, respectively. The deferred tax amount arising from the capital investment, as calculated on Lines 14 through 18, equals the difference between book depreciation and tax depreciation on the capital investment, multiplied by the effective tax rate, net of any tax NOL or NOL utilization. The calculation of tax depreciation is described below. The average rate base before deferred tax proration adjustment is shown on Line 23. This amount then nets with the deferred tax proration adjustment on Line 24 to derive the average ISR rate base on Line 25. This average rate base is multiplied by the pre-tax rate of return approved by the PUC in Docket No. 4770, as shown on Line 26, to compute the return and tax portion of the incremental revenue requirement, as shown on Line 27. Incremental depreciation expense is added to this amount on Line 28. The sum of these amounts reflects the annual revenue requirement associated with the capital investment portion of the Company's Gas ISR Plan on Line 29, which is carried forward to Page 1 as part of the total Gas ISR Plan revenue requirement. Similar revenue requirement calculations for the vintage FY2018 through FY2025 incremental ISR Plan capital investments are shown on Pages 2, 5, 8, 10, 12, 15, 18, 21 and 24, respectively. These capital investment revenue requirement amounts are added to the total property tax recovery on Page 1, Lines 12 and 13 to derive the total FY2026 Gas ISR Plan revenue requirements (before hold harmless adjustment) of \$92,875,497, as shown on Page 1, Line 15.

Accumulated deferred income tax ("ADIT") included in rate base

As stated above, ADIT is included in the computation of rate base to determine the revenue requirement. Items considered in the computation of deferred taxes include book and tax depreciation, tax repairs deductions, tax gain or loss on retirements, cost of removal, NOL generation or utilization, and accumulated deferred tax proration, all of which are discussed further below except for book depreciation. In addition to the "usual" activity noted above impacting ADIT, the FY2026 Gas ISR plan continues to reflect an increased rate base due to the impact of the Acquisition on ADIT for the pre-acquisition vintage years. The increase in the revenue requirement attributable to this increased rate base is offset by a revenue credit reflected on Attachment 1, Page 1, Line 17 in accordance with the commitments PPL Corporation ("PPL") made during the Acquisition proceeding in Docket No. D-21-09.²

PPL and National Grid elected to treat the Acquisition as an asset sale for federal income tax purposes under Internal Revenue Code ("IRC") Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of the Company at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminated most book/tax timing differences and the related net ADIT as of the Acquisition date, at which time PPL began depreciating the new tax basis and started the tracking of book and tax timing differences as if PPL purchased a new asset in the year of the Acquisition. The revenue requirement of each pre-acquisition vintage year reflects the elimination of ADIT in the "PPL

² See Report and Order, Docket No. D-21-09 at 257, Commitment #16 (February 23, 2023).

5/25/22 – 3-31-2023" column of the FY March 2023 sub-period. This includes the elimination of ADIT on any NOL balances that existed prior to the Acquisition date as National Grid will have utilized all of the Company's NOLs as a result of the sale. In addition, the tax depreciation calculation for each respective pre-acquisition vintage year reflects tax depreciation on the new tax basis that is equivalent to the Company's net book basis as of the Acquisition date.

Finally, one additional item that contributes to the calculation of ADIT is a new book and tax temporary difference ("temporary difference") related to curb-to-curb restoration paving costs ("paving costs") that started in FY 2025. Historically, incremental capital investments, included in the ISR Plan, captured paying costs, which were capitalized for both book and tax purposes. In Docket No. 23-49-NG, concerning the Company's FY2025 Gas ISR Plan, the PUC voted to require the Company to calculate its FY2025 revenue requirement as if curb-to-curb paving costs were an O&M expense rather than a capital investment. The change in the book treatment of these costs does not change the federal income tax treatment of these costs. For federal income tax purposes, these paving costs continue to be capitalized under IRC Section 263(a). The treatment of paving costs as expense for book purposes creates a temporary difference that requires the recording of a deferred tax asset ("DTA"), thus reducing ADIT. A DTA is created because, while paving costs are treated as an O&M expense for book purposes in the year paid, IRC Section 263(a) requires the Company to capitalize such costs and claim tax deductions over the 20-year depreciable tax life of the capitalized assets. This DTA increases rate base in the year paving costs are incurred. Rate base will subsequently decrease over time as the DTA reverses over the depreciable life of the asset(s). The new paving cost temporary

difference ("263(a) basis difference") is reflected with the computation of the FY2025 tax depreciation on Page 25, Lines 2, 8 and 22. The 263(a) basis difference is reflected on Line 2 because it is subject to the repairs deduction rate. The 263(a) basis difference is reflected on Line 8 to calculate the originating deferred tax impact (i.e., a DTA or a reduction in a DTL) in the year paving costs are incurred. The 263(a) basis difference is reflected on Line 22 to capture the increase in tax basis net of the tax repairs deduction, which will depreciate over the 20-year tax life of the asset pursuant to the IRS Modified Accelerated Cost-Recovery System ("MACRS") and will reverse the originating DTA. The total impact of this 263(a) basis difference in year 1 is reflected on Page 25, Line 32, which is then reflected on Page 24, Line 10 and is used to calculate deferred taxes on Pages 24, Line 16. The tax impacts of the 263(a) basis difference were not included in the FY2025 Plan filing but will be included in the FY2025 Reconciliation filing as part of the tax true-up.

The decrease in ADIT resulting from this new 263(a) basis difference increases rate base and has a negative impact on customers. It is for this reason, as well as anticipated increases in paving costs, that the Company proposes to capitalize paving costs for book purposes in the FY2026 vintage within the Gas ISR Plan.

Accumulated Deferred Income Tax Proration Adjustment

The Gas ISR Plan includes a proration calculation with respect to the ADIT balance included in rate base. The calculation fulfills requirements set out under IRS Treasury Regulation §1.167(l)-1(h)(6). This regulation sets forth normalization requirements for regulated entities to fundamentally ensure that the benefits of accelerated depreciation are not passed back to customers faster than over the book lives of the subject assets. The penalty of a normalization violation is the loss of all federal income tax deductions for accelerated depreciation, including bonus depreciation. Any regulatory filing which includes capital expenditures, book depreciation expense, and ADIT related to those capital expenditures must follow the normalization requirements. When the regulatory filing is based on a future period, the deferred tax must be prorated to reflect the period of time that the ADIT balances are in rate base. This filing includes the FY2018 through FY2026 proration calculations at Attachment 1, on Pages 4, 7, 10, 14, 17, 20, 23, 26 and 29, respectively, the effects of which are included in each year's respective revenue requirement.

Tax Depreciation Calculation

The tax depreciation calculation for FY2026 is provided on Attachment 1, Page 28. The tax depreciation amount assumes that a portion of the incremental capital investment, as shown on Lines 1 through 3 of Page 27 will be eligible for full tax deduction in the year the expenditures are incurred on the Company's corresponding federal income tax returns. This immediate deductibility is referred to as the capital repairs deduction.³

³ In 2009, the Internal Revenue Service ("IRS") issued additional guidance, under IRC Section 162, related to certain work considered to be repair and maintenance expense, and eligible for immediate tax deduction for income tax purposes, but capitalized by the Company for book purposes. As a result of this additional guidance, the Company recorded a one-time tax expense for repair and maintenance costs in its FY2009 federal income tax return filed on December 11, 2009 by National Grid Holdings, Inc. Since that time, the Company has taken a capital repairs deduction on all subsequent fiscal year tax returns. This has formed the basis for the capital repairs deduction assumed in the Company's revenue requirement. This tax deduction has the effect of increasing deferred taxes and lowering the revenue requirement that customers will pay under the capital investment reconciliation mechanism. The Company's federal income tax returns on this matter was incorrect, the Company will reflect any related IRS disallowances, plus any associated interest assessed by the IRS in a subsequent reconciliation filing under the Gas ISR Plan.

In addition, plant additions not subject to the capital repairs deduction may be subject to bonus depreciation, as shown on Page 28, Lines 10 through 19 for FY2026. As noted in the Company's previous Gas ISR Plans, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law on December 22, 2017, and most of its provisions were effective on January 1, 2018. The Tax Act included many additions and revisions to the IRC, but two notable changes have an impact on the Gas ISR revenue requirement. The first is the reduction of the federal income tax rate from 35 percent to 21 percent commencing January 1, 2018. The other Tax Act provisions notably impacting the Gas ISR revenue requirement were changes to the bonus depreciation rules, eliminating bonus depreciation for certain capital investments of regulated utilities (among others), including ISR-eligible investments effective September 28, 2017. Based on the bonus rules for long production period property in the Tax Act, qualified property acquired prior to September 28, 2017, and placed in service in tax years beginning after December 31, 2017, is eligible for bonus depreciation in FY2019 and FY2020. Consequently, the Company included a deduction for bonus depreciation on its FY2019 and FY2020 tax returns. Starting in FY2021, the Company is no longer eligible to claim bonus depreciation. The Company's FY2026 revenue requirement includes the above impacts of the Tax Act on vintage FY2018 through FY2026 investments.

Finally, the adjustment to plant additions prior to calculating tax depreciation, as discussed more fully in the ADIT section above, is the inclusion of a 263(a) basis difference for paving costs that are expensed for book purposes and capitalized for tax purposes. This only impacts FY2025 plant additions.
Once plant additions are adjusted for the various tax items discussed above, the adjusted tax balance is then subject to the MACRS tax depreciation rates. Also, costs of removal ("COR") are 100 percent deductible due to the Company's partial disposition election filed with the IRS as part of the tangible property regulations. This election was submitted to the PUC, as required under IRS rules, on December 17, 2015. The vintage FY2018 through FY2026 tax depreciation calculations in this filing include an additional tax deduction related to COR. The total amount of tax depreciation and temporary differences, depending on the tax rules and/or transactions of each vintage year in the Gas ISR filing, equal the amount of capital repairs deduction plus the bonus depreciation deduction, MACRS depreciation, the tax loss on retirements, and COR, offset by a 263(a) basis difference for paving costs. These annual total tax depreciation amounts are carried over to Attachment 1, Page 27, Line 10 and incorporated in the deferred tax calculation. Tax depreciation calculations are also provided for FY2018 through FY2025 on Attachment 1, Pages 3, 6, 9, 13, 16, 19, 22 and 25, respectively.

The tax inputs, described above and required for the calculation of ADIT in the ISR, reflect information from tax returns through December 31, 2023, so all vintages through FY2023 in the FY2026 Gas ISR plan filing reflect actual tax return information. The tax inputs for FY2024 within the FY2026 Gas ISR Plan filing reflect actual information, prorated for the period April 1, 2023 through December 31, 2023, per the filed calendar year ("CY") 2023 tax return. Actual tax return results for the remaining January 1 through March 31, 2024 period within the FY 2024 vintage will not be reflected in an ISR filing until the actual calendar year ("CY") 2024 tax return is ready to be filed, at which time the 2024 tax return results will be

prorated between the FY2024 and FY2025 vintage years within the ISR. The Company expects to reflect the CY2024 actual results in the FY2025 ISR reconciliation in August of 2025.

Federal Net Operating Loss

Tax NOLs are generated when the Company has tax deductions on its income tax returns that exceed its taxable income. This does not mean that the Company is suffering losses in its financial statements; instead, the Company's tax NOLs are the result of the significant tax deductions that were generated by the bonus depreciation and capital repairs tax deductions in various years. In addition to first-year bonus tax depreciation, Section 162 of the IRC allows the Company to classify certain costs as repairs expense, which the Company takes as an immediate deduction on its income tax return; however, such costs are recorded as plant investment on the Company's books. These significant bonus depreciation and capital repairs tax deductions have exceeded the amount of taxable income reported in tax returns filed for FY2009 to FY2018, with the exception of FY2011 and FY2017. NOLs are recorded as non-cash assets on the Company's balance sheet and represent a benefit that the Company and customers will receive when the Company is able to realize actual cash savings and applies the NOLs against taxable income in the future.

As a result of the Tax Act, the Company originally did not expect to generate new NOLs in FY2018 or FY2019 and anticipated it would begin to utilize prior years' NOLs in FY2020. Therefore, estimated NOL utilization is included in base rates in Docket No. 4770, and the calculation of ADIT in this filing includes only the incremental amount of forecasted NOL utilization. Any remaining NOLs as of the March 2023 vintage year were completely utilized as a result of the Acquisition. NOL utilization increases the Company's ADIT and results in a credit or reduction in the calculation of rate base.

Property Tax Recovery Adjustment

The Property Tax Recovery Adjustment is set forth on Attachment 1, Pages 35 through 37. The method used to recover property tax expense under the Gas ISR Plan was modified by the rate case settlement agreement in Docket No. 4323 and that modification was carried forward by the Amended Settlement Agreement in Docket No. 4770. In determining the base on which property tax expense is calculated for purposes of the ISR revenue requirement, the Company includes an amount equal to the base rate allowance for depreciation expense and depreciation expense on incremental ISR plant additions in the accumulated reserve for depreciation that is deducted from plant in service. The Property Tax Recovery Adjustment also includes the impact of any changes in the Company's effective property tax rates on base-rate embedded property, plus cumulative Plan net additions. Property tax impacts associated with non-ISR plant additions are excluded from the property tax recovery calculation. The FY2026 revenue requirement includes \$17,850,194 for the Net Property Tax Recovery Adjustment as shown on Page 1, Line 13.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 1 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Annual Revenue Requirement Summary

Line No.		Approved Fiscal Year <u>2025</u> (a)	Fiscal Year <u>2026</u> (b)
1	Operation and Maintenance Expenses	\$12,000,000	0 2
1	r 1 2020 Operation and Maintenance Expense	\$12,000,000	\$0
	Capital Investment:		
2	Actual Revenue Requirement on FY 2018 Incremental Capital Included in ISR Rate Base	\$370,111	\$378,383
3	Actual Revenue Requirement on FY 2019 Incremental Capital Included in ISR Rate Base	\$405,961	\$406,157
4	Actual Revenue Requirement on FY 2020 Incremental Capital Included in ISR Rate Base	\$9,102,120	\$8,790,632
5	Actual Revenue Requirement on FY 2021 Incremental Capital Included in ISR Rate Base	\$8,567,568	\$8,236,856
6	Actual Revenue Requirement on FY 2022 Incremental Capital Included in ISR Rate Base	\$13,805,560	\$13,331,581
7	Actual Revenue Requirement on FY 2023 Incremental Capital Included in ISR Rate Base	\$12,161,768	\$12,057,755
8	Actual Revenue Requirement on FY 2024 Incremental Capital Included in ISR Rate Base	\$12,028,274	\$10,414,016
9	Forecasted Revenue Requirement on FY 2025 Capital included in ISR Rate Base	\$6,347,480	\$12,590,944
10	Forecasted Revenue Requirement on FY 2026 Capital included in ISR Rate Base		\$8,818,977
11	Total Capital Investment Revenue Requirement	\$62,788,843	\$75,025,303
12	FY 2025 Property Tax Recovery Adjustment	\$13,764,043	
13	FY 2026 Property Tax Recovery Adjustment		\$17,850,194
14	Total Capital Investment Component of Revenue Requirement	\$76,552,886	\$92,875,497
15	Total Revenue Requirement	\$88,552,886	\$92,875,497
16	RIPUC Docket No. 23-49-NG, Section 3, Attachment 2 (Compliance), Page 1 of 2, Line 23, Column (c)	(\$4,572,920)	(64 741 245)
1/	rei Tax noiu nanniess Adjusiment Section 5 - Attachment 2, Pages 1, Line 25		(\$4,/41,345)
18	Total Net Capital Investment Component of Revenue Requirement	\$83,979,966	\$88,134,152
19	Incremental Rate Adjustment		\$4,154,186

Column Notes:

(a) RIPUC Docket No. 23-49-NG, Section 3, Attachment 1 (Compliance), Page 1 of 35, Column (b)

16 (a) RIPUC Docket No. 23-49-NG, Section 3, Attachment 2 (Compliance), Page 1 of 2, Line 23, Column (c)

Line Notes for Columns (b) only:

- 2 Page 2 of 39, Line 36, Col. (j)
- 3 Page 5 of 39, Line 35, Col. (i)
- 4 Page 8 of 39, Line 35, Col. (h)
- 5 Page 12 of 39, Line 35, Col. (g)
- 6 Page 15 of 39, Line 35, Col. (f)
- 7 Page 18 of 39, Line 35, Col. (e)
- 8 Page 21 of 39, Line 31, Col. (c)
- 9 Page 24 of 39, Line 29, Col. (b)
- 10 Page 27 of 39, Line 29, Col. (a)
- 11 Sum of Lines 2 through 10
- 13 Page 37 of 39, Line 121, Col. (c) × 1,000
- 14 Sum of Line 11 through Line 13
- 15 Line 1 + Line 14
- 16 RIPUC Docket No. 23-49-NG, Section 3, Attachment 2 (Compliance), Page 1 of 2, Line 23, Column (c)
- 17 Section 3 Attachment 2, Pages 1, Line 23
- 18 Line 15 + Line 16 + Line 17
- 19 Line 18 Col (b) Line 18 Col (a)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 2 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2018 Actual Incremental Gas Capital Investmen

Line No.	Depreciable Net Capital Included in ISR Rate Base	Deve 20 (520 1 Sec 2 Col (c)		Fiscal Year $\frac{2018}{(a)}$	Fiscal Year $\frac{2019}{(b)}$	Fiscal Year $\frac{2020}{(c)}$	Fiscal Year $\frac{2021}{(d)}$	Fiscal Year $\frac{2022}{(e)}$	NG 4/1/22 - 5/24/2022 2023 (f)	PPL 5/25/22 - 3/31/23 2023 (g)	Fiscal Year $\frac{2024}{(h)}$	Fiscal Year $\frac{2025}{(i)}$	$\frac{2026}{(j)}$
2 3	Retirements Net Depreciable Capital Included in ISR Rate Base	Page 30 of 39, Line 9, Col (a) Page 30 of 39, Line 9, Col (a) Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$12,059,428 (\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)
4 5	<u>Change in Net Capital Included in ISR Rate Base</u> Capital Included in ISR Rate Base Depreciation Expense	Line I		\$4,632,718 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718
7	Cost of Removal	Page 30 of 39, Line 6, Col (a)		\$1,941,168									
8	Net Plant Amount	Year 1 = Line 6 + Line 7, Then = Prior Year		\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886
9	Deferred Tax Calculation: Composite Book Depreciation Rate		1/	3.38%	3.15%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10 11	Number of days Proration Percentage		2/ 2/						54 14.79%	311 85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1=Page 3 of 39, Line 30, Col (a); then = Page 3 of 39, Col (e) Year 1 = 1 is 12; then = Page Xear Line 12		\$7,820,728	\$21,720	\$20,089	\$18,585	\$17,189	\$2,353	\$213,427	\$410,861	\$380,014	\$351,557
13	Cumulative Tax Depreciation-NG	+ Current Year Line 12	3/	\$7,820,728	\$7,842,448	\$7,862,538	\$7,881,123	\$7,898,312	\$7,900,664				
14	Cumulative Tax Depreciation-PPL	Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/							\$213,427	\$624,288	\$1,004,302	\$1,355,859
15	Book Depreciation	Year 1= Line $3 \times \text{Line } 9 \times 50\%$; then = Line $3 \times \text{Line } 9$ Year 1 = Line 14: then = Prior Year Line 15	2/	(\$125,511)	(\$234,127)	(\$222,059)	(\$222,059)	(\$222,059)	(\$32,853)	(\$189,206)	(\$222,059)	(\$222,059)	(\$222,059)
16	Cumulative Book Depreciation	+ Current Year Line 14		(\$125,511)	(\$359,638)	(\$581,697)	(\$803,756)	(\$1,025,814)	(\$1,058,667)	(\$1,247,873)	(\$1,469,932)	(\$1,691,990)	(\$1,914,049)
17 18	Cumulative Book / Tax Timer Less: Cumulative Book Depreciation at Acquisition	Columns (a) through (e): Line 13 - Line 16, Then Line 14 - Line 16 Line 16 Column (f)	3/	\$7,946,239	\$8,202,087	\$8,444,235	\$8,684,878	\$8,924,126	\$8,959,331	\$1,461,300 (\$1,058,667)	\$2,094,220 (\$1,058,667)	\$2,696,292 (\$1,058,667)	\$3,269,907 (\$1,058,667)
20	Effective Tax Rate	Line $17 + Line 18$	4/	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	\$402,633 21.00%	\$1,035,553 21.00%	\$1,637,625 21.00%	\$2,211,241 21.00%
21 22	Deferred Tax Reserve Less: FY 2018 Federal NOL (Generation) / Utilization	Columns (a) through (f): Line 17 * Line 20, Then Line 19 * Line 20 -Page 31 of 39, Line 12, Col (g)	3/	\$1,668,710 (\$6,051,855)	\$1,722,438 (\$6,051,855)	\$1,773,289 (\$6,051,855)	\$1,823,824 (\$6,051,855)	\$1,874,066 (\$6,051,855)	\$1,881,459 (\$6,051,855)	\$84,553 \$0	\$217,466 \$0	\$343,901 \$0	\$464,361 \$0
23	Excess Deferred Tax	(Line 16 × 31.55% blended FY18 tax rate) - Line 20; then = Prior Year Line 22 Line 21 + Line 22	_	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328
24	Net Deterred Tax Reserve before Proration Adjustment	Line 21 + Line 22 + Line 23	-	(\$3,544,817)	(\$3,491,089)	(\$3,440,238)	(\$3,389,703)	(\$3,339,461)	(\$3,332,068)	\$922,881	\$1,055,794	\$1,182,230	\$1,302,689
25 26 27	<u>ISR Rate Base Calculation;</u> Cumulative Incremental Capital Included in ISR Rate Base Accumulated Depreciation Deferred Tax Reserve Yang End Dep Dep John John Deferred Tay Departing	Line 8 - Line 16 - Line 24		\$6,573,886 \$125,511 \$3,544,817	\$6,573,886 \$359,638 \$3,491,089	\$6,573,886 \$581,697 \$3,440,238	\$6,573,886 \$803,756 \$3,389,703	\$6,573,886 \$1,025,814 \$3,339,461	\$6,573,886 \$1,058,667 \$3,332,068	\$6,573,886 \$1,247,873 (\$922,881)	\$6,573,886 \$1,469,932 (\$1,055,794)	\$6,573,886 \$1,691,990 (\$1,182,230)	\$6,573,886 \$1,914,049 (\$1,302,689)
28	Revenue Requirement Calculation: Average Rate Base before Deferred Tax Proration Adjustment	Sum of Lines 2.5 urrough 27 Vear 1 = 0: then Average of (Prior + Current Vear Line 28)	5/	\$10,244,214	\$10,424,013	\$10,393,821	\$10,767,544	\$10,959,101	\$8,919,019	\$8,919,019	\$6,988,023	\$7,085,047	\$7,185,246
30 31 32	Proration Adjustment Average ISR Rate Base after Deferred Tax Proration	Page 4 of 39, Line 41 Line 29 + Line 30 Page 39 of 30 Line 30 Column (e)						\$10,855,255 \$2,157 \$10,855,409 \$ 41%	\$3,947 \$8,922,966 \$41%	\$3,947 \$8,922,966 \$41%	\$6,949,450 \$5,705 \$6,949,155 \$41%	\$7,035,855 \$5,427 \$7,041,262 8,41%	\$7,134,440 \$5,170 \$7,139,617 \$41%
33	Proration Percentage	Line 11	2/					0.4170	14.79%	85.21%	0.41/0	0.71/0	0.4170
34 35	Return and Taxes Book Depreciation	Cols (e), (h) through (j): L 31 * L 32; Cols (f) and (g): L 31 * L 32 * L 33 Year 1 = N/A; then = Line 15	2/					\$912,940 (\$222,059)	\$111,021 (\$32,853)	\$639,400 (\$189,206)	\$584,424 (\$222,059)	\$592,170 (\$222,059)	\$600,442 (\$222,059)
36	Annual Revenue Requirement	Sum of Lines 34 through 35		N/A	N/A	N/A	N/A	\$690,881	\$78,169	\$450,194	\$362,365	\$370,111	\$378,383

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018
2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018
PY 19 Composite Book Depreciation Rate approved per RIPUC Docket No. 4720, effective on Sep 1, 2018
FY 19 Composite Book Depreciation Rate = 3.38% × 5/12 + 2.99% × 7/12
2/ Columns (f) and (g) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL. Corporation ("PIPL") elected to treat PIPL's acquisition of The Narragament Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ The Federal Income Tax article changed from 55% 0.21% on Janurary 1, 2018 per the Tax Cuts and Jobs Act of 2017
5/ Columns (f) and (g) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (e) and the end of the fiscal year on Line 32, Column (g). See note 2.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 3 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2018 Incremental Capital Investment

				Fiscal Year					
Line				2018					
No.				(a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 2 of 39, Line 1		\$4,632,718		20 Year MACRS Dep	reciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	85.43%					
3	Capital Repairs Deduction	Line 1 × Line 2		\$3,957,731	MACRS basis:	Line 23, Column (a	a)	\$300,875	
4								Annual	Cumulative
5					Fiscal Year	Pr	rorated		
6	Bonus Depreciation				FY Mar-2018	3.750%		\$11,283	\$7,820,728
7	Plant Additions	Line 1		\$4,632,718	FY Mar-2019	7.219%		\$21,720	\$7,842,448
8	Less Capital Repairs Deduction	Line 3		\$3,957,731	FY Mar-2020	6.677%		\$20,089	\$7,862,538
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$674,987	FY Mar-2021	6.177%		\$18,585	\$7,881,123
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	FY Mar-2022	5.713%		\$17,189	\$7,898,312
11	Plant Eligible for Bonus Depreciation	Line $9 \times$ Line 10		\$674,987	FY Mar-2023 (Apr-May 2022)	5.285%	0.782%	\$2,353	\$7,900,664
12	Bonus depreciation 100% category	$100\% \times 15.86\%$	2/	15.86%					
13	Bonus depreciation 50% category	$50\% \times 58.05\%$	2/	29.03%	Book Cost	Line 1, Column (a))	\$4,632,718	
14	Bonus depreciation 40% category	$40\% \times 26.35\%$	2/	10.54%	Cumulative Book Depreciation	- Page 2 of 39, Line	e 16, Col (f)	\$1,058,667	
15	Bonus Depreciation Rate (October 2017 - March 2018)	$1 \times 50\% \times 0\%$	2/	0.00%	PPL MACRS basis:	Line 13 + Line 14		\$5,691,385	
16	Total Bonus Depreciation Rate	Line 12 + Line 13 + Line 14 + Line 1	5	55.43%			=		
17	Bonus Depreciation	Line 11 × Line 16		\$374,112	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$213,427	\$213,427
18					Mar-2024	7.219%		\$410,861	\$624,288
19	Remaining Tax Depreciation				Mar-2025	6.677%		\$380,014	\$1,004,302
20	Plant Additions	Line 1		\$4,632,718	Mar-2026	6.177%		\$351,557	\$1,355,859
21	Less Capital Repairs Deduction	Line 3		\$3,957,731	Mar-2027	5.713%		\$325,149	\$1,681,007
22	Less Bonus Depreciation	Line 17		\$374,112	Mar-2028	5.285%		\$300,790	\$1,981,797
	Remaining Plant Additions Subject to 20 YR MACRS Tax								
23	Depreciation	Line 20 - Line 21 - Line 22		\$300,875	Mar-2029	4.888%		\$278,195	\$2,259,992
24	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2030	4.522%		\$257,364	\$2,517,356
25	Remaining Tax Depreciation	Line 23 × Line 24		\$11,283	Mar-2031	4.462%		\$253,950	\$2,771,306
26					Mar-2032	4.461%		\$253,893	\$3,025,199
27	FY18 tax (gain)/loss on retirements	Per Tax Department	3/	\$1,536,434	Mar-2033	4.462%		\$253,950	\$3,279,148
28	Cost of Removal	Page 2 of 39, Line 7		\$1,941,168	Mar-2034	4.461%		\$253,893	\$3,533,041
29					Mar-2035	4.462%		\$253,950	\$3,786,991
30	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 17, 25, 27 & 28		\$7,820,728	Mar-2036	4.461%		\$253,893	\$4,040,883
					Mar-2037	4.462%		\$253,950	\$4,294,833
1/	Capital Repairs percentage is based on the actual results of the FY	7 2018 tax return.			Mar-2038	4.461%		\$253,893	\$4,548,725
2/	Percent of Plant Eligible for Bonus Depreciation is the actual resu	Ilt of FY2018 tax return			Mar-2039	4.462%		\$253,950	\$4,802,675
3/	Actual Loss for FY2018				Mar-2040	4.461%		\$253,893	\$5,056,568
11 (d)	j 5.285% / 365 x 54				Mar-2041	4.462%		\$253,950	\$5,310,517
					Mar-2042	4.461%		\$253,893	\$5,564,410
					Mar-2043	2.231%		\$126,975	\$5,691,385
						100.000%	-	\$5 691 385	

Column (d), Line 11 = MACRS Rate 5.285% / 365 days x 54 days

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 4 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2018 Incremental Capital Investment

				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Line				(2)	<u>2025</u> (b)	<u>2024</u> (c)	<u>2025</u> (d)	<u>2026</u> (e)
No.	Deferred Tax Subject to Proration			(a)	(0)	(0)	(u)	(c)
		See the corresponding Fiscal	l Year on Page 2 of 39, Line					
1	Book Depreciation	15. Note there are 2 col	umns to sum for FY23.	(\$222,059)	(\$222,059)	(\$222,059)	(\$222,059)	(\$222,059)
2	Bonus Depreciation			\$0	\$0	\$0	\$0	\$0
		See the corresponding Fisca	l Year on Page 2 of 39, Line					
3	Remaining MACRS Tax Depreciation	12. Note there are 2 col	umns to sum for FY23.	(\$17,189)	(\$215,779)	(\$410,861)	(\$380,014)	(\$351,557)
4	FY18 tax (gain)/loss on retirements			\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines	s I through 4	(\$239,248)	(\$437,838)	(\$632,920)	(\$602,072)	(\$573,615)
7	Deferred Tax Recerve	Line 5	Line 6	(\$50,242)	(\$01.046)	(\$132.013)	(\$126.435)	(\$120.459)
,	belened fax Reserve	Elite 5	Eneo	(\$50,242)	(\$)1,940)	(\$152,715)	(\$120,455)	(\$120,455)
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction							
9	Cost of Removal							
10	Book/Tax Depreciation Timing Difference at 3/31/2017							
11	Cumulative Book / Tax Timer	Line 8 + Line	e 9 + Line 10					
12	Effective Tax Rate	Line 11	Line 12					
19		Line II	2.110 12					
14	Total Deferred Tax Reserve	Line 7 +	Line 13	(\$50,242)	(\$91,946)	(\$132,913)	(\$126,435)	(\$120,459)
15	Net Operating Loss			\$0	\$0	\$0	\$0	\$0
16	Net Deferred Tax Reserve	Line 14 -	⊢ Line 15	(\$50,242)	(\$91,946)	(\$132,913)	(\$126,435)	(\$120,459)
	Allocation of FY 2018 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Lin	ie 5	(\$239,248)	(\$437,838)	(\$632,920)	(\$602,072)	(\$573,615)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line	e 11	\$0	\$0	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 +	+ Line 18	(\$239,248)	(\$437,838)	(\$632,920)	(\$602,072)	(\$573,615)
20	Total FY 2018 Federal NOL			\$0	\$0	\$0	\$0	\$0
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 ÷ Line	e 19) × Line 20	\$0	\$0	\$0	\$0	\$0
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 ÷ Line	e 19) × Line 20	\$0	\$0	\$0	\$0	\$0
23	Effective Tax Rate			21%	21%	21%	21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 >	< Line 23	\$0	\$0	\$0	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line 7 +	Line 24	(\$50,242)	(\$91.946)	(\$132,913)	(\$126,435)	(\$120.459)
20	The Deferred Tall reserve subject to protation	Line , ·	Line 21	(000,212)	(0)1,910)	(0102,010)	(0120,100)	(\$120,109)
		(f)	(g)	(h)	(i)	(j)	(k)	(1)
	P (01.1)		D (D (Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
26	A pril	Number of Days in Month	Proration Percentage	<u>2022</u> (\$2.842)	(\$7,032)	<u>2024</u> (\$10,166)	<u>2025</u> (\$0.670)	(\$0.212)
20	May	31	83 29%	(\$3,645)	(\$6,382)	(\$9,225)	(\$9,070)	(\$8,361)
28	June	30	75.07%	(\$3,143)	(\$5,752)	(\$8,315)	(\$7,909)	(\$7,536)
29	July	31	66.58%	(\$2,787)	(\$5,101)	(\$7,374)	(\$7,015)	(\$6,683)
30	August	31	58.08%	(\$2,432)	(\$4,450)	(\$6,433)	(\$6,120)	(\$5,830)
31	September	30	49.86%	(\$2,088)	(\$3,821)	(\$5,523)	(\$5,254)	(\$5,005)
32	October	31	41.37%	(\$1,732)	(\$3,170)	(\$4,582)	(\$4,359)	(\$4,153)
33	November	30	33.15%	(\$1,388)	(\$2,540)	(\$3,672)	(\$3,493)	(\$3,328)
34	December	31	24.66%	(\$1,032)	(\$1,889)	(\$2,731)	(\$2,598)	(\$2,475)
35	January	31	16.16%	(\$677)	(\$1,239)	(\$1,790)	(\$1,703)	(\$1,623)
36	February	28	8.49%	(\$356)	(\$651)	(\$941)	(\$895)	(\$853)
38	Total	365	0.0070	(\$22.964)	(\$42.026)	(\$60,752)	(\$57.701)	(\$55.059)
20	1041	505		(\$22,704)	(072,020)	(000,752)	(057,791)	(\$55,059)
39	Deferred Tax Without Proration	Line	e 25	(\$50,242)	(\$91,946)	(\$132,913)	(\$126,435)	(\$120,459)
40	Average Deferred Tax without Proration	Line 39	× 50%	(\$25,121)	(\$45,973)	(\$66,457)	(\$63,218)	(\$60,230)
41	Proration Adjustment	Line 38 -	- Line 40	\$2,157	\$3,947	\$5,705	\$5,427	\$5,170

Column Notes:

(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 5 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2019 Actual Incremental Gas Capital Investment

Line No.	Depreciable Net Capital Included in ISR Rate Base			Fiscal Year $\frac{2019}{(a)}$	Fiscal Year <u>2020</u> (b)	Fiscal Year $\frac{2021}{(c)}$	Fiscal Year 2022 (d)	NG 4/1/22 - 5/24/2022 <u>2023</u> (e)	PPL 5/25/22 - 3/31/23 2023 (f)	Fiscal Year <u>2024</u> (g)	Fiscal Year 2025 (h)	Fiscal Year <u>2026</u> (i)
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 30 of 39, Line 3, Col (b)		(\$914,000)								
3	Retirements Net Depreciable Capital Included in ISR Rate Base	Page 30 of 39, Line 9, Col (b) Year 1 = Line 1 - Line 2; then = Prior Year Line 3	-	(\$1,368,021) \$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021	\$454,021
	Change in Net Capital Included in ISR Rate Base											
4	Capital Included in ISR Rate Base	Line 1		(\$914,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Depreciation Expense			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (b)		\$5,626,564								
8	Net Plant Amount	Line 1 = Line 6+7; Then = Prior Year		\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564
	Deferred Tax Calculation:											
9	Composite Book Depreciation Rate	As Approved in RIPUC Docket No. 4323 & 4770	1/	3.15%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10	Number of days		2/					54	311			
11	Proration Percentage		2/					14.79%	83.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 = Page 6 of 39, Line 28, Col (a); then = Page 6 of 39, Col (e)		\$5,200,130	(\$8,390)	(\$7,760)	(\$7,179)	(\$982)	(\$36,146)	(\$69,583)	(\$64,359)	(\$59,540)
12	Consultation Tax Deservation NC	Year 1 = Line 12; then = Prior Year Line 13 + Current Year	2/	65 200 120	65 101 720	65 192 070	85 176 700	85 175 917	,	,	,	/
15	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 14 + Current Year	3/	\$5,200,150	\$5,191,/39	\$3,183,979	\$3,170,799	\$3,173,817				
14	Cumulative Tax Depreciation-PPL	Line 12	3/						(\$36,146)	(\$105,729)	(\$170,088)	(\$229,628)
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9	2/	\$7,157	\$13,575	\$13,575	\$13,575	\$2,008	\$11,567	\$13,575	\$13,575	\$13,575
		Year 1 = Line 15; then = Prior Year Line 16 + Current Year										
16	Cumulative Book Depreciation	Line 15		\$7,157	\$20,732	\$34,307	\$47,883	\$49,891	\$61,458	\$75,033	\$88,608	\$102,184
		Columns (a) through (e): Line 13 - Line 16, Then Line 14 -										
17	Cumulative Book / Tax Timer	Line 16	2/	\$5,192,973	\$5,171,007	\$5,149,671	\$5,128,917	\$5,125,926	(\$97,604)	(\$180,762)	(\$258,697)	(\$331,811)
18	Cumulative Book / Tax Timer - PPL	Line 16 Column (e)	3/					-	(\$47,713)	(\$130.871)	(\$208.805)	(\$281,920)
20	Effective Tax Rate		_	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
		Columns (a) through (e): Line 17 * Line 20, Then Line 19 *		AL 000 FAL					(24.0.020)	(000 100)	(2.42.0.40)	(250.000)
21	Add EV 2010 Federal NOL (Concretion) / Utilization	Line 20 Perce 20 of 20 Line 12 Col (b)	2/	\$1,090,524	\$1,085,911	\$1,081,431	\$1,077,072	\$1,076,444	(\$10,020)	(\$27,483)	(\$43,849)	(\$59,203)
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22		\$1,376,874	\$1,372,261	\$1,367,781	\$1,363,422	\$1,362,794	(\$10,020)	(\$27,483)	(\$43,849)	(\$59,203)
	ICD Data Data Calculation:											
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$4 712 564	\$4 712 564	\$4 712 564	\$4 712 564	\$4 712 564	\$4 712 564	\$4 712 564	\$4 712 564	\$4 712 564
25	Accumulated Depreciation	- Line 16		(\$7,157)	(\$20,732)	(\$34,307)	(\$47,883)	(\$49,891)	(\$61.458)	(\$75.033)	(\$88,608)	(\$102,184)
26	Deferred Tax Reserve	- Line 23		(\$1,376,874)	(\$1,372,261)	(\$1,367,781)	(\$1,363,422)	(\$1,362,794)	\$10,020	\$27,483	\$43,849	\$59,203
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	_	\$3,328,533	\$3,319,570	\$3,310,475	\$3,301,259	\$3,299,878	\$4,661,125	\$4,665,013	\$4,667,804	\$4,669,583
	Revenue Requirement Calculation:											
28		Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line										
20	Average Rate Base before Deferred Tax Proration Adjustment	2/ + Current Year Line 2/) ÷ 2 Page 7 of 20 Line 41	4/				\$3,305,867	\$3,981,192	\$3,981,192	\$4,663,069	\$4,666,409	\$4,668,694
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29	_				\$3.305.680	\$3.980.735	\$3.980.735	\$4.662.320	\$4.665.706	\$4.668.035
31	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	_				8.41%	8.41%	8.41%	8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/					14.79%	85.21%			
		Cols (d), (g) through (i); L 30 * L 31; Cols (e) and (f): L 30 *										
33	Return and Taxes	L 31 * L 32	2/				\$278,008	\$49,529	\$285,251	\$392,101	\$392,386	\$392,582
34	Book Depreciation	Line 15	-				\$13,575	\$2,008	\$11,567	\$13,575	\$13,575	\$13,575
35	Annual Revenue Requirement	Sum of Lines 33 through 34		N/A	N/A	N/A	\$291,583	\$51,537	\$296,818	\$405,676	\$405,961	\$406,157

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018

2.9%, Composite Book Depreciation Rate approved per RIPUC Docket No. 427, in intercuant Rog 71, 2016
 2.9%, Composite Book Depreciation Rate approved per RIPUC Docket No. 427, in intercuant Rog 71, 2016
 FY 19 Composite Book Depreciation Rate = 3.38% s 5 /12 + 2.99% s 7 / 12
 2/ Columns (e) and (f) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
 3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragament Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this

(a) Mutation measurement of the second and the s

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 6 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Incremental Capital Investment

				Fiscal Year				
Line				2019				
No.				(a)	(b)	(c) (d)	(e)	(f)
	Capital Repairs Deduction							,
1	Plant Additions	Page 5 of 39, Line 1		(\$914,000)		20 Year MACRS Depreciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	85.18%				
3	Capital Repairs Deduction	Line 1 × Line 2		(\$778,545)	MACRS basis:	Line 21, Column (a)	(\$116,227)	
4							Annual	Cumulative
5					Fiscal Year	Prorated		
6	Bonus Depreciation				FY Mar-2019	3.750%	(\$4,359)	\$5,200,130
7	Plant Additions	Line 1		(\$914,000)	FY Mar-2020	7.219%	(\$8,390)	\$5,191,739
8	Less Capital Repairs Deduction	Line 3		(\$778,545)	FY Mar-2021	6.677%	(\$7,760)	\$5,183,979
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		(\$135,455)	FY Mar-2022	6.177%	(\$7,179)	\$5,176,799
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	FY Mar-2023 (Apr-May 2022)	5.713% 0.8	(\$982)	\$5,175,817
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		(\$135,455)				· · · · · · · · · · · · · · · · · · ·
12	Bonus Depreciation Rate (30% Eligible)	$1 \times 30\% \times 11.65\%$	2/	3.50%	Book Cost	Line 1, Column (a)	(\$914,000)	· · · · · · · · · · · · · · · · · · ·
13	Bonus Depreciation Rate (40% Eligible)	$1 \times 40\% \times 26.75\%$	2/	10.70%	Cumulative Book Depreciation	- Page 5 of 39, Line 16, Col	(e) (\$49,891)	· · · · · · · · · · · · · · · · · · ·
14	Total Bonus Depreciation Rate	Line 12 + Line 13	-	14.20%	PPL MACRS basis:	Line 12 + Line 13	(\$963,891)	. /
15	Bonus Depreciation	Line 11 × Line 14	-	(\$19,228)				· · · · · · · · · · · · · · · · · · ·
16					FY Mar-2023 (Jun-Mar 2023)	3.750%	(\$36,146)	(\$36,146)
17	Remaining Tax Depreciation				Mar-2024	7.219%	(\$69,583)	(\$105,729)
18	Plant Additions	Line 1		(\$914,000)	Mar-2025	6.677%	(\$64,359)	(\$170,088)
19	Less Capital Repairs Deduction	Line 3		(\$778,545)	Mar-2026	6.177%	(\$59,540)	(\$229,628)
20	Less Bonus Depreciation	Line 15		(\$19,228)	Mar-2027	5.713%	(\$55,067)	(\$284,695)
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20	-	(\$116,227)	Mar-2028	5.285%	(\$50,942)	(\$335,637)
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2029	4.888%	(\$47,115)	(\$382,751)
23	Remaining Tax Depreciation	Line 21 × Line 22	-	(\$4,359)	Mar-2030	4.522%	(\$43,587)	(\$426,339)
24	C I			×. , ,	Mar-2031	4.462%	(\$43,009)	(\$469,347)
25	FY19 tax (gain)/loss on retirements	Per Tax Department	3/	\$375,698	Mar-2032	4.461%	(\$42,999)	(\$512,347)
26	Cost of Removal	Page 5 of 39, Line 7		\$5,626,564	Mar-2033	4.462%	(\$43,009)	(\$555,355)
27		5			Mar-2034	4.461%	(\$42,999)	(\$598,355)
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26	5 [.]	\$5,200,130	Mar-2035	4.462%	(\$43,009)	(\$641,363)
	1 .				Mar-2036	4.461%	(\$42,999)	(\$684,363)
1/	Capital Repairs percentage is the actual result of FY2019 tax return				Mar-2037	4.462%	(\$43,009)	(\$727,371)
2/	Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2019 tax return				Mar-2038	4.461%	(\$42,999)	(\$770,371)
3/	Actual Loss the actual result of FY2019 tax return				Mar-2039	4.462%	(\$43,009)	(\$813,379)
10 (d)	5.713% / 365 x 54				Mar-2040	4.461%	(\$42,999)	(\$856,379)
- ()					Mar-2041	4.462%	(\$43,009)	(\$899,387)
					Mar-2042	4.461%	(\$42,999)	(\$942,387)
					Mar-2043	2.231%	(\$21,504)	(\$963,891)
						100.000%	(\$963,891)	(

Column (d), Line 10 = MACRS Rate 5.713% / 365 days x 54 days

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 7 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2019 Incremental Capital Investment

				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Line				(2)	(b)	<u>2024</u> (c)	(d)	<u>2020</u> (c)
No.	Deferred Tax Subject to Proration			(u)	(0)	(0)	(u)	(c)
		See the corresponding I	Fiscal Year on Page 5 of 39, Line					
1	Book Depreciation	15. Note there are	2 columns to sum for FY23.	\$13,575	\$13,575	\$13,575	\$13,575	\$13,575
2	Bonus Depreciation			\$0	\$0	\$0	\$0	\$0
		See the corresponding I	Fiscal Year on Page 5 of 39, Line					
3	Remaining MACRS Tax Depreciation	12. Note there are	2 columns to sum for FY23.	\$7,179	\$37,128	\$69,583	\$64,359	\$59,540
4	FY19 tax (gain)/loss on retirements			\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of 1	Lines 1 through 4	\$20,755	\$50,703	\$83,159	\$77,934	\$73,115
6	Effective Tax Rate		-	21%	21%	21%	21%	21%
7	Deferred Tax Reserve	Lin	e 5 × Line 6	\$4,358	\$10,648	\$17,463	\$16,366	\$15,354
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction							
9	Cost of Removal							
10	Book/Tax Depreciation Timing Difference at 3/31/2019							
11	Cumulative Book / Tax Timer	Line 8 +	Line 9 + Line 10	\$0	\$0	\$0	\$0	\$0
12	Effective Tax Rate			21%	21%	21%	21%	21%
13	Deferred Tax Reserve	Line	11 × Line 12	\$0	\$0	\$0	\$0	\$0
14	Total Deferred Tax Reserve	Line	e 7 + Line 13	\$4,358	\$10,648	\$17,463	\$16,366	\$15,354
15	Net Operating Loss			\$0	\$0	\$0	\$0	\$0
16	Net Deferred Tax Reserve	Line	14 + Line 15	\$4,358	\$10,648	\$17,463	\$16,366	\$15,354
	Allocation of FY 2019 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration		Line 5	\$20,755	\$50,703	\$83,159	\$77,934	\$73,115
18	Cumulative Book/Tax Timer Not Subject to Proration	• ·	Line 11	\$0	50	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line	17 + Line 18	\$20,755	\$50,703	\$83,159	\$77,934	\$/3,115
20	Total FY 2019 Federal NOL			\$0	\$0	\$0	\$0	\$0
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 ÷	Line 19) × Line 20	\$0	\$0	\$0	\$0	\$0
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 ÷	Line 19) × Line 20	\$0	\$0	\$0	\$0	\$0
23	Effective Tax Rate	. .	aa x: aa	21%	21%	21%	21%	21%
24	Deferred Tax Benefit subject to proration	Line	$22 \times \text{Line } 23$	50	\$0	\$0	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line	e 7 + Line 24	\$4,358	\$10,648	\$17,463	\$16,366	\$15,354
		(f)	(g)	(h)	(i)	(j)	(k)	(1)
		Number of Days in		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91.78%	\$333	\$814	\$1,336	\$1,252	\$1,174
27	May	31	83.29%	\$303	\$/39	\$1,212	\$1,136	\$1,066
28	June	30	/5.0/%	\$273	\$666	\$1,092	\$1,024	\$961
29	July	31	58.08%	\$242	\$391	\$969	\$908	\$852 \$742
30	August	31	38.08%	\$211	\$313	\$845 \$726	\$792	\$/43
22	September	30	49.80%	\$181	\$442	\$720	\$080 \$564	\$038 \$520
32	Nevember	31	41.5770	\$150	\$307	\$492	\$304	\$329
33	December	30	24 66%	\$120	\$2,94	\$350	\$336	\$315
35	January	31	16 16%	\$50	\$143	\$235	\$220	\$207
36	Fahruary	28	8 40%	\$31	\$75	\$124	\$116	\$109
37	March	31	0.00%	\$0	\$15	\$124 \$0	\$110	\$109
38	Total	365	0.0078	\$1,992	\$4,867	\$7,982	\$7,481	\$7,018
39	Deferred Tax Without Proration		Line 25	\$4,358	\$10,648	\$17,463	\$16,366	\$15,354
40	Average Deferred Tax without Proration	Lir	ie 39 × 50%	\$2,179	\$5,324	\$8,732	\$8,183	\$7,677
41	Proration Adjustment	Line	38 - Line 40	(\$187)	(\$457)	(\$750)	(\$702)	(\$659)

Column Notes:

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(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 8 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2020 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year $\frac{2020}{(a)}$	Fiscal Year 2021 (b)	Fiscal Year <u>2022</u> (c)	NG 4/1/22 - 5/24/2022 <u>2023</u> (d)	PPL 5/25/22 - 3/31/23 <u>2023</u> (e)	Fiscal Year 2024 (f)	Fiscal Year <u>2025</u> (g)	Fiscal Year 2026 (h)
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Page 30 of 39 , Line 3 ,Col (c) Page 30 of 39 , Line 9 ,Col (c)		\$105,296,046 \$4,276,135							
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911
4	<u>Change in Net Capital Included in ISR Rate Base</u> Capital Included in ISR Rate Base Depreciation Expense	Line 1 Page 34 of 39, Line 72(c)		\$105,296,046 \$23,534,853	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (c)		\$7,055,630						\$0	\$0
8	Net Plant Amount	Line 1 = Line 6+7; Then = Prior Year		\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823
9	Deferred Tax Calculation: Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10 11	Number of days Proration Percentage		2/ 2/				54 14.79%	311 85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 9 of 39, Line 28, Col (a); then =Page 9 of 39, Col (e) Year 1 = Line 12: then = Prior Year Line 13 + Current		\$89,531,414	\$1,753,362	\$1,621,720	\$221,959	\$3,648,673	\$7,023,938	\$6,496,583	\$6,010,094
13	Cumulative Tax Depreciation-NG	Year Line 12 Year Line 12 Year 1 = Line 12: then = Prior Year Line 14 + Current	3/	\$89,531,414	\$91,284,775	\$92,906,495	\$93,128,454				
14	Cumulative Tax Depreciation-PPL	Year Line 12	3/					\$3,648,673	\$10,672,611	\$17,169,194	\$23,179,288
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9 Year 1 = Line 15: then = Prior Year Line 16 + Current	2/	\$1,510,248	\$3,020,495	\$3,020,495	\$446,868	\$2,573,628	\$3,020,495	\$3,020,495	\$3,020,495
16	Cumulative Book Depreciation	Year Line 15		\$1,510,248	\$4,530,743	\$7,551,238	\$7,998,106	\$10,571,734	\$13,592,229	\$16,612,724	\$19,633,220
17 18	Cumulative Book / Tax Timer Less: Cumulative Book Depreciation at Acquisition	Columns (a) through (d): Line 13 - Line 16, Then Line 14 - Line 16 Line 16 Column (d) Line 17 + Line 18	3/	\$88,021,166	\$86,754,032	\$85,355,257	\$85,130,348	(\$6,923,061) \$7,998,106	(\$2,919,618) \$7,998,106	\$556,470 \$7,998,106	\$3,546,068 \$7,998,106
20	Effective Tax Rate	Columns (a) through (d): Line 17 * Line 20. Then	_	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
21 22 23	Deferred Tax Reserve Add: FY 2020 Federal NOL (Generation) / Utilization Net Deferred Tax Reserve before Proration Adjustment	Line 19 * Line 20 Page 30 of 39, Line 12, Col (c) Line 21 + Line 22	3/	\$18,484,445 (\$3,063,059) \$15,421,386	\$18,218,347 (\$3,063,059) \$15,155,288	\$17,924,604 (\$3,063,059) \$14,861,545	\$17,877,373 (\$3,063,059) \$14,814,315	\$225,759 \$0 \$225,759	\$1,066,483 \$0 \$1,066,483	\$1,796,461 \$0 \$1,796,461	\$2,424,277 \$0 \$2,424,277
24 25 26 27	<u>ISR Rate Base Calculation:</u> Cumulative Incremental Capital Included in ISR Rate Base Accumulated Depreciation Deferred Tax Reserve Year End Rate Base before Deferred Tax Proration	Line 8 - Line 16 - Line 23 Sum of Lines 24 through 26	_	\$88,816,823 (\$1,510,248) (\$15,421,386) \$71,885,189	\$88,816,823 (\$4,530,743) (\$15,155,288) \$69,130,792	\$88,816,823 (\$7,551,238) (\$14,861,545) \$66,404,039	\$88,816,823 (\$7,998,106) (\$14,814,315) \$66,004,402	\$88,816,823 (\$10,571,734) (\$225,759) \$78,019,330	\$88,816,823 (\$13,592,229) (\$1,066,483) \$74,158,111	\$88,816,823 (\$16,612,724) (\$1,796,461) \$70,407,638	\$88,816,823 (\$19,633,220) (\$2,424,277) \$66,759,327
28	<u>Revenue Requirement Calculation:</u> Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Line 27 × Page 11 of 39, Line 16; then = Average of (Prior Year Line 27 + Current Year Line									
29 30 31	Proration Adjustment Average ISR Rate Base after Deferred Tax Proration Pre-Tax ROR	27/2) Page 10 of 39, Line 41 Line 28 + Line 29 Page 39 of 39, Line 30, Column (e)	4/			\$67,767,415 (\$12,608) \$67,754,807 8.41%	\$72,211,684 \$7,663 \$72,219,347 8.41%	\$72,211,684 \$7,663 \$72,219,347 8.41%	\$76,088,721 \$36,086 \$76,124,806 8.41%	\$72,282,875 \$31,332 \$72,314,207 8.41%	\$68,583,482 \$26,947 \$68,610,429 8.41%
32	Proration Percentage	Line 11	2/				14.79%	85.21%			
33 34	Return and Taxes Book Depreciation	Cols (c), (f) through (h): L 30 * L 31; Cols (d) and (e): L 30 * L 31 * L 32 Line 15	2/			\$5,698,179 \$3,020,495	\$898,567 \$446,868	\$5,175,080 \$2,573,628	\$6,402,096 \$3,020,495	\$6,081,625 \$3,020,495	\$5,770,137 \$3,020,495
35	Annual Revenue Requirement	Sum of Lines 33 through 34		N/A	N/A	\$8,718,675	\$1,345,435	\$7,748,708	\$9,422,592	\$9,102,120	\$8,790,632

1/ 2.99%, Composite Book Depreciation Rate of Distirbution Plant approved per RIPUC Docket No. 4770, effective on Sep 1, 2018 2/ Columns (d) and (e) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin derectating the new tax basis and start the tracking of book/tax timing differences as sir PPL purchased a new asset in the year of acquisition. 4/ Columns (d) and (e) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 21, Column (c) and the end of the fiscal year on Line 31, Column (e). See note 2.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 9 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2020 Incremental Capital Investments

			Fiscal Year					
Line			2020					
No.			(a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction							
1	Plant Additions	Page 8 of 39, Line 1	\$105,296,046		20 Year MACRS Depr	eciation		
2	Capital Repairs Deduction Rate	Per Tax Department 1	/ 76.14%					
3	Capital Repairs Deduction	Line $1 \times \text{Line } 2$	\$80,172,409	MACRS basis:	Line 21, Column (a)		\$24,288,150	
4							Annual	Cumulative
5				Fiscal Year	Pro	rated		
6	Bonus Depreciation			FY Mar-2020	3.750%		\$910,806	\$89,531,414
7	Plant Additions	Line 1	\$105,296,046	FY Mar-2021	7.219%		\$1,753,362	\$91,284,775
8	Less Capital Repairs Deduction	Line 3	\$80,172,409	FY Mar-2022	6.677%		\$1,621,720	\$92,906,495
9	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$25,123,637	FY Mar-2023 (Apr-May 2022)	6.177%	0.914%	\$221,959	\$93,128,454
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%					
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10	\$25,123,637	Book Cost	Line 1, Column (a)		\$105,296,046	
12	Bonus Depreciation Rate 30%, up to December 31, 2019	14.78% × 30% × 75% 2	/ 3.33%	Cumulative Book Depreciation	- Page 8 of 39, Line 10	6, Col (d)	(\$7,998,106)	
13	Bonus Depreciation Rate 0%, after December 31, 2019		0.00%	PPL MACRS basis:	Line 11 + Line 12		\$97,297,940	
14	Total Bonus Depreciation Rate	Line 12 + Line 13	3.33%			-		
15	Bonus Depreciation	Line 11 × Line 14	\$835,487	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$3,648,673	\$3,648,673
16				Mar-2024	7.219%		\$7,023,938	\$10,672,611
17	Remaining Tax Depreciation			Mar-2025	6.677%		\$6,496,583	\$17,169,194
18	Plant Additions	Line 1	\$105,296,046	Mar-2026	6.177%		\$6,010,094	\$23,179,288
19	Less Capital Repairs Deduction	Line 3	\$80,172,409	Mar-2027	5.713%		\$5,558,631	\$28,737,919
20	Less Bonus Depreciation	Line 15	\$835,487	Mar-2028	5.285%		\$5,142,196	\$33,880,116
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20	\$24,288,150	Mar-2029	4.888%		\$4,755,923	\$38,636,039
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946	3.75%	Mar-2030	4.522%		\$4,399,813	\$43,035,852
23	Remaining Tax Depreciation	Line 21 × Line 22	\$910,806	Mar-2031	4.462%		\$4,341,434	\$47,377,286
24				Mar-2032	4.461%		\$4,340,461	\$51,717,747
25	FY20 tax (gain)/loss on retirements	Per Tax Department 3	/ \$557,081	Mar-2033	4.462%		\$4,341,434	\$56,059,181
26	Cost of Removal	Page 8 of 39, Line 7	\$7,055,630	Mar-2034	4.461%		\$4,340,461	\$60,399,642
27				Mar-2035	4.462%		\$4,341,434	\$64,741,076
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26	\$89,531,414	Mar-2036	4.461%		\$4,340,461	\$69,081,537
29				Mar-2037	4.462%		\$4,341,434	\$73,422,971
30				Mar-2038	4.461%		\$4,340,461	\$77,763,432
31				Mar-2039	4.462%		\$4,341,434	\$82,104,866
32				Mar-2040	4.461%		\$4,340,461	\$86,445,327
33				Mar-2041	4.462%		\$4,341,434	\$90,786,762
34				Mar-2042	4.461%		\$4,340,461	\$95,127,223
35				Mar-2043	2.231%		\$2,170,717	\$97,297,940
36					100.000%		\$97,297,940	
37								

1/ Capital Repairs percentage is the actual result of FY2020 tax return

2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2020 tax return

3/ Actual Loss based on FY2020 tax return

9 (d) 6.177% / 365 x 54

Column (d), Line 9 = MACRS Rate 6.177% / 365 days x 54 days

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 10 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISBR Revenue Requirement Plan FY 2026 Gas ISBR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2020 Incremental Capital Investments

				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Line				(2)	<u>2023</u> (b)	<u>2024</u> (c)	<u>2025</u> (d)	<u>2026</u> (c)
No.	Deferred Tax Subject to Proration			(a)	(0)	(0)	(u)	(0)
		See the corresponding Fiscal Y	ear on Page 8 of 39 Line 15					
1	Book Depreciation	Note there are 2 colum	ins to sum for FY23.	\$3,020,495	\$3,020,495	\$3,020,495	\$3,020,495	\$3,020,495
2	Bonus Depreciation			\$0	\$0	\$0	\$0	\$0
		See the corresponding Fiscal Y	ear on Page 8 of 39, Line 12.					
3	Remaining MACRS Tax Depreciation	Note there are 2 colum	ins to sum for FY23.	(\$1,621,720)	(\$3,870,632)	(\$7,023,938)	(\$6,496,583)	(\$6,010,094)
	0	Year 1 = Docket no. 4916, R	.S. 3, Att. 1R, page 10 Col					
4	FY20 tax (gain)/loss on retirements	(a); the	n = 0	\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines	1 through 4	\$1,398,776	(\$850,136)	(\$4,003,443)	(\$3,476,088)	(\$2,989,598)
6	Effective Tax Rate			21%	21%	21%	21%	21%
7	Deferred Tax Reserve	Line 5 ×	Line 6	\$293,743	(\$178,529)	(\$840,723)	(\$729,979)	(\$627,816)
	Deferred Tax Not Subject to Proration							
	5	Year 1 = Docket no. 4916. R	.S. 3. Att. 1R. page 10 Col					
8	Capital Repairs Deduction	(a); the	n = 0					
		Year 1 = Docket no. 4916. R	.S. 3. Att. 1R. page 10 Col					
9	Cost of Removal	(a): the	n = 0					
10	Book/Tax Depreciation Timing Difference at 3/31/2020							
11	Cumulative Book / Tax Timer	Line 8 + Line	9 + Line 10					
12	Effective Tax Rate							
13	Deferred Tax Reserve	Line 11 ×	Line 12					
14	Total Deferred Tax Reserve	Line 7 + 1	ina 13	\$203 743	(\$178 520)	(\$840.723)	(\$720.070)	(\$627.816)
15	Net Operating Loss	Ellie / · ·	Ellie 15	\$275,745	(\$170,527)	(\$640,725)	(0/2),)/)	(\$027,010)
16	Net Deferred Tax Reserve	Line 14 +	Line 15	\$293,743	(\$178,529)	(\$840.723)	(\$729,979)	(\$627.816)
				,	(, ,	((,	(
	Allocation of FY 2018 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Line	5	\$1,398,776	(\$850,136)	(\$4,003,443)	(\$3,476,088)	(\$2,989,598)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11		\$0	\$0	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 +	Line 18	\$1,398,776	(\$850,136)	(\$4,003,443)	(\$3,476,088)	(\$2,989,598)
20		Year 1 = Docket no. 4916, R	.S. 3, Att. 1R, page 10 Col					
20	Total FY 2020 Federal NOL	(a); the	n = 0					
21	Allocated FY 2020 Federal NOL Not Subject to Proration	(Line 18 ÷ Line (Line 17 ÷ Line	19) × Line 20					
22	Effective Tax Pate	(Line 17 ÷ Line	19) × Line 20					
23	Deferred Tax Benefit subject to proration	Line 22 ×	Line 23					
				6000 E 40	(150,500)	(00.40.500)	(6500.050)	(\$ (35.01.0)
25	Net Deterred Tax Reserve subject to proration	Line / +	Line 24	\$293,743	(\$178,529)	(\$840,723)	(\$729,979)	(\$627,816)
		(f)	(g)	(h)	(i)	(j)	(k)	(1)
				Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Number of Days in Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91.78%	\$22,467	(\$13,655)	(\$64,302)	(\$55,832)	(\$48,018)
27	May	31	83.29%	\$20,388	(\$12,391)	(\$58,352)	(\$50,665)	(\$43,574)
28	June	30	/5.0/%	\$18,376	(\$11,168)	(\$52,593)	(\$45,665)	(\$39,274)
29	July	21	58.08%	\$10,297	(\$9,903)	(\$40,643)	(\$40,499)	(\$34,631)
31	Sentember	30	49.86%	\$12,216	(\$7,418)	(\$34,934)	(\$30,332)	(\$26,087)
32	October	31	41 37%	\$10,127	(\$6,155)	(\$28,984)	(\$25,166)	(\$21,644)
33	November	30	33.15%	\$8,115	(\$4.932)	(\$23,225)	(\$20,166)	(\$17,344)
34	December	31	24.66%	\$6,036	(\$3,668)	(\$17,275)	(\$15,000)	(\$12,900)
35	January	31	16.16%	\$3,957	(\$2,405)	(\$11,325)	(\$9,833)	(\$8,457)
36	February	28	8.49%	\$2,079	(\$1,264)	(\$5,950)	(\$5,167)	(\$4,443)
37	March	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		\$134,263	(\$81,601)	(\$384,276)	(\$333,657)	(\$286,960)
30	Deferred Tax Without Protation	Lina	25	\$702 742	(\$178.520)	(\$840.722)	(\$720.070)	(\$627.814)
39 40	Average Deferred Tax without Promation	Line 20	× 50%	\$275,745	(\$176,529)	(\$420,362)	(\$727,779)	(\$313,908)
41	Proration Adjustment	Line 38 -	Line 40	(\$12,608)	\$7 663	\$36.086	\$31 332	\$26 947
*1	. roranon / rajustition	Line 58 -		(\$12,000)	\$7,005	\$50,000	201,002	φ20,747

_

 Column Notes:
 (g)
 Sum of remaining days in the year (Col (f)) ÷ 366

 (h) through (l)
 Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 11 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan ISR Additions April 2019 through March 2020

Line	Month		FY 2020 ISR	In	Not In	Weight	Weighted	Weight
<u>No.</u>	<u>No.</u>	Month	Additions	Rates	Rates	for Days	Average	for Investment
1			(a)	(b)	(c) = (a) - (b)	(d)	$(e) = (d) \times (c)$	(f)=(c)+Total(c)
2	1	Apr-19	\$12,009,983	\$7,764,750	\$4,245,233	0.958	\$4,068,348	4.03%
3	2	May-19	\$12,009,983	\$7,764,750	\$4,245,233	0.875	\$3,714,579	4.03%
4	3	Jun-19	\$12,009,983	\$7,764,750	\$4,245,233	0.792	\$3,360,809	4.03%
5	4	Jul-19	\$12,009,983	\$7,764,750	\$4,245,233	0.708	\$3,007,040	4.03%
6	5	Aug-19	\$12,009,983	\$7,764,750	\$4,245,233	0.625	\$2,653,271	4.03%
7	6	Sep-19	\$12,009,983	\$0	\$12,009,983	0.542	\$6,505,407	11.41%
8	7	Oct-19	\$12,009,983	\$0	\$12,009,983	0.458	\$5,504,576	11.41%
9	8	Nov-19	\$12,009,983	\$0	\$12,009,983	0.375	\$4,503,744	11.41%
10	9	Dec-19	\$12,009,983	\$0	\$12,009,983	0.292	\$3,502,912	11.41%
11	10	Jan-20	\$12,009,983	\$0	\$12,009,983	0.208	\$2,502,080	11.41%
12	11	Feb-20	\$12,009,983	\$0	\$12,009,983	0.125	\$1,501,248	11.41%
13	12	Mar-20	\$12,009,983	\$0	\$12,009,983	0.042	\$500,416	11.41%
14		Total	\$144,119,796	\$38,823,750	\$105,296,046		\$41,324,429	100.00%
15	Total Addi	tions Septen	nber 2019 through N	March 2020	\$84,069,881			

FY 2020 Weighted Average Incremental Rate Base Percentage

39.25%

Column (a)=Page 30 of 39, Line 1, Col (c) Column (b)=Page 30 of 39, Line 2, Col (c) Column (d) = $(12.5 - Month No.) \div 12$ Line 14 = Page 30 of 39 Line 1 Col (c) Line 15 = Sum of Lines 7(c) through 13(c) Line 16 = Line 14(e)/Line 14(c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 12 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement no FY 2021 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year <u>2021</u> (a)	Fiscal Year <u>2022</u> (b)	NG 4/1/22 - 5/24/2022 <u>2023</u> (c)	PPL 5/25/22 - 3/31/23 <u>2023</u> (d)	Fiscal Year <u>2024</u> (e)	Fiscal Year 2025 (f)	Fiscal Year <u>2026</u> (g)
1 2 3	Depreciable Net Capital Included in ISK Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements Nat Depreciable Capital Included in ISP. Pate Base	Page 30 of 39 , Line 3 ,Col (d) Page 30 of 39 , Line 9 ,Col (d)		\$110,177,659 \$3,860,987						
3	Net Depreciable Capital included in ISK Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672	\$106,316,672
4	Change in Net Capital Included in ISR Rate Base Capital Included in ISR Rate Base	Line 1		\$110,177,659	\$0	\$0	\$0	\$0	\$0	\$0
5 6	Depreciation Expense Incremental Capital Amount	Page 34 of 39, Line 78(c)	-	\$40,700,586	\$0	\$0	\$0	\$0	\$0	\$0
_		Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072	\$69,477,072
7	Cost of Removal	Page 30 of 39, Line 6, Col (d)		\$8,861,636	050 220 500	650 220 500	070 220 700	050 220 500	050 220 500	070 220 700
8	Net Plant Amount	Line 6 + Line 7		\$/8,338,709	\$78,338,709	\$/8,338,/09	\$/8,338,709	\$/8,338,/09	\$/8,338,/09	\$/8,338,709
9	Deferred Tax Calculation: Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10	Number of days		2/			54	311			
11	Proration Percentage		2/			14.79%	85.21%			
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 13 of 39, Line 28, Col (a); then = Page 13 of 39, Col (e) Year 1 = Line 12; then = Prior Year Line 13 +		\$63,538,144	\$4,232,177	\$579,121	\$3,935,215	\$7,575,551	\$7,006,781	\$6,482,086
13	Cumulative Tax Depreciation-NG	Current Year Line 12 Year 1 = Line 12: then = Prior Year Line 14 +	3/	\$63,538,144	\$67,770,322	\$68,349,442				
14	Cumulative Tax Depreciation-PPL	Current Year Line 12	3/				\$3,935,215	\$11,510,765	\$18,517,546	\$24,999,632
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9 Year 1 = Line 15; then = Paier Year Line 16 +	2/	\$1,589,434	\$3,178,868	\$470,298	\$2,708,570	\$3,178,868	\$3,178,868	\$3,178,868
16	Cumulative Book Depreciation	Current Year Line 15		\$1,589,434	\$4,768,303	\$5,238,601	\$7,947,171	\$11,126,040	\$14,304,908	\$17,483,777
		Columns (a) through (c): Line 13 - Line 16, Then								
17	Cumulative Book / Tax Timer	Line 14 - Line 16		\$61,948,710	\$63,002,019	\$63,110,841	(\$4,011,957)	\$384,726	\$4,212,638	\$7,515,855
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (c) Line 17 + Line 18	3/				\$5,238,601	\$5,238,601	\$5,238,601	\$5,238,601
20	Effective Tax Rate	Enterry · Enterro		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
		Columns (a) through (c): Line 17 * Line 20, Then	_							
21	Deferred Tax Reserve	Line 19 * Line 20 Page 30 of 39 Line 12 Col (d)	3/	\$13,009,229	\$13,230,424	\$13,253,277	\$257,595	\$1,180,899	\$1,984,760	\$2,678,436
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22	- -	\$7,483,434	\$7,704,628	\$7,727,481	\$257,595	\$1,180,899	\$1,984,760	\$2,678,436
	ISB Pata Page Colculation									
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709	\$78,338,709
25	Accumulated Depreciation	- Line 16		(\$1,589,434)	(\$4,768,303)	(\$5,238,601)	(\$7,947,171)	(\$11,126,040)	(\$14,304,908)	(\$17,483,777)
26	Deferred Tax Reserve	- Line 23	_	(\$7,483,434)	(\$7,704,628)	(\$7,727,481)	(\$257,595)	(\$1,180,899)	(\$1,984,760)	(\$2,678,436)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	=	\$69,265,841	\$65,865,777	\$65,372,626	\$70,133,942	\$66,031,770	\$62,049,040	\$58,176,496
	Revenue Requirement Calculation:									
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line $27 \div 2$; then = (Prior Year Line $27 + $ Current Year Line $27) \div 2$	4/		\$67 565 800	\$67 999 860	\$67,999,860	\$68 082 856	\$64.040.405	\$60 112 768
29	Proration Adjustment	Page 14 of 39, Line 41			\$9,494	\$12,037	\$12,037	\$39,630	\$34,504	\$29,774
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29	-		\$67,575,303	\$68,011,897	\$68,011,897	\$68,122,487	\$64,074,909	\$60,142,542
31	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	-		8.41%	8.41%	8.41%	8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/			14.79%	85.21%			
		Cols (b), (e) and (f): L 30 * L 31; Cols (c) and (d):								
33 34	Return and Taxes Book Depreciation	L 30 * L 31 * L 32 Line 15	2/		\$5,683,083 \$3,178,868	\$846,217 \$470,298	\$4,873,583 \$2,708,570	\$5,729,101 \$3,178,868	\$5,388,700 \$3,178,868	\$5,057,988 \$3,178,868
35	Annual Revenue Requirement	Sum of Lines 33 through 34		N/A	\$8,861,951	\$1,316,515	\$7,582,154	\$8,907,970	\$8,567,568	\$8,236,856

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

1/2 299%, Composite Book Depresition Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ Columns (c) and (d) erpresent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL. Corporation ("PPL") elected to treat PPL's acquisition of The Narraganeset Electric Company ("NECO") from National Grid on May 25, 2023 as masset sale for U.S. federal income tax purposes under Internal Revenue Code Section 33(N(10)). As a result of this lection, PPL was deemed to acquire the assets of NECO a fair market value (seematilally equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purposes. The resulting "step-up" in tax basis eliminates as if PPL purposed. In the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purposed. In the acquisition acquisition as as of the acquisition and explore the asset of NECO as fair maters of the Second Staff.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 13 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2021 Incremental Capital Investments

				Fiscal Year					
Line				2021					
No.				(a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 12 of 39, Line 1		\$110,177,659		20 Year MACRS Depre	ciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	46.79%		1			
3	Capital Repairs Deduction	Line 1 × Line 2		\$51,552,126	MACRS basis:	Line 21, Column (a)		\$58,625,533	
4								Annual	Cumulative
5					Fiscal Year	Pro	rated		
6	Bonus Depreciation				FY Mar-2021	3.750%		\$2,198,457	\$63,538,144
7	Plant Additions	Line 1		\$110,177,659	FY Mar-2022	7.219%		\$4,232,177	\$67,770,322
8	Less Capital Repairs Deduction	Line 3		\$51,552,126	FY Mar-2023 (Apr-May 2022)	6.677%	0.988%	\$579,121	\$68,349,442
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$58,625,533					
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	PPL Acquisition - May 25, 2022				
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		\$0	Book Cost	Line 1, Column (a)		\$110,177,659	
12	Bonus Depreciation Rate ()	Per Tax Department		0.00%	Cumulative Book Depreciation	- Page 12 of 39, Line 16,	Col (c)	(\$5,238,601)	
13	Bonus Depreciation Rate ()	Per Tax Department		0.00%	PPL MACRS basis:	Line 11 + Line 12		\$104,939,057	
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%					
15	Bonus Depreciation	Line 11 × Line 14		\$0	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$3,935,215	\$3,935,215
16	1				Mar-2024	7.219%		\$7,575,551	\$11,510,765
17	Remaining Tax Depreciation				Mar-2025	6.677%		\$7,006,781	\$18,517,546
18	Plant Additions	Line 1		\$110,177,659	Mar-2026	6.177%		\$6,482,086	\$24,999,632
19	Less Capital Repairs Deduction	Line 3		\$51,552,126	Mar-2027	5.713%		\$5,995,168	\$30,994,800
20	Less Bonus Depreciation	Line 15		\$0	Mar-2028	5.285%		\$5,546,029	\$36,540,829
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		\$58,625,533	Mar-2029	4.888%		\$5,129,421	\$41,670,250
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2030	4.522%		\$4,745,344	\$46,415,595
23	Remaining Tax Depreciation	Line 21 × Line 22		\$2,198,457	Mar-2031	4.462%		\$4,682,381	\$51,097,975
24					Mar-2032	4.461%		\$4,681,331	\$55,779,307
25	FY21 tax (gain)/loss on retirements	Per Tax Department	2/	925,925	Mar-2033	4.462%		\$4,682,381	\$60,461,687
26	Cost of Removal	Page 12 of 39, Line 7		\$8,861,636	Mar-2034	4.461%		\$4,681,331	\$65,143,019
27					Mar-2035	4.462%		\$4,682,381	\$69,825,399
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		\$63,538,144	Mar-2036	4.461%		\$4,681,331	\$74,506,731
29					Mar-2037	4.462%		\$4,682,381	\$79,189,112
30					Mar-2038	4.461%		\$4,681,331	\$83,870,443
31					Mar-2039	4.462%		\$4,682,381	\$88,552,824
32					Mar-2040	4.461%		\$4,681,331	\$93,234,155
33					Mar-2041	4.462%		\$4,682,381	\$97,916,536
34					Mar-2042	4.461%		\$4,681,331	\$102,597,867
35					Mar-2043	2.231%		\$2,341,190	\$104,939,057
36						100.000%		\$104,939,057	
37									

1/ Capital Repairs percentage is the actual result of FY2021 tax return

2/ Actual Loss based on FY2021 tax return

Column (d), Line 8 = MACRS Rate 6.677% / 365 days x 54 days

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 14 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2021 Incremental Capital Investments

Line				Fiscal Year <u>2022</u> (a)	Fiscal Year <u>2023</u> (b)	Fiscal Year <u>2024</u> (c)	Fiscal Year <u>2025</u> (d)	Fiscal Year <u>2026</u> (e)
No.	Deferred Tax Subject to Proration			()				
1	Book Depreciation	See the corresponding Fiscal Ye Note there are 2 column	ar on Page 12 of 39, Line 15. as to sum for FY23.	\$3,178,868	\$3,178,868	\$3,178,868	\$3,178,868	\$3,178,868
2	Bonus Depreciation							
3	Remaining MACRS Tax Depreciation	See the corresponding Fiscal Ye Note there are 2 column	ar on Page 12 of 39, Line 12. is to sum for FY23.	(\$4,232,177)	(\$4,514,335)	(\$7,575,551)	(\$7,006,781)	(\$6,482,086)
4	FY21 tax (gain)/loss on retirements	Page 13 of 39, Li	ne 25 ,Col (a)	\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines	through 4	(\$1,053,309)	(\$1,335,467)	(\$4,396,682)	(\$3,827,912)	(\$3,303,217)
6	Effective Tax Rate	T		21%	21%	21%	21%	21%
/	Deterred Tax Reserve	Line 3 × 1	ine o	(\$221,195)	(\$280,448)	(\$925,505)	(\$805,862)	(\$093,070)
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction	Col (a): Docket 4996, R.S. 3,	Att. 1R, page 14 Col (a)					
9	Cost of Removal	Col (a): Docket 4996, R.S. 3,	Att. 1R, page 14 Col (a)					
10	Book/Tax Depreciation Timing Difference at 3/31/2021	Line 8 + Line (+ Line 10					
12	Effective Tax Rate	Line o + Line ;	+ Lille 10					
13	Deferred Tax Reserve	Line 11 × I	line 12					
14	Total Deferred Tax Reserve	Line 7 + L	ine 13	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
15	Net Operating Loss	Col (a): Docket 4996, R.S. 3,	Att. 1R, page 14 Col (a)					
16	Net Deferred Tax Reserve	Line 14 + I	line 15	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
	Allocation of FY 2021 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Line	5	(\$1,053,309)	(\$1,335,467)	(\$4,396,682)	(\$3,827,912)	(\$3,303,217)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line Line 17	1	\$0	\$0	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 + 1	ine 18	(\$1,055,509)	(\$1,555,407)	(\$4,390,082)	(\$5,827,912)	(\$5,505,217)
20	Total EV 2021 Federal NOI	Col (a): Docket 4006 P.S. 3	Att 1P mage 14 Col (a)					
20	Allocated FY 2021 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 1	9) × Line 20					
22	Allocated FY 2021 Federal NOL Subject to Proration	(Line 17 ÷ Line 1	9) × Line 20					
23	Effective Tax Rate							
24	Deferred Tax Benefit subject to proration	Line 22 × I	line 23					
25	Net Deferred Tax Reserve subject to proration	Line 7 + L	ine 24	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
		(f)	(g)	(h) Fiscal Year	(i) Fiscal Year	(j) Fiscal Year	(k) Fiscal Year	(l) Fiscal Year
	Proration Calculation	Number of Days in Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91.78%	(\$16,918)	(\$21,450)	(\$70,618)	(\$61,483)	(\$53,055)
27	May	31	83.29%	(\$15,352)	(\$19,465)	(\$64,083)	(\$55,793)	(\$48,146)
28	June	30	75.07%	(\$13,837)	(\$17,544)	(\$57,759)	(\$50,287)	(\$43,394)
29	July Avanat	51	58.08%	(\$12,272)	(\$13,339)	(\$31,224)	(\$44,398)	(\$38,483)
30	Sentember	30	40.86%	(\$0,101)	(\$13,574)	(\$38,366)	(\$33,402)	(\$33,575)
32	October	31	41 37%	(\$7,626)	(\$9,668)	(\$31,831)	(\$27,713)	(\$23,914)
33	November	30	33.15%	(\$6,111)	(\$7,748)	(\$25 507)	(\$27,713)	(\$19.163)
34	December	31	24.66%	(\$4,545)	(\$5,763)	(\$18,972)	(\$16.518)	(\$14,254)
35	January	31	16.16%	(\$2,980)	(\$3,778)	(\$12,437)	(\$10,828)	(\$9,344)
36	February	28	8.49%	(\$1,566)	(\$1,985)	(\$6,535)	(\$5,689)	(\$4,910)
37	March	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$101,103)	(\$128,187)	(\$422,021)	(\$367,427)	(\$317,064)
39	Deferred Tax Without Proration	Line 2	5	(\$221,195)	(\$280,448)	(\$923,303)	(\$803,862)	(\$693,676)
40	Average Deferred Tax without Proration				(* * · · · · · · · · · · · · · · · · · ·			
41	Propertion Adjustment	Line 39	< 0.5 ine 40	(\$110,597)	(\$140,224)	(\$461,652)	(\$401,931) \$24,504	(\$346,838)
71	r roradoli Aujustinent	Line 38 - 1		\$7,474	\$12,057	\$35,050	o34,304	\$27,114

Column Notes:

(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

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The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 15 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2022 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year $\frac{2022}{(a)}$	NG 4/1/22 - 5/24/2022 <u>2023</u> (b)	PPL 5/25/22 - 3/31/23 2023 (c)	Fiscal Year $\frac{2024}{(d)}$	Fiscal Year $\frac{2025}{(e)}$	Fiscal Year $\frac{2026}{(f)}$
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Page 30 of 39 , Line 3 ,Col (c) Page 30 of 39 , Line 9 ,Col (c)	_	\$156,694,227 \$6,258,509					
3	Net Depreciable Capital Included in ISK Rate Base	Year I = Line I - Line 2; then = Prior Year Line 3		\$150,435,718	\$150,435,718	\$150,435,718	\$150,435,718	\$150,435,718	\$150,435,718
	Change in Net Capital Included in ISR Rate Base								
4	Capital Included in ISR Rate Base	Line 1		\$156,694,227	\$0	\$0	\$0	\$0	\$0
5	Depreciation Expense	Page 34 of 39, Line 77(c)	-	\$40,954,246	\$0	\$0	\$0	\$0	\$0
0	incremental Capital Amount	6		\$115,739,981	\$115,739,981	\$115,739,981	\$115,739,981	\$115,739,981	\$115,739,981
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (e)		\$10,773,005					
8	Net Plant Amount	Line 6 + Line 7		\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985
	Deferred Tax Calculation:								
9	Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
10	Number of days		2/		54	311			
11	Proration Percentage		2/		14.79%	85.21%			
		Year 1 = Page 16 of 39, Line 28, Col (a); then =							
12	Tax Depreciation and Year 1 Basis Adjustments	Page 16 of 39, Col (e) Year 1 = Line 12; then = Prior Year Line 13 +		\$127,609,589	\$448,503	\$5,766,741	\$11,101,360	\$10,267,874	\$9,498,975
13	Cumulative Tax Depreciation-NG	Current Year Line 12 Year 1 = Line 12; then = Prior Year Line 14 +	3/	\$127,609,589	\$128,058,092				
14	Cumulative Tax Depreciation-PPL	Current Year Line 12	3/			\$5,766,741	\$16,868,101	\$27,135,975	\$36,634,950
		Year 1 = Line 3 × Line 9 × 50% ; then = Line 3							
15	Book Depreciation	× Line 9	2/	\$2,249,014	\$665,462	\$3,832,566	\$4,498,028	\$4,498,028	\$4,498,028
16	Cumulative Book Depreciation	Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15		\$2,249,014	\$2,914,476	\$6,747,042	\$11,245,070	\$15,743,098	\$20,241,126
		Columns (a) and (b): Line 13 - Line 16. Then							
17	Cumulative Book / Tax Timer	Line 14 - Line 16		\$125,360,575	\$125,143,617	(\$980,301)	\$5,623,031	\$11,392,877	\$16,393,824
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (b)	3/			\$2,914,476	\$2,914,476	\$2,914,476	\$2,914,476
19	Cumulative Book / Tax Timer - PPL	Line 17 + Line 18				\$1,934,174	\$8,537,507	\$14,307,353	\$19,308,300
20	Effective Tax Rate		_	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
21	Deferred Tay Basaria	Columns (a) through (b): Line 17 * Line 20, Then Line 10 * Line 20		\$26 225 721	\$26 280 150	\$406.177	\$1 702 976	\$2 004 544	\$4.054.742
21	Add: EV 2022 Federal NOL (Generation) / Utilization	Page 30 of 39. Line 12. Col (e)	3/	\$20,323,721 (\$3,264,442)	\$26,280,159	\$406,177	\$1,792,876	\$3,004,544	\$4,054,745
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22	<i></i>	\$23,061,278	\$23,015,717	\$406,177	\$1,792,876	\$3,004,544	\$4,054,743
			-						
24	<u>ISK Rate Base Calculation:</u> Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$126,512,985	\$126,512,985	\$126,512,985	\$126,512,985	\$126.512.985	\$126,512,985
25	Accumulated Depreciation	- Line 16		(\$2,249,014)	(\$2,914,476)	(\$6,747,042)	(\$11,245,070)	(\$15,743,098)	(\$20,241,126)
26	Deferred Tax Reserve	- Line 23		(\$23,061,278)	(\$23,015,717)	(\$406,177)	(\$1,792,876)	(\$3,004,544)	(\$4,054,743)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	-	\$101,202,693	\$100,582,792	\$119,359,767	\$113,475,039	\$107,765,343	\$102,217,116
	Revenue Requirement Calculation:								
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line 27 ÷ 2;							
		then = (Prior Year Line 27 + Current Year Line							
		27) ÷ 2	4/	\$50,601,346	\$110,281,230	\$110,281,230	\$116,417,403	\$110,620,191	\$104,991,230
29	Proration Adjustment	Page 17 of 39, Line 41	_	(\$6,077)	\$15,478	\$15,478	\$59,520	\$52,008	\$45,077
30 31	Average ISR Rate Base after Deferred Tax Proration Pre-Tax ROR	Line 28 + Line 29 Page 39 of 39, Line 30. Column (e)		\$50,595,269 8,41%	\$110,296,708	\$110,296,708 8.41%	\$116,476,923 8.41%	\$110,672,199 8.41%	\$105,036,307 8.41%
22	Prototion Parcentage	Lin-11	2/		14 709/	05 010/			
32	r roration r er centage	Line 11	21		14./9%	63.21%			
	D	Cols (a), (d) and (e): L 30 * L 31; Cols (b) and	<i>.</i>			65 ···· ···		eo are	eo e==
33 24	Return and Laxes	(c): L 30 * L 31 * L 32	2/	\$4,255,062	\$1,372,333	\$7,903,620	\$9,795,709	\$9,307,532	\$8,833,553
54	book Depreciation	Line 15		\$2,249,014	\$000,462	\$3,832,300	\$4,498,028	54,498,028	\$4,498,028
35	Annual Revenue Requirement	Sum of Lines 33 through 34		\$6,504,076	\$2,037,794	\$11,736,187	\$14,293,737	\$13,805,560	\$13,331,581

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018 2/ Columns (b) and (c) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

4/ Columns (b) and (c) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (a) and the end of the fiscal year on Line 27, Column (c). See note 2.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 16 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2022 Incremental Capital Investments

				Fiscal Year					
Line				2022					
No.				(a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 15 of 39, Line 1		\$156,694,227		20 Year MACRS Depre	ciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	73.20%		•			
3	Capital Repairs Deduction	Line 1 × Line 2	-	\$114,700,174	MACRS basis:	Line 21, Column (a)		\$41,994,053	
4								Annual	Cumulative
5					Fiscal Year	Prorat	ed		
6 1	Bonus Depreciation				FY Mar-2022	3.750%		\$1,574,777	\$127,609,589
7	Plant Additions	Line 1		\$156,694,227	FY Mar-2023 (Apr-May 2022)	7.219%	1.068%	\$448,503	\$128,058,092
8	Less Capital Repairs Deduction	Line 3		\$114,700,174					
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8	-	\$41,994,053	PPL Acquisition - May 25, 2022				
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Book Cost	Line 1, Column (a)		\$156,694,227	
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10	-	\$0	Cumulative Book Depreciation	- Page 15 of 39, Line 16,	Col (b)	(\$2,914,476)	
12	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	PPL MACRS basis:	Line 10 + Line 11		\$153,779,751	
13	Bonus Depreciation Rate 0%	Per Tax Department		0.00%					
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$5,766,741	\$5,766,741
15	Bonus Depreciation	Line 11 × Line 14		\$0	Mar-2024	7.219%		\$11,101,360	\$16,868,101
16	1				Mar-2025	6.677%		\$10,267,874	\$27,135,975
17	Remaining Tax Depreciation				Mar-2026	6.177%		\$9,498,975	\$36,634,950
18	Plant Additions	Line 1		\$156,694,227	Mar-2027	5.713%		\$8,785,437	\$45,420,387
19	Less Capital Repairs Deduction	Line 3		\$114,700,174	Mar-2028	5.285%		\$8,127,260	\$53,547,647
20	Less Bonus Depreciation	Line 15		\$0	Mar-2029	4.888%		\$7,516,754	\$61,064,401
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20	-	\$41,994,053	Mar-2030	4.522%		\$6,953,920	\$68,018,322
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2031	4.462%		\$6,861,653	\$74,879,974
23	Remaining Tax Depreciation	Line 21 × Line 22		\$1,574,777	Mar-2032	4.461%		\$6,860,115	\$81,740,089
24					Mar-2033	4.462%		\$6,861,653	\$88,601,742
25	FY22 tax (gain)/loss on retirements	Per Tax Department	2/	561,633	Mar-2034	4.461%		\$6,860,115	\$95,461,856
26	Cost of Removal	Page 15 of 39, Line 7		\$10,773,005	Mar-2035	4.462%		\$6,861,653	\$102,323,509
27		e ,			Mar-2036	4.461%		\$6,860,115	\$109,183,623
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 2	6	\$127,609,589	Mar-2037	4.462%		\$6,861,653	\$116,045,276
29			-		Mar-2038	4.461%		\$6.860.115	\$122,905,391
30					Mar-2039	4.462%		\$6,861,653	\$129,767,043
31					Mar-2040	4.461%		\$6.860.115	\$136.627.158
32					Mar-2041	4.462%		\$6.861.653	\$143,488,810
33					Mar-2042	4.461%		\$6.860.115	\$150.348.925
34					Mar-2043	2.231%		\$3,430,826	\$153,779,751
35						100.000%		\$153,779,751	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
36								, ,	

Column (d), Line 7 = MACRS Rate 7.219% / 365 days x 54 days

1/ Capital Repairs percentage is the actual result of FY2022 tax return

2/ Actual Loss based on FY2022 tax return

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 17 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2022 Incremental Capital Investments

Line				Fiscal Year <u>2022</u> (a)	Fiscal Year <u>2023</u> (b)	Fiscal Year <u>2024</u> (c)	Fiscal Year <u>2025</u> (d)	Fiscal Year <u>2026</u> (e)
No.	Deferred Tax Subject to Proration							
		See the corresponding Fisca	l Year on Page 15 of 39,					
1	Book Depreciation	Line 15. Note there are 2 co	lumns to sum for FY23.	\$2,249,014	\$4,498,028	\$4,498,028	\$4,498,028	\$4,498,028
2	Bonus Depreciation	C 1() D 1((30	I: 22 1 ()					
		thereafter see the correspondi	ng Fiscal Vear on Page 15					
		of 30 Line 12 Note there a	re 2 columns to sum for					
3	Remaining MACRS Tax Depreciation	FV23	te 2 columnis to sum for	(\$1 574 777)	(\$6,215,244)	(\$11.101.360)	(\$10.267.874)	(\$9.498.975)
4	FY22 tax (gain)/loss on retirements	- Page 16 of 39 L	ine 25 Col (a)	(\$1,574,777)	(\$0,215,244)	(\$11,101,500)	(\$10,207,074)	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1	through 4	\$674,237	(\$1,717,216)	(\$6.603.332)	(\$5,769,846)	(\$5,000,947)
6	Effective Tax Rate			21%	21%	21%	21%	21%
7	Deferred Tax Reserve	Line 5 × I	line 6	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
	Deferred Tax Not Subject to Proration							
8	Capital Renairs Deduction							
9	Cost of Removal							
10	Book/Tax Depreciation Timing Difference at 3/31/2022							
11	Cumulative Book / Tax Timer	Line 8 + Line 9	+ Line 10					
12	Effective Tax Rate							
13	Deferred Tax Reserve	Line 11 × I	Line 12					
14	Total Deferred Tax Reserve	Line 7 + L	ine 13	\$141.590	(\$360.615)	(\$1.386.700)	(\$1.211.668)	(\$1.050.199)
15	Net Operating Loss	- Page 15 of 39. L	ine 22 .Col (a)		(*****,****)	(,,	(+-,=,)	(**,***,***)
16	Net Deferred Tax Reserve	Line 14 + I	line 15	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
	Allocation of FY 2022 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Line	5	\$674.237	(\$1.717.216)	(\$6.603.332)	(\$5,769,846)	(\$5.000.947)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 1	1	\$0	\$0	\$0	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 + I	Line 18	\$674,237	(\$1,717,216)	(\$6,603,332)	(\$5,769,846)	(\$5,000,947)
20	Total FY 2022 Federal NOL	- Page 15 of 39 Line	22 Col (a)÷21%					
21	Allocated FY 2022 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 1	9) × Line 20					
22	Allocated FY 2022 Federal NOL Subject to Proration	(Line 17 ÷ Line 1	9) × Line 20					
23	Effective Tax Rate		., .					
24	Deferred Tax Benefit subject to proration	Line 22 × I	Line 23					
25	Net Deferred Tax Reserve subject to proration	Line 7 + L	ine 24	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
		(0)					(1)	
		(1)	(g)	(n) Eisaal Vaar	(1) Ficael Veen	(j) Ficasl Vasr	(K) Eisaal Vaar	(I) Fiscal Veer
	Proration Calculation	Number of Days in Month	Proration Percentage	2022	2023	2024	2025	2026
26	April	30	91 78%	\$10 829	(\$27,581)	(\$106.060)	(\$92.673)	(\$80,323)
27	May	31	83.29%	\$9.827	(\$25,029)	(\$96,246)	(\$84.097)	(\$72,891)
28	June	30	75.07%	\$8,857	(\$22,559)	(\$86,748)	(\$75,798)	(\$65,697)
29	July	31	66.58%	\$7,855	(\$20,007)	(\$76,933)	(\$67,223)	(\$58,264)
30	August	31	58.08%	\$6,853	(\$17,454)	(\$67,119)	(\$58,647)	(\$50,832)
31	September	30	49.86%	\$5,883	(\$14,984)	(\$57,621)	(\$50,348)	(\$43,638)
32	October	31	41.37%	\$4,881	(\$12,432)	(\$47,806)	(\$41,772)	(\$36,205)
33	November	30	33.15%	\$3,911	(\$9,962)	(\$38,308)	(\$33,473)	(\$29,012)
34	December	31	24.66%	\$2,909	(\$7,410)	(\$28,494)	(\$24,897)	(\$21,579)
35	January	31	16.16%	\$1,907	(\$4,858)	(\$18,679)	(\$16,322)	(\$14,147)
36	February	28	8.49%	\$1,002	(\$2,552)	(\$9,815)	(\$8,576)	(\$7,433)
37	March	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		\$64,718	(\$164,829)	(\$633,829)	(\$553,826)	(\$480,022)
39	Deferred Tax Without Proration	Line 2	5	\$141,590	(\$360,615)	(\$1,386,700)	(\$1,211,668)	(\$1,050,199)
40	Average Deferred Tax without Proration			650 5° -	(\$100.255)	(0.00.0.0.0)	(0.00 00 00	(0.50.5.0
41	Decention A discoursed	Line 39	< 0.5	\$70,795	(\$180,308)	(\$693,350)	(\$605,834)	(\$525,099)
41	Proration Adjustment	Line 38 - L	ine 40	(\$6,077)	\$15,478	\$59,520	\$52,008	\$45,077

 Column Notes:
 (g)
 Sum of remaining days in the year (Col (f)) ÷ 365

 (h) through (l)
 Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 18 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2023 Actual Incertental Gas Capital Investment

Line No.				NG 4/1/22 - 5/24/2022 <u>2023</u>	PPL 5/25/22 - 3/31/23 <u>2023</u>	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
1	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year	Page 30 of 39 , Line 3 ,Col (f)	2/	(a) \$22,362,231	(b) \$128,789,885	(c)	(d)	(e)
2 3	Retirements Net Depreciable Capital Included in ISR Rate Base	Page 30 of 39 , Line 9 ,Col (f) Year 1 = Line 1 - Line 2; then = Prior Year Line 3	2/	1,256,752 \$21,105,479	7,237,958 \$121,551,927	\$142,657,406	\$142,657,406	\$142,657,406
4	Change in Net Capital Included in ISR Rate Base	Line 1		\$22 362 231	\$128 780 885			
5	Depreciation Expense	Page 34 of 39, Line 77(c)	2/	\$6,058,984	\$34,895,262			
0	incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$16,303,246	\$93,894,623	\$110,197,870	\$110,197,870	\$110,197,870
7	Cost of Removal	Page 30 of 39 , Line 6 ,Col (f)	2/	\$1,569,324	\$9,038,142			
8	Net Plant Amount	Line 6 + Line 7		\$17,872,570	\$102,932,765	\$120,805,335	\$120,805,335	\$120,805,335
9	Deferred Tax Calculation: Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%
10	Proration Percentage							
11 12	Tax Depreciation and Year I Basis Adjustments Cumulative Tax Depreciation-NG	Col (a) = Page 19 of 39, Column (a), Line 28; Col (b) = Page 19 of 39, Col (b), Lines 19,25,26 + Col (b), Line 15, Then remaining years from Page 19 of 39, Col (f) Col (a) = Line 11; then = zero	3/	\$11,795,130 \$11,795,130	\$68,757,963	\$7,190,411	\$6,650,557	\$6,152,537
13	Cumulative Tax Depreciation-PPL	Col (b) = Line 11; then = Prior Year Line 13 + Current Year Line 11 3/			\$68,757,963	\$75,948,374	\$82,598,931	\$88,751,469
14	Book Depreciation	Year 1 (Columns (a) and (b)) = Line $3 \times Line 9 \times 50\%$; then = Line $3 \times Line 9$		\$315,527	\$1,817,201	\$4,265,456	\$4,265,456	\$4,265,456
15	Cumulative Book Depreciation	Year 1 = Line 14; then = Prior Year Line 15 + Current Year Line 14		\$315,527	\$2,132,728	\$6,398,185	\$10,663,641	\$14,929,098
16	Book / Tax Timer	Line 11 - Line 14	2/	\$11,479,603	\$66,940,762	\$2,924,954	\$2,385,101	\$1,887,081
17		Col(a) = zero; Col(b) = Line 16, Column (b); then = Prior Year	3/	\$11,475,005	0	670 07 5 8 47		001 100 000
18 19	Cumulative Book / Tax Timer - PPL Cumulative Book / Tax Timer - Total	Line 18 + Current Year Line 16 Line 17 + Line 18	3/	\$11,479,603	\$66,940,762 \$66,940,762	\$69,865,716	\$72,250,817 \$72,250,817	\$74,137,898 \$74,137,898
20	Effective Tax Rate		-	21.00%	21.00%	21.00%	21.00%	21.00%
21 22	Deferred Tax Reserve Add: FY 2023-NG Federal NOL (Generation) / Utilization	Line 19 × Line 20 Page 30 of 39 Line 12 Col (f)	3/	\$2,410,717 \$43,762,725	\$14,057,560 \$0	\$14,671,800 \$0	\$15,172,672 \$0	\$15,568,959 \$0
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22	_	\$46,173,442	\$14,057,560	\$14,671,800	\$15,172,672	\$15,568,959
24	ISR Rate Base Calculation: Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$17,872,570	\$102,932,765	\$120,805,335	\$120,805,335	\$120,805,335
26	Deferred Tax Reserve	- Line 23	_	(\$46,173,442)	(\$14,057,560)	(\$14,671,800)	(\$15,172,672)	(\$15,568,959)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26	-	(\$28,616,398)	\$87,058,004	\$99,735,350	\$94,969,022	\$90,307,279
28	<u>Revenue Requirement Calculation;</u> Average Rate Base before Deferred Tax Proration Adjustment	Year 1 (Cols (a) and (b)) = Current Year, Line 27 * 50%; Then = (Prior Year Line 27 + Current Year Line 27) ÷ 2		(\$14,308,199)	\$43,529,002	\$79,088,478	\$97,352,186	\$92,638,151
29	Proration Adjustment	Page 20 of 39, Line 41	2/	\$676,924	\$120,581	\$26,365	\$21,499	\$17,010
30 31	Average ISR Rate Base after Deterred 1 ax Proration Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	_	(\$13,631,275) 8.41%	\$43,649,583 8.41%	\$79,114,842 8.41%	\$97,373,685 8.41%	\$92,655,160 8.41%
32	Proration	Line 10						
33 34	Return and Taxes Book Depreciation	Line 30 x Line 31 Line 14		(\$1,146,390) \$315,527	\$3,670,930 \$1,817,201	\$6,653,558 \$4,265,456	\$8,189,127 \$4,265,456	\$7,792,299 \$4,265,456
35	Annual Revenue Requirement	Sum of Lines 33 through 34	Ľ	(\$830,863)	\$5,488,131	\$10,919,015	\$12,454,583	\$12,057,755
	Sum of Columns (a) and (b) equal Docket No. 5210 FY 2023 Gas I:	SR Reconciliation, Page 1, Line 7(b) or						
36 37	Page 18, Line 35(a) and 35(b) 2023 Tax True-Up		-	(\$951,490) \$120,627	\$5,273,146 \$214,985			

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

2/ Columns (a) and (b) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

^{2/2} Columns (a) and (b) represent the 12 months within fiscal year 2025, but activity is separated to accommodate the impacts or une acquisition as uscanced in none 2.
^{3/} National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 19 of 39

The Narragansett Electric Company db/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2023 Incremental Capital Investments

				NG	PPL					
				Apr 1-May 24,	May 25-Mar 31,					
				2022	2023					
Line				FY 2023	FY 2023					
No.				(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Capital Repairs Deduction					_				
1	Plant Additions	Page 18 of 39, Line 1		\$22,362,231	\$128,789,885		20 Year MACRS I	Depreciation		
2	Capital Repairs Deduction Rate	Per Tax Department	1/	39.78%	39.78%					
3	Capital Repairs Deduction	Line 1 × Line 2		\$8,895,695	\$51,232,616	MACRS basis:	Line 21, Column (a)		\$13,466,536	
4									Annual	Cumulative
5						Fiscal Year		Prorated	MACRS	Tax Depr
6	Bonus Depreciation					FY Mar-2023 (Apr-May 2022)	3.750%	0.555%	\$74,712	\$11,795,130
7	Plant Additions	Line 1		\$22,362,231	\$128,789,885					
8	Less Capital Repairs Deduction	Line 3		\$8,895,695	\$51,232,616	PPL Acquisition - May 25, 2022				
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$13,466,536	\$77,557,269	Book Cost	Line 1, Column (a)		\$22,362,231	
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	0.00%	Cumulative Book Depreciation	- Page 18 of 39, Lin	e 14, Col (a)	(\$315,527)	
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		\$0	\$0	MACRS basis from Acquisition:	Line 9(f) + Line 10(f)	\$22,046,704	
12	Bonus Depreciation Rate 1	Per Tax Department		0.00%	0.00%	MACRS basis (Jun-Mar 2023)	Line 21, Column (b)		\$77,557,269	
13	Bonus Depreciation Rate 2	Per Tax Department		0.00%	0.00%	Total MACRS Basis thru 3/2023	Line 11(f) + Line 12	(f)	\$99,603,973	
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%	0.00%					
15	Bonus Depreciation	Line 11 × Line 14		\$0	\$0	FY Mar-2023 (Jun-Mar 2023)	3.750%		\$3,735,149	\$68,757,963
16	-					Mar-2024	7.219%		\$7,190,411	\$75,948,374
17	Remaining Tax Depreciation					Mar-2025	6.677%		\$6,650,557	\$82,598,931
18	Plant Additions	Line 1		\$22,362,231	\$128,789,885	Mar-2026	6.177%		\$6,152,537	\$88,751,469
19	Less Capital Repairs Deduction	Line 3		\$8,895,695	\$51,232,616	Mar-2027	5.713%		\$5,690,375	\$94,441,844
20	Less Bonus Depreciation	Line 15		\$0	\$0	Mar-2028	5.285%		\$5,264,070	\$99,705,914
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		\$13,466,536	\$77,557,269	Mar-2029	4.888%		\$4,868,642	\$104,574,556
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	3.75%	Mar-2030	4.522%		\$4,504,092	\$109,078,647
23	Remaining Tax Depreciation	Line 21 × Line 22		\$504,995	\$2,908,398	Mar-2031	4.462%		\$4,444,329	\$113,522,977
24	•					Mar-2032	4.461%		\$4,443,333	\$117,966,310
25	FY23 tax (gain)/loss on retirements	Per Tax Department	2/	825,116	4,752,056	Mar-2033	4.462%		\$4,444,329	\$122,410,639
26	Cost of Removal	Page 18 of 39, Line 7		\$1,569,324	\$9,038,142	Mar-2034	4.461%		\$4,443,333	\$126,853,972
27		•				Mar-2035	4.462%		\$4,444,329	\$131,298,302
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		\$11,795,130	\$67,931,212	Mar-2036	4.461%		\$4,443,333	\$135,741,635
29						Mar-2037	4.462%		\$4,444,329	\$140.185.964
30	Reconcilation of MACRS Tax Depreciation:					Mar-2038	4.461%		\$4,443,333	\$144.629.298
31	Apr 1 - May 24, 2022 Plant Additions	Line 1. Column			\$22,362,231	Mar-2039	4.462%		\$4,444,329	\$149.073.627
32	Cumulative Book Depreciation through May 24, 2022	Line 19. Col			(\$315.527)	Mar-2040	4.461%		\$4,443,333	\$153.516.960
33	2022 Plant Additions (Net Book) through Acquisition	Line $31 + Line 32$		-	\$22.046.704	Mar-2041	4.462%		\$4,444,329	\$157.961.289
34	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946			3.750%	Mar-2042	4.461%		\$4,443,333	\$162,404,623
35	Tax Depreciation	Line 33 * Line 34		-	\$826 751	Mar-2043	2 231%		\$2 222 165	\$164 626 787
36		Line 25 Line 21			\$626,751		100.00%	_	\$99.603.973	÷101,020,707
37	MACRS Basis in May 25-Mar 2023 Plant Additions	Line 20 Column (a)			\$77 557 269		100.0070		<i>~,,,,,,,,,,,,,,,</i> ,,,,,,,,,,,,,,,,,,,,,	
38	20 VR MACRS Tax Depreciation Rates	Per IRS Publication 946			3 750%	Column (e) Line $6 = M \triangle CPS$ Pate 3	3 75% / 365 days v 54 d	ave		
30	Tay Depreciation	Line 37 * Line 38		-	\$2 908 308	commit (c), Enico – MACRO Rate .	5.75797 505 days X 54 d	4,5		
40	rux Depresation	Line 57 Line 56			\$2,700,398					
41	Total MACRS Tax Depreciation	Sum of Lines 35, 39, Column (b)		-	\$3 735 149					
-T 1	Tom interes fax Depresation	$\mathcal{S}_{\mathrm{and}}$ of $\mathcal{L}_{\mathrm{inco}}$ $\mathcal{S}_{\mathcal{S}}$, $\mathcal{S}_{\mathcal{S}}$, $\mathcal{S}_{\mathcal{S}}$, $\mathcal{S}_{\mathcal{S}}$		_	\$5,155,145					

Capital Repairs percentage is based on the actual results of National Grid's short period FY2023 tax return and PPL's short period CY2022 tax return, which covers the period from April 2022 through December 1/ 2022; and one-fourth (January 2023 thru March 2023) of PPL's CY2023 consolidated tax return, which is expected to be filed in October of 2024.

FY 2023 tax loss on retirements is based on actual results of National Grid's short period FY2023 tax return and PPL's short period CY2022 tax return, which covers the period from April 2022 through December

2/ 2022; and one-fourth (January 2023 thru March 2023) of PPL's CY2023 consolidated tax return, which is expected fo be filed in October 2024.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 20 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2023 Incremental Capital Investments

				NG	PPL	Fiscal Year	Fiscal Year	Fiscal Year
				4/1/22 - 5/24/2022	5/25/22 - 3/31/23	2024	2025	2026
Line				2023	2023			
No.	Deferred Tax Subject to Proration			(a)	(b)	(c)	(d)	(e)
	· · · · · · · · · · · · · · · · · · ·	See the corresponding Fisc	al Year on Page 18 of 39.			()		
1	Book Depreciation	Line	14	\$315,527	\$1.817.201	\$4,265,456	\$4,265,456	\$4,265,456
2	Bonus Depreciation	- Page 19 of 39. I	Line 15 .Col (a)	\$0	\$0	\$0		
-	Bonas Bepresation	Page 19 of 30	Loolumn (f)	<i>40</i>	40	\$0		
2	Demoising MACDS Ten Demonistion	- Fage 19 01 39	, coluliii (1),	(\$74.712)	(\$2,725,140)	(\$7.100.411)	(\$6.650.557)	(\$6,152,527)
3	EV22 NG (())	Lines 6 and 13	inrougn 18	(\$/4,/12)	(\$5,755,149)	(\$7,190,411)	(\$6,650,557)	(\$0,152,557)
4	FY23-NG tax (gain)/loss on retirements	- Page 19 of 39, 1	Line 25 ,Col (a)	(\$825,116)	(\$4,/52,056)	\$0		
5	Cumulative Book / Tax Timer	Sum of Lines	1 through 4	(\$584,301)	(\$6,670,004)	(\$2,924,954)	(\$2,385,101)	(\$1,887,081)
6	Effective Tax Rate			21%	21%	21%	21%	21%
7	Deferred Tax Reserve	Line 5 ×	Line 6	(\$122,703)	(\$1,400,701)	(\$614,240)	(\$500,871)	(\$396,287)
	Deferred Tax Not Subject to Proration							
		- Page 19 of 39 , Line	3 ,Cols (a) and (b),					
8	Capital Repairs Deduction	Then	= 0	(\$8,895,695)	(\$51,232,616)			
		- Page 18 of 39. Line	7.Cols (a) and (b).					
9	Cost of Removal	Then	= 0	(\$1 569 324)	(\$9.038.142)			
10	Book/Tax Depreciation Timing Difference at 3/31/2023	Then	0	(\$1,507,524)	(\$7,050,142)			
11	Cumulativa Book / Tay Timor	Ling 8 + Ling	$0 \pm Line 10$	(\$10.465.010)	(\$60.270.758)	\$0	¢0,	\$0
11		Line 8 + Line	9 + Lille 10	(\$10,405,019)	(300,270,738)	30	30	30
12	Effective Tax Rate			21%	21%	21%	21%	21%
13	Deferred Tax Reserve	Line 11 ×	Line 12	(\$2,197,654)	(\$12,656,859)	\$0	\$0	\$0
14	Total Deferred Tax Reserve	Line 7 + 1	Line 13	(\$2,320,357)	(\$14.057.560)	(\$614,240)	(\$500.871)	(\$396.287)
15	Net Operating Loss	- Page 18 of 39	Line 22 Col (a)	(0=,0=0,000)	(***,***,****)	(*****,=***)	(*****,****)	(*****,=**)
16	Net Deferred Tax Reserve	Line 14 +	Line 15	(\$2,320,357)	(\$14,057,560)	(\$614,240)	(\$500,871)	(\$396,287)
	Allocation of EV 2023-NG Estimated Federal NOI							
17	Cumulative Book/Tay Timor Subject to Protection	Lina	5	(\$584.201)	(\$6 670 004)	(\$2,024,054)	(\$2,285,101)	(\$1 997 091)
17		Line		(\$364,301)	(\$0,070,004)	(\$2,924,934)	(\$2,585,101)	(\$1,887,081)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line	11	(\$10,465,019)	(\$60,270,758)	\$0	50	50
19	Total Cumulative Book/Tax Timer	Line 17 +	Line 18	(\$11,049,319)	(\$66,940,762)	(\$2,924,954)	(\$2,385,101)	(\$1,887,081)
20	Total EV 2022 NG Fadaral NOI	Dece 18 of 20 Lin	a 22 Cal (a)+219/	(\$208 202 020)	\$0	\$0	\$0	\$0
20	Alla and a EV 2022 NG Federal NOL Net Subject to Departies	- Tage 18 01 59 , Elli	10) x Line 20	(\$208,393,929)	50	50	50	50 60
21	Allocated F Y 2023-NG Federal NOL Not Subject to Proration	(Line 18 - Line	19) × Line 20	(\$197,575,821)	30	30	50	50
22	Allocated FY 2023-NG Federal NOL Subject to Proration	(Line 17 ÷ Line	19) × Line 20	(\$11,020,108)	\$0	\$0	\$0	\$0
23	Effective Tax Rate			21%	21%	21%	21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 ×	Line 23	(\$2,314,223)	\$0	\$0	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + 1	Line 24	(\$2,436,926)	(\$1,400,701)	(\$614,240)	(\$500,871)	(\$396,287)
		(f)	(g)	(h)	(i)	(j)	(k)	(1)
				NG	PPL			
				4/1/22 - 5/24/2022	5/25/22 - 3/31/23	Fiscal Year	Fiscal Year	Fiscal Year
	Protection Calculation	Number of Days in Month	Proration Percentage	2023	2023	2024	2025	2026
26	Annil	20	01 78%	(\$541.520)	2020	(\$46.080)	(\$28,200)	(\$20,210)
20	Apin	30	91.7876	(\$541,559)	(\$111.779)	(\$40,980)	(\$30,309)	(\$30,310)
27	May	31	85.29%	30	(\$111,778)	(\$42,632)	(\$34,764)	(\$27,505)
28	June	30	/5.0/%		(\$99,494)	(\$38,425)	(\$31,333)	(\$24,791)
29	July	31	66.58%		(\$86,802)	(\$34,078)	(\$27,788)	(\$21,986)
30	August	31	58.08%		(\$74,109)	(\$29,730)	(\$24,243)	(\$19,181)
31	September	30	49.86%		(\$61,826)	(\$25,523)	(\$20,812)	(\$16,467)
32	October	31	41.37%		(\$49,133)	(\$21,176)	(\$17,267)	(\$13,662)
33	November	30	33.15%		(\$36,850)	(\$16,969)	(\$13,837)	(\$10,948)
34	December	31	24.66%		(\$24,157)	(\$12.621)	(\$10.292)	(\$8,143)
35	January	31	16.16%		(\$11.464)	(\$8 274)	(\$6,747)	(\$5,338)
36	February	28	8 49%		(\$24,157)	(\$4 347)	(\$3,545)	(\$2,805)
37	March	20	0.00%		(#24,137) ¢0	(0-1,5-17) ¢0	(00,040)	(#2,005) ¢n
20	T-4-1	21	0.0070	(\$541.520)	(\$570.770)	(\$280.750)	(\$228.027)	(\$191.124)
38	10(a)	365		(\$541,539)	(\$5/9,770)	(\$280,756)	(\$228,937)	(\$181,134)
39	Deferred Tax Without Proration	Line	25	(\$2,436,926)	(\$1,400,701)	(\$614,240)	(\$500,871)	(\$396,287)
40	Average Deferred Tax without Proration							
	e	Line 39	× 0.5	(\$1.218.463)	(\$700.350)	(\$307.120)	(\$250.436)	(\$198.144)
41	Proration Adjustment	Line 38 -	Line 40	\$676.924	\$120,581	\$26.365	\$21,499	\$17.010
		Line 50 -		\$070,724	\$120,001	\$20,000	<i>~~.,.))</i>	\$17,510

Column Notes:

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(g) Sum of remaining days in the year (Col (f)) ÷ 365 (h) through (l) Current Year Line 25 ÷ 12 × Current Month Col (g)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 21 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2024 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year <u>2024</u> (a)	Fiscal Year <u>2025</u> (b)	Fiscal Year <u>2026</u> (c)
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Page 30 of 39 , Line 3 ,Col (g) Page 30 of 39 , Line 9 ,Col (g)		\$133,114,306 \$46,411,734		
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3	_	\$86,702,573	\$86,702,573	\$86,702,573
	Change in Net Capital Included in ISR Rate Base					
4	Capital Included in ISR Rate Base	Line 1 $P_{} = 24 - f^{20}$ Line $77(-)$		\$133,114,306	\$0 \$0	\$0 \$0
6	Incremental Capital Amount	rage 54 01 59, Line 77(0)	-	\$40,934,240	30	30
		Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$92,160,060	\$92,160,060	\$92,160,060
7	Cost of Removal	Page 30 of 39, Line 6, Col (g)		\$16,008,363		
8	Net Plant Amount	Line 6 + Line 7		\$108,168,423	\$108,168,423	\$108,168,423
	Deferred Tax Calculation:					
9	Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%	2.99%
10	Proration Percentage					
11	Tax Depreciation and Year 1 Basis Adjustments	Year 1 = Page 22 of 39. Line 28. Col (a); then = Page 22 of 39. Col (d)		\$40,579,304	\$8,446,770	\$7,812,589
12	Cumulative Tax Depreciation-PPL	Prior Year Line 12 + Current Year Line 11		\$40,579,304	\$49,026,074	\$56,838,663
13	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% x Line 10; then = Line 3 × Line 9		\$1,296,203	\$2,592,407	\$2,592,407
14	Cumulative Book Depreciation	Prior Year Line 14 + Current Year Line 13		\$1,296,203	\$3,888,610	\$6,481,017
15	Cumulative Book / Tax Timer	Line 11 - Line 13		\$39,283,101	\$45,137,464	\$50,357,646
16	Effective Tax Rate		_	21.00%	21.00%	21.00%
17	Deferred Tax Reserve	Line 15 × Line 16		\$8,249,451	\$9,478,867	\$10,575,106
18	Add: CY 2024 Federal NOL (Generation) / Utilization	Page 30 of 39, Line 12, Col (e)		\$0	\$0	\$0
19	Net Deferred Tax Reserve before Proration Adjustment	Line 17 + Line 18	-	\$8,249,451	\$9,478,867	\$10,575,106
	ISR Rate Base Calculation:					
20	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$108,168,423	\$108,168,423	\$108,168,423
21	Accumulated Depreciation	- Line 14		(\$1,296,203)	(\$3,888,610)	(\$6,481,017)
22 23	Deterred Tax Reserve Year End Rate Base before Deferred Tax Proration	- Line 19 Sum of Lines 20 through 22	-	(\$8,249,451) \$98,622,769	(\$9,478,867) \$94,800,945	(\$10,575,106) \$91,112,300
			-	*****	47 .joooj, .e	****
~ .	Revenue Requirement Calculation:					
24	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line $23 \div 2$:				
		then = (Prior Year Line 23 + Current Year Line 23) \div 2		\$49,311,384	\$96,711,857	\$92,956,623
25	Proration Adjustment	Page 23 of 39. Line 41		\$64,609	\$52,769	\$47.053
26	Average ISR Rate Base after Deferred Tax Proration	Line $23 + Line 24$		\$49,375,994	\$96,764,626	\$93,003,676
27	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)	_	8.41%	8.41%	8.41%
28	Proration Percentage	Line 10				
29	Return and Taxes	Line 26 × Line 27		\$4,152,521	\$8,137,905	\$7,821,609
30	Book Depreciation	Line 13		\$1,296,203	\$2,592,407	\$2,592,407
21	Annual Revenue Requirement	Sum of Lines 29 through 30		\$5 118 725	\$10 720 212	\$10.414.016

1/2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 22 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2024 Incremental Capital Investments

Line No.				Fiscal Year <u>2024</u> (a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction							
1	Plant Additions	Page 21 of 39, Line 1		\$133,114,306		20 Year M	ACRS Depreciation	n
2	Capital Repairs Deduction Rate	Per Tax Department	1/	12.10%				
3	Capital Repairs Deduction	Line $1 \times \text{Line } 2$		\$16,106,831	MACRS basis:		\$117,007,475	
4						А	nnual	Cumulative
5					Calendar Year			
6	Bonus Depreciation				Mar-2024	3.75%	\$4,387,780	\$40,579,304
7	Plant Additions	Line 1		\$133,114,306	Mar-2025	7.22%	\$8,446,770	\$49,026,074
8	Less Capital Repairs Deduction	Line 3		\$16,106,831	Mar-2026	6.68%	\$7,812,589	\$56,838,663
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		\$117,007,475	Mar-2027	6.18%	\$7,227,552	\$64,066,215
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Mar-2028	5.71%	\$6,684,637	\$70,750,852
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		\$0	Mar-2029	5.29%	\$6,183,845	\$76,934,697
12	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	Mar-2030	4.89%	\$5,719,325	\$82,654,022
13	Bonus Depreciation Rate 0%	Per Tax Department		0.00%	Mar-2031	4.52%	\$5,291,078	\$87,945,101
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%	Mar-2032	4.46%	\$5,220,874	\$93,165,974
15	Bonus Depreciation	Line 11 × Line 15		\$0	Mar-2033	4.46%	\$5,219,703	\$98,385,678
16	•				Mar-2034	4.46%	\$5,220,874	\$103,606,551
17	Remaining Tax Depreciation				Mar-2035	4.46%	\$5,219,703	\$108,826,255
18	Plant Additions	Line 1		\$133,114,306	Mar-2036	4.46%	\$5,220,874	\$114,047,128
19	Less Capital Repairs Deduction	Line 3		\$16,106,831	Mar-2037	4.46%	\$5,219,703	\$119,266,832
20	Less Bonus Depreciation	Line 15		\$0	Mar-2038	4.46%	\$5,220,874	\$124,487,705
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		\$117,007,475	Mar-2039	4.46%	\$5,219,703	\$129,707,409
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2040	4.46%	\$5,220,874	\$134,928,282
23	Remaining Tax Depreciation	Line $21 \times \text{Line } 22$		\$4,387,780	Mar-2041	4.46%	\$5,219,703	\$140,147,986
24					Mar-2042	4.46%	\$5,220,874	\$145,368,859
25	CY24 tax (gain)/loss on retirements	Per Tax Department	2/	4,076,330	Mar-2043	4.46%	\$5,219,703	\$150,588,563
26	Cost of Removal	Page 21 of 39, Line 7		\$16,008,363	Mar-2044	2.23%	\$2,610,437	\$153,198,999
27				· · · -	-	100.00%	\$117,007,475	
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		\$40,579,304			· ·	

Capital Repairs percentage is based on on three-fourths (April 2023 thru December 2023) of PPL's CY2023 consolidated tax return, which is expected to be filed in October of 2024. When PPL's CY2024 consolidated tax return is finalized in year 2025, this percentage will be updated to include one-fourth

I/ (January thru March 2024) of the CY 2024 tax return.
 Tax loss on retirements is based is based on on three-fourths (April 2023 thru December 2023) of PPL's CY2023 consolidated tax return, which is expected to be filed in October of 2024. When PPL's CY2024 consolidated tax return is finalized in year 2025, this amount will be updated to include

2/ one-fourth (January thru March 2024) of the CY 2024 tax return.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 23 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2024 Incremental Capital Investments

				Fiscal Year	Fiscal Year	Fiscal Year
Line				2024	2025	2026
No.	Deferred Tax Subject to Proration			(a)	(b)	(c)
1	Book Depreciation	Page 21 of 3	of 39, Line 15 9 Line 15 Col (a)	\$1,296,203	\$2,592,407	\$2,592,407
3	Remaining MACRS Tax Depreciation	- Page 22 of 39 , C	ol (d), Lines 6 through 8	(\$4,387,780)	(\$8,446,770)	(\$7,812,589)
4	Cy 24 tax (gain)/loss on retirements	- Page 22 of 3	9, Line 25, Col (a)	(\$4,076,330)	(05.054.2(2))	(\$5.220.192)
5	Cumulative Book / Tax Timer	Sum of Li	nes 1 through 4	(\$/,10/,90/)	(\$5,854,363)	(\$5,220,182)
7	Deferred Tax Reserve	Line	5 × Line 6	(\$1 505 260)	(\$1 229 416)	(\$1,096,238)
,		Line	5 ··· Enic o	(\$1,505,200)	(\$1,229,110)	(\$1,090,290)
	Deferred Tax Not Subject to Proration					
8	Capital Repairs Deduction	- Page 22 of 39 , L	line 3, $Col(a)$, Then = 0	(16,106,831)		
9	Cost of Removal	- Page 21 of 39 , L	Line 7, $Col(a)$, Then = 0	(\$16,008,363)		
10	Book/Tax Depreciation Timing Difference at 3/31/2024	T: 0 T	· 0 · 1 · 10	(#22,115,104)	¢0	¢0
11	Cumulative Book / Tax Timer	Line $8 + 1$	Line $9 + Line 10$	(\$32,115,194)	\$0	\$0
12	Effective Tax Rate	T	1 × 1 1 × 10	21%	21%	21%
13	Deferred Tax Reserve	Line I	1 × Line 12	(\$6,744,191)	20	20
14	Total Deferred Tax Reserve	Line	7 + Line 13	(\$8,249,451)	(\$1,229,416)	(\$1,096,238)
15	Net Operating Loss	- Page 21 of 3	9, Line 18, Col (a)	(\$0.240.451)	(\$1.000.41()	(\$1.00(.220)
16	Net Deferred Tax Reserve	Line I	4 + Line 15	(\$8,249,451)	(\$1,229,416)	(\$1,096,238)
	Allocation of CY 2023 Estimated Federal NOL					
17	Cumulative Book/Tax Timer Subject to Proration		Line 5	(\$7,167,907)	(\$5,854,363)	(\$5,220,182)
18	Cumulative Book/Tax Timer Not Subject to Proration	L T - 1	Line II	(\$32,115,194)	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line I	/ + Line 18	(\$39,283,101)	(\$5,854,363)	(\$5,220,182)
20	Total FY 2024 Federal NOL	- Page 21 of 39,	Line 18 ,Col (a)÷21%	\$0	\$0	\$0
21	Allocated FY 2024 Federal NOL Not Subject to Proration	(Line 18 ÷ L	ine 19) × Line 20	\$0	\$0	\$0
22	Allocated FY 2024 Federal NOL Subject to Proration	(Line 17 ÷ L	ine 19) × Line 20	\$0	\$0	\$0
23	Effective Tax Rate			21%	21%	21%
24	Deferred Tax Benefit subject to proration	Line 2	$2 \times \text{Line } 23$	\$0	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line	7 + Line 24	(\$1,505,260)	(\$1,229,416)	(\$1,096,238)
		(d)	(e)	(f)	(g)	(h)
		Number of Days ir	<u>1</u>	Fiscal Year	Fiscal Year	Fiscal Year
	Proration Calculation	Month	Proration Percentage	<u>2024</u>	<u>2025</u>	<u>2026</u>
26	April	30	91.78%	(\$115,128)	(\$94,031)	(\$83,845)
27	May	31	83.29%	(\$104,475)	(\$85,529)	(\$76,086)
20	June	30	/3.0/%	(\$94,103)	(\$70,909)	(\$68,577)
29	July	31	58 08%	(\$72,857)	(\$08,207)	(\$53,060)
31	Sentember	30	49.86%	(\$62,547)	(\$51,085)	(\$45,551)
32	October	31	41.37%	(\$51,894)	(\$42,384)	(\$37,793)
33	November	30	33 15%	(\$41,584)	(\$33,963)	(\$30,284)
34	December	31	24 66%	(\$30,930)	(\$25,262)	(\$22,525)
35	January	31	16.16%	(\$20,276)	(\$16.561)	(\$14,767)
36	February	28	8.49%	(\$10.654)	(\$8,701)	(\$7,759)
37	March	31	0.00%	\$0	\$0	\$0
38	Total	365	_ ```	(\$688,021)	(\$561,939)	(\$501,066)
39	Deferred Tax Without Proration	I	Line 25	(\$1.505.260)	(\$1,229.416)	(\$1,096.238)
40	Average Deferred Tax without Proration	-	-	(. ,,)	(. ,==-,,)	(. ,
-	5	Lin	e 39 × 0.5	(\$752,630)	(\$614,708)	(\$548,119)
41	Proration Adjustment	Line 3	38 - Line 40	\$64,609	\$52,769	\$47,053

Column Notes:

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(c) Sum of remaining days in the year (Col (d)) ÷ 365 (f) through (h) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 24 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Fiscal Year 2026 Revenue Requirement on FY 2025 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year <u>2025</u> (a)	Fiscal Year <u>2026</u> (b)
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	RIPUC Docket No.23-49-NG, Page 24, Line 1, Column (a) RIPUC Docket No.23-49-NG, Page 24, Line 2, Column (a)		\$154,964,000 \$7,674,708	
3	Net Depreciable Capital Included in ISR Rate Base	Year $1 = \text{Line } 1$ - Line 2; then = Prior Year Line 3		\$147,289,292	\$147,289,292
4 5	<u>Change in Net Capital Included in ISR Rate Base</u> Capital Included in ISR Rate Base Depreciation Expense	Line 1 Page 34 of 39, Line 77(c)		\$154,964,000 \$40,954,246	\$0 \$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$114,009,754	\$114,009,754
7	Cost of Removal	RIPUC Docket No.23-49-NG, Page 24, Line 7, Column (a)		\$6,636,000	
8	Net Plant Amount	Line 6 + Line 7		\$120,645,754	\$120,645,754
9	Deferred Tax Calculation: Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%	2.99%
10 11	Tax Depreciation and Year 1 Basis Adjustments Cumulative Tax Depreciation-PPL	Year 1 =Page 25 of 39, Line 32, Col (a); then = Page 25 of 39, Col (d) Prior Year Line 11 + Current Year Line 10		\$91,790,682 \$91,790,682	\$5,235,880 \$97,026,562
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9 Prior Year Line 13 + Current Year Line 12		\$2,201,975 \$2,201,975	\$4,403,950 \$6,605,925
1.4	Cumulative Book Depresation	Line 11 Line 12		\$2,201,775	\$0,005,725
14	Effective Tax Rate	Line II - Line IS		21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15		\$18,813,628	\$18,988,334
17	Add: CY 2025 Federal NOL (Generation) / Utilization	Page 30 of 39, Line 12, Col (e)		\$0	\$0
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17	_	\$18,813,628	\$18,988,334
	ISR Rate Base Calculation:				
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$120,645,754	\$120,645,754
20	Accumulated Depreciation	- Line 13		(\$2,201,975)	(\$6,605,925)
21	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21	_	\$99,630,150	\$95,051,495
	Revenue Requirement Calculation:				
23	Average Rate Base before Deferred Tax Proration Adjustment	Year I = Current Year Line $22 \div 2$; then = (Prior Year Line $22 \div 2$) $\div 2$		\$40,815,075	\$07.340.822
24	Description A disaster and	$n_{\text{ch}} = (1101 \text{ f cal Line } 22 + \text{Current f cal Line } 22) \pm 2$		\$47,015,075	\$77,340,622
24	Protation Adjustment	Page 26 01 39		\$4,008	\$7,499
25 26	Pre-Tax ROR	Page 39 of 39 Line 30 Column (e)		549,019,743 8 41%	\$77,340,321 8 41%
27	Return and Taxes	Line 25 × Line 26		\$4,189,840	\$8,186,994
28	Book Depreciation	Line 12		\$2,201,975	\$4,403,950
29	Annual Revenue Requirement	Sum of Lines 27 through 28		\$6,391,815	\$12,590,944

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 25 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2025 Incremental Capital Investments

				Fiscal Year				
Line				2025				
No.				(a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction					· .		
1	Plant Additions	Page 24 of 39, Line 1		\$154,964,000		20 Year MA	ACRS Depreciat	ion
	Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs	Docket No. 23-49-NG, Section 3, Attachment 1					-	
2		(Compliance), Page 1, Line 1, Column (b)	1/	\$12,000,000				
3	Tax Basis in Plant Additions	Line 1 + Line 2	-	\$166,964,000	MACRS basis:		\$72,529,162	
4	Capital Repairs Deduction Rate	Per Tax Department	2/	56.56%		А	nnual	Cumulative
5	Capital Repairs Deduction	Line $3 \times Line 4$	-	\$94,434,838	Calendar Year			
6					Mar-2025	3.75%	\$2,719,844	\$91,790,682
7	Internal Revenue Code ("IRC") 263a Tax Capitalization				Mar-2026	7.22%	\$5,235,880	\$97,026,562
8	Paving Costs	Line 2	1/	\$12,000,000	Mar-2027	6.68%	\$4,842,772	\$101,869,334
9	C C				Mar-2028	6.18%	\$4,480,126	\$106,349,461
10	Bonus Depreciation				Mar-2029	5.71%	\$4,143,591	\$110,493,052
11	Tax Basis in Plant Additions	Line 3		\$166,964,000	Mar-2030	5.29%	\$3,833,166	\$114,326,218
12	Less Capital Repairs Deduction	Line 5		\$94,434,838	Mar-2031	4.89%	\$3,545,225	\$117,871,443
13	Plant Additions Net of Capital Repairs Deduction	Line 11 - Line 12	-	\$72,529,162	Mar-2032	4.52%	\$3,279,769	\$121,151,212
14	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Mar-2033	4.46%	\$3,236,251	\$124,387,463
15	Plant Eligible for Bonus Depreciation	Line $13 \times Line 14$	-	\$0	Mar-2034	4.46%	\$3,235,526	\$127,622,989
16	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	Mar-2035	4.46%	\$3,236,251	\$130,859,240
17	Bonus Depreciation Rate 0%	Per Tax Department		0.00%	Mar-2036	4.46%	\$3,235,526	\$134,094,766
18	Total Bonus Depreciation Rate	Line 16 + Line 17	-	0.00%	Mar-2037	4.46%	\$3,236,251	\$137,331,018
19	Bonus Depreciation	Line $15 \times \text{Line } 18$		\$0	Mar-2038	4.46%	\$3,235,526	\$140,566,543
20					Mar-2039	4.46%	\$3,236,251	\$143,802,795
21	Remaining Tax Depreciation				Mar-2040	4.46%	\$3,235,526	\$147,038,321
22	Tax Basis in Plant Additions	Line 3		\$166,964,000	Mar-2041	4.46%	\$3,236,251	\$150,274,572
23	Less Capital Repairs Deduction	Line 5		\$94,434,838	Mar-2042	4.46%	\$3,235,526	\$153,510,098
24	Less Bonus Depreciation	Line 19		\$0	Mar-2043	4.46%	\$3,236,251	\$156,746,349
25	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 22 - Line 23 - Line 24	-	\$72,529,162	Mar-2044	4.46%	\$3,235,526	\$159,981,875
26	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2045	2.23%	\$1,618,126	\$161,600,000
27	Remaining Tax Depreciation	Line $25 \times \text{Line } 26$	-	\$2,719,844		100.00%	\$72,529,162	
28					1			
29	FY25 tax (gain)/loss on retirements	Per Tax Department	3/	-				
30	Cost of Removal	Page 24 of 39, Line 7		\$6,636,000				
31								
32	Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs	Sum of Lines 5, 19, 27, 29 and 30 Less Line 8	-	\$91,790,682				

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 26 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2025 Incremental Capital Investments

Line				(a) <u>Fiscal Year</u> <u>2025</u>	(b) <u>Fiscal Year</u> <u>2026</u>
No.	Deferred Tax Subject to Proration				
1	Book Depreciation	Page 24 o	of 39, Line 12	\$2,201,975	\$4,403,950
2	Bonus Depreciation	- Page 25 of 39	9, Line 19, Col (a)	(\$2.710.944)	(\$5.225.990)
3	CV25 tex (goin)/loss on retirements	- Page 25 of 3	9, Col (a), Line $2/$	(\$2,719,844)	(\$5,235,880)
5	Cumulative Book / Tax Timer	Sum of Lit	nes 1 through 4	(\$517,869)	(\$831,930)
6	Effective Tax Rate	Duni or En	les i unough i	(\$21%)	21%
7	Deferred Tax Reserve	Line	$5 \times \text{Line } 6$	(\$108,752)	(\$174,705)
	Deferred Tax Not Subject to Proration				
8	Capital Repairs Deduction	- Page 25 of 39 , Li	ine 5, $Col(a)$, Then = 0	(\$94,434,838)	
9	IRC 263a Tax Capitalization of Paving Costs	Page 25 of 39, Li	ne 8, Col (a), Then = 0	\$12,000,000	
10	Cost of Removal Book/Tax Depresention Timing Difference at 2/21/2025	- Page 24 of 39, Li	ine / ,Col (a), Then = 0	(\$6,636,000)	
12	Cumulative Book / Tax Timer	Line 8 + Li	ne 10 + Line 11	(\$89.070.838)	\$0
13	Effective Tax Rate			21%	21%
14	Deferred Tax Reserve	Line 12	2 × Line 13	(\$18,704,876)	\$0
15	Total Deferred Tax Reserve	Line 7	' + Line 14	(\$18,813,628)	(\$174,705)
16	Net Operating Loss	- Page 24 of 39	9 , Line 17 ,Col (a)	\$0	
17	Net Deferred Tax Reserve	Line 15	5 + Line 16	(\$18,813,628)	(\$174,705)
	Allocation of CY 2024 Estimated Federal NOL				
18	Cumulative Book/Tax Timer Subject to Proration	L	Line 5	(\$517,869)	(\$831,930)
19	Cumulative Book/Tax Timer Not Subject to Proration	Li	ine 12	(\$89,070,838)	\$0
20	Total Cumulative Book/Tax Timer	Line 18	8 + Line 19	(\$89,588,707)	(\$831,930)
21	Total CY 2025 Federal NOL	- Page 24 of 39, 1	Col (a)÷21%, Line 21	\$0	\$0
22	Allocated FY 2025 Federal NOL Not Subject to Proration	(Line 19 ÷ Li	ine 20) × Line 21	\$0	\$0
23	Allocated FY 2025 Federal NOL Subject to Proration	(Line 18 ÷ Li	ine 20) × Line 21	\$0	\$0
24	Effective Tax Rate	I : 2	2 × 1 : 24	21%	21%
25	Deterred Tax Benefit subject to proration	Line 23	5 × Line 24	50	20
26	Net Deferred Tax Reserve subject to proration	Line 7	+ Line 25	(\$108,752)	(\$174,705)
		(c) Number of Davis in	(d)	(e)	(f)
	Proration Calculation	Month	Proration Percentage	Fiscal Vear2025	Fiscal Vear2026
27	April	30	91.78%	(\$8,318)	(\$13.362)
28	May	31	83.29%	(\$7,548)	(\$12,126)
29	June	30	75.07%	(\$6,803)	(\$10,929)
30	July	31	66.58%	(\$6,034)	(\$9,693)
31	August	31	58.08%	(\$5,264)	(\$8,456)
32	September	30	49.86%	(\$4,519)	(\$7,259)
33	October	31	41.37%	(\$3,749)	(\$6,023)
34	November	30	33.15%	(\$3,004)	(\$4,826)
35	December	31	24.66%	(\$2,235)	(\$3,590)
30	January February	31 28	8 40%	(\$1,403)	(\$2,555)
38	March	31	0.00%	(\$770) \$0	(\$1,250)
39	Total	365		(\$49,708)	(\$79,854)
40	Deferred Tax Without Proration	Li	ine 26	(\$108,752)	(\$174,705)
40	Average Deferred Tax without Proration				
		Line	e 40 × 0.5	(\$54,376)	(\$87,353)
41	Proration Adjustment	Line 3	9 - Line 40	\$4,668	\$7,499

Column Notes:

(d)	Sum of remaining days in the year $(Col (c)) \div 365$
(e) through (f)	Current Year Line $26 \div 12 \times$ Current Month Col (d)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 27 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan al Vaar 2026 Bayanua Baguigament on EV 2026 Actual Ingremental Cae Capital Ing

Fiscal Year 2026 Revenue Requirement on FY 2026 Actual Incremental Gas Capital Investment

Line No.			H	Fiscal Year $\frac{2026}{(3)}$
1 2	Depreciable Net Capital Included in ISR Rate Base Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	Section 2, Table 1 Line 1 x 3-year average actual retirement rate FY22 - FY24		\$193,669,466 \$28,972,361
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		\$164,697,105
	Change in Net Capital Included in ISR Rate Base			
4	Capital Included in ISR Rate Base	Line 1		\$193,669,466
5	Depreciation Expense	Page 34 of 39, Line 77(c)		\$40,954,246
6	incrementai Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		\$152,715,220
7	Cost of Removal	Section 2, Page 2		\$8,344,735
8	Net Plant Amount	Line 6 + Line 7		\$161,059,955
	Deferred Tay Calculation:			
9	Composite Book Depreciation Rate	Page 32 of 39, Line 86(e)	1/	2.99%
10	Tax Depreciation	Year 1 = Page 28 of 39. Line 30. Col (a); then = Page 28 of 39. Col (d)		\$38,162,570
11	Cumulative Tax Depreciation-PPL	Prior Year Line 11 + Current Year Line 10		\$38,162,570
12	Book Depreciation	Year 1 = Line $3 \times \text{Line } 9 \times 50\%$; then = Line $3 \times \text{Line } 9$		\$2,462,222
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12		\$2,462,222
14	Cumulative Book / Tax Timer	Line 11 - Line 13		\$35,700,348
15	Effective Tax Rate	T1 14T1 16		21.00%
10	Deterred 1ax Reserve	Line $14 \times \text{Line 15}$ Page 30 of 39 Line 12 Col (e)		\$7,497,073
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17		\$7,497,073
	ISR Rate Base Calculation:			
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		\$161,059,955
20	Accumulated Depreciation	- Line 13		(\$2,462,222)
21	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21		\$151,100,660
	Revenue Requirement Calculation:			
23	Average Rate Base before Deferred Tax Proration Adjustment	Voor $1 - Current Voor Line 22 \div 2$		
		then = (Prior Year Line 22 + Current Year Line 22) \div 2		\$75,550,330
24	Proration Adjustment	Page 29 of 39		\$35,348
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24		\$75,585,678
26	Pre-Tax ROR	Page 39 of 39, Line 30, Column (e)		8.41%
27	Return and Taxes	Line $25 \times \text{Line } 26$		\$6,356,756
20	Book Depreciation	Line 12		\$2,402,222
29	Annual Revenue Requirement	Sum of Lines 27 through 28		\$8,818,977

1/2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

\$8,794,386

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 28 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Tax Depreciation and Repairs Deduction on FY 2026 Incremental Capital Investments

				Fiscal Year				
Line				2026				
No.				(a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction							
1	Plant Additions	Page 27 of 39, Line 1		\$193,669,466		20 Year M	ACRS Depreciation	n
2	Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs	0					•	
3	Tax Basis in Plant Additions	Line 1 + Line 2		\$193,669,466	MACRS basis:		\$170,235,461	
4	Capital Repairs Deduction Rate	Per Tax Department	1/	12.10%			Annual	Cumulative
5	Capital Repairs Deduction	Line $3 \times Line 4$		\$23,434,005	Calendar Year			
6	* *				Mar-2026	3.75%	\$6,383,830	\$38,162,570
7	Internal Revenue Code ("IRC") 263a Tax Capitalization				Mar-2027	7.22%	\$12,289,298	\$50,451,868
8	Paving Costs	Line 2		\$0	Mar-2028	6.68%	\$11,366,622	\$61,818,490
9					Mar-2029	6.18%	\$10,515,444	\$72,333,934
10	Bonus Depreciation				Mar-2030	5.71%	\$9,725,552	\$82,059,486
11	Tax Basis in Plant Additions	Line 3		\$193,669,466	Mar-2031	5.29%	\$8,996,944	\$91,056,430
12	Less Capital Repairs Deduction	Line 5		\$23,434,005	Mar-2032	4.89%	\$8,321,109	\$99,377,539
13	Plant Additions Net of Capital Repairs Deduction	Line 11 - Line 12		\$170,235,461	Mar-2033	4.52%	\$7,698,048	\$107,075,587
14	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Mar-2034	4.46%	\$7,595,906	\$114,671,493
15	Plant Eligible for Bonus Depreciation	Line 13 × Line 14		\$0	Mar-2035	4.46%	\$7,594,204	\$122,265,697
16	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	Mar-2036	4.46%	\$7,595,906	\$129,861,603
17	Bonus Depreciation Rate 0%	Per Tax Department		0.00%	Mar-2037	4.46%	\$7,594,204	\$137,455,807
18	Total Bonus Depreciation Rate	Line 16 + Line 17		0.00%	Mar-2038	4.46%	\$7,595,906	\$145,051,714
19	Bonus Depreciation	Line 15 × Line 18		\$0	Mar-2039	4.46%	\$7,594,204	\$152,645,918
20	-				Mar-2040	4.46%	\$7,595,906	\$160,241,824
21	Remaining Tax Depreciation				Mar-2041	4.46%	\$7,594,204	\$167,836,028
22	Tax Basis in Plant Additions	Line 3		\$193,669,466	Mar-2042	4.46%	\$7,595,906	\$175,431,934
23	Less Capital Repairs Deduction	Line 5		\$23,434,005	Mar-2043	4.46%	\$7,594,204	\$183,026,138
24	Less Bonus Depreciation	Line 19		\$0	Mar-2044	4.46%	\$7,595,906	\$190,622,044
25	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 22 - Line 23 - Line 24		\$170,235,461	Mar-2045	4.46%	\$7,594,204	\$198,216,248
26	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2046	2.23%	\$3,797,953	\$202,014,201
27	Remaining Tax Depreciation	Line 25 × Line 26		\$6,383,830	_	100.00%	\$170,235,461	
28								
29	FY26 tax (gain)/loss on retirements	Per Tax Department	2/	-				
30	Cost of Removal	Page 27 of 39, Line 7		\$8,344,735				
	Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs	Sum of Lines 5, 19, 27, 29 and 30 Less Lin	ne 8	\$38,162,570				

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 29 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Net Deferred Tax Reserve Proration on FY 2026 Incremental Capital Investments

				(a)
Lina				<u>Fiscal Year</u>
No.	Deferred Tax Subject to Proration			2020
1	Rook Depreciation	Page 27	of 30 Line 12	\$2 462 222
2	Bonus Depreciation	- Page 28 of	39 Line 17 Col (a)	\$2,702,222
3	Remaining MACRS Tax Depreciation	- Page 28 of	39 Col (a) Line 25	(\$6 383 830)
4	CY26 tax (gain)/loss on retirements	- Page 28 of	39 Line 27 Col (a)	(\$0,505,050)
5	Cumulative Book / Tax Timer	Sum of I	ines 1 through 4	(\$3,921,608)
6	Effective Tax Rate	Sull of E	ines i unough 4	(\$3,721,000)
7	Deferred Tax Reserve	Line	$5 \times \text{Line } 6$	(\$823,538)
	Deferred Tax Not Subject to Proration			
8	Capital Repairs Deduction	- Page 28 of 39. I	Line 5 .Col (a). Then $= 0$	(\$23,434,005)
9	IRC 263a Tax Capitalization of Paving Costs	Page 28 of 39, L	ine 8 .Col (a). Then $= 0$	\$0
10	Cost of Removal	- Page 27 of 39.1	ine 7 .Col (a). Then $= 0$	(\$8,344,735)
11	Book/Tax Depreciation Timing Difference at 3/31/2026			(+*),***,***)
12	Cumulative Book / Tax Timer	Line 8 + I	ine 10 + Line 11	(\$31,778,740)
13	Effective Tax Rate			21%
14	Deferred Tax Reserve	Line	12 × Line 13	(\$6,673,535)
15	Total Deferred Tax Reserve	Line	7 + Line 14	(\$7,497,073)
16	Net Operating Loss	- Page 27 of 2	39 , Line 17 ,Col (a)	\$0
17	Net Deferred Tax Reserve	Line	15 + Line 16	(\$7,497,073)
	Allocation of CY 2026 Estimated Federal NOL			
18	Cumulative Book/Tax Timer Subject to Proration		Line 5	(\$3,921,608)
19	Cumulative Book/Tax Timer Not Subject to Proration]	Line 12	(\$31,778,740)
20	Total Cumulative Book/Tax Timer	Line	18 + Line 19	(\$35,700,348)
21	Total CY 2026 Federal NOL	- Page 27 of 39	Line 21 ,Col (a)÷21%	\$0
22	Allocated FY 2024 Federal NOL Not Subject to Proration	(Line 19 ÷ I	Line 20) × Line 21	\$0
23	Allocated FY 2024 Federal NOL Subject to Proration	(Line 18 ÷ I	Line 20) × Line 21	\$0
24	Effective Tax Rate			21%
25	Deferred Tax Benefit subject to proration	Line	23 × Line 24	\$0
26	Net Deferred Tax Reserve subject to proration	Line	7 + Line 25	(\$823,538)
		(b)	(c)	(d)
		Number of Days i	<u>n</u>	
	Proration Calculation	Month	Proration Percentage	Fiscal Year2026
27	April	30	91.78%	(\$62,987)
28	May	31	83.29%	(\$57,159)
29	June	30	75.07%	(\$51,518)
30	July	31	66.58%	(\$45,689)
31	August	31	58.08%	(\$39,861)
32	September	30	49.86%	(\$34,220)
33	October	31	41.37%	(\$28,391)
34	November	30	33.15%	(\$22,751)
35	December	31	24.66%	(\$16,922)
36	January	31	16.16%	(\$11,093)
37	February	28	8.49%	(\$5,829)
38	March	31	0.00%	\$0
39	Total	365		(\$376,421)
40	Deferred Tax Without Proration]	Line 26	(\$823,538)
40	Average Deferred Tax without Proration	Lir	the 40×0.5	(\$411,769)
41	Proration Adjustment	Line	39 - Line 40	\$35,348

Column Notes:

- (c) Sum of remaining days in the year $(Col (b)) \div 365$
- (d) Current Year Line $26 \div 12 \times$ Current Month Col (c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 30 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan FY 2018 - FY 2024 Incremental Capital Investment Summary

Line No.			Actual Fiscal Year <u>2018</u> (a)	Actual Fiscal Year <u>2019</u> (b)	Actual Fiscal Year <u>2020</u> (c)	Actual Fiscal Year <u>2021</u> (d)	Actual Fiscal Year <u>2022</u> (e)	Actual Fiscal Year <u>2023</u> (f)	Actual Fiscal Year <u>2024</u> (g)
1	Capital Investment ISR-eligible Capital Investment	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing	\$97,809,718	\$92,263,000	\$144,119,796	\$110,177,659	\$156,694,227	\$151,152,116	\$133,114,306
2	ISR-eligible Capital Additions included in Rate Base per RIPUC Docket No. 4770	Docket No. 4770 Schedule MAL-11-Gas Page 5, Col (a)=Lines 1(a) + 1(b); Col(b)=Lines 1(c) + 1(d); Col(c)= Line 1(e); Col(d) = Line 1(h) + 1(j)	\$93,177,000	\$93,177,000	\$38,823,750	\$0	\$0	\$0	\$0
3	Incremental ISR Capital Investment	Line 1 - Line 2	\$4,632,718	(\$914,000)	\$105,296,046	\$110,177,659	\$156,694,227	\$151,152,116	\$133,114,306
4	<u>Cost of Removal</u> ISR-eligible Cost of Removal ISR-eligible Cost of Removal in Rate Base per RIPUC Docket No. 4770	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L23+L42×7+12+Docket 4678 Page 2, Line 7x3+12; Col(b)=[P1]L42×5+12+[P2]L18×7+12; Col (c)=[P2]L18×5+12+L39×7+12; Col (e)=[P2]L18×5+12+L60×7+12; Col (e)=[P2]L60×5+12	\$8,603,224 \$6,662,056	\$11,583,085	\$10,161,508 \$3,105,878	\$9,975,152 \$1,113,515	\$11,244,351 \$471,346	\$10,607,466	\$16,008,363 \$0
6	Incremental Cost of Removal	Line 4 - Line 5	\$1,941,168	\$5,626,564	\$7,055,630	\$8,861,636	\$10,773,005	\$10,607,466	\$16,008,363
7	Retirements ISR-eligible Retirements ISR-eligible Retirements per RIPUC Docket No. 4770	 Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing; Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L24+L43×7+12+ Docket 4678 Page 2, Line 2x3+12; 	\$24,056,661	\$6,531,844	\$8,395,321	\$5,337,792	\$6,883,634	\$8,494,710	\$46,411,734
		$Col(b)=[P1]L43\times5+12+[P2]L19\times7+12 Col$ (c)=[P2]L19×5+12+L40×7+12; Col (d) = [P2]L40×5+12+L61×7+12; Col (e)=L61×5+12	\$11,997,233	\$7,899,865	\$4,119,186	\$1,476,805	\$625,125	\$0	\$0
9	Incremental Retirements	Line 7 - Line 8	\$12,059,428	(\$1,368,021)	\$4,276,135	\$3,860,987	\$6,258,509	\$8,494,710	\$46,411,734
10	(NOL)/ NOL Utilitization ISR (NOL)/NOL Utilization Per ISR	Page 31 of 39, Line 12	(\$6,051,855)	\$1,091,119	\$0	\$2,072,387	\$893,329	\$43,762,725	\$0
11	ISR NOL Utilization Per Docket 4770	Schedule 11-Gas Page 11, Docket No. 4770: Col (a)= L40×5÷12; Col (b) = L40×5÷12+L48×7÷12; Col (c) = P11,L48×5÷12+P12,L39×7÷12; Col (d) = P12,L39×5÷12+P12,L49×7÷12; Col (e)=P12,L49×5÷12	\$0	\$804,769	\$3,063,059	\$7,598,182	\$4,157,77 <u>1</u>	<u>\$0</u>	<u>\$0</u>
12	Incremental (NOL)/NOL Utilization	Line 10 - Line 11	(\$6,051,855)	\$286,350	(\$3,063,059)	(\$5,525,796)	(\$3,264,442)	\$43,762,725	\$0

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(1)
			Test Year July						12 Mths Aug 31				
			2016 - June 2017					Jul & Aug 2017	2018	2019	2020	2021	2022
1	Total Base Rate Plant DIT Provision		\$29,439,421					\$5,223,437	\$20,453,237	\$16,078,372	\$5,085,206	\$7,746,916	\$0
2	Excess DIT amortization							\$0	\$0	(\$1,470,238)	(\$1,470,238)	(\$1,470,238)	\$0
		FY 2018	FY 2019	<u>FY 2020</u>	FY 2021	FY 2022	FY 2023-NG	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
3	Total Base Rate Plant DIT Provision							\$24,514,347.17	\$17,043,594	\$8,195,453.84	\$5,167,632	\$2,615,282.52	\$0
4	Incremental FY 18	\$2,507,039	\$2,560,766	\$2,611,618	\$2,662,153	\$2,712,395	\$2,719,788	\$2,507,039	\$53,728	\$50,851	\$50,535	\$50,242	\$7,393
5	Incremental FY 19		\$1,090,524	\$1,085,911	\$1,081,431	\$1,077,072	\$1,076,444	\$0	\$1,090,524	(\$4,613)	(\$4,480)	(\$4,358)	(\$628)
6	Incremental FY 20			\$18,484,445	\$18,218,347	\$17,924,604	\$17,877,373	\$0	\$0	\$18,484,445	(\$266,098)	(\$293,743)	(\$47,231)
7	Incremental FY 21				\$13,009,229	\$13,230,424	\$13,253,277			\$0	\$13,009,229	\$221,195	\$22,853
8	Incremental FY 22					\$26,325,721	\$26,280,159					\$26,325,721	(\$45,561)
9	Incremental FY 23						\$2,410,717						\$2,410,717
10	TOTAL Plant DIT Provision	\$2,507,039	\$3,651,291	\$22,181,974	\$34,971,160	\$61,270,216	\$63,617,758	\$27,021,386	\$18,187,846	\$26,726,137	\$17,956,818	\$28,914,339	\$2,347,542
11	NOL (Utilization)							\$6,051,855	(\$1,091,119)	\$0	(\$2,072,387)	(\$893,329)	(\$43,762,725)
12	Lesser of NOL or DIT Provision							\$6,051,855	(\$1,091,119)	\$0	(\$2,072,387)	(\$893,329)	(\$43,762,725)

Line Notes:

1(b) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 2 of 23, Line 29, Col (e) minus Col (b)

1(g) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 3 plus Line 4

1(h) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 7

1(i) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 50

1(j) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 41

1(k) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 51

1(1) RIPUC Docket Nos. 4770/4780 third rate year ends at Aug 31, 2021

2 RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 52

3 Col (f) = Line 1(b) × 25% + Line 1(f) + Line 1(g) × 7/12; Col (g) = Line 1(g) × 5/12 + Line 1(h) × 7/12 + Line (2(g) x 5/12 + Line 2(h) × 7/12; Col (h) = Line 1(h) × 5/12 + Line 1(h) × 5/12 + Line 2(h) × 5/12 + Line 1(h) × 5/12 + Line 1(h) × 5/12 + Line 1(h) × 5/12 + Line 2(h) × 5/12 + Line 1(h) × 5/12 + Line 1(h

4(a)-9(f) Cumulative DIT plus Deferred Income Tax (Page 2, Line 21 + Line 23; Page 5, Line 21; Page 8, Line 21; Page 12, Line 21; Page 15, Line 21; Page 18, Line 21)

4(g)-9(m) Year over year change in cumulative DIT shown in Cols (a) through (f)

10 Sum of Lines 3 through 9

11 Col (g)~(h) = Docket no. 4916 FY 20 ISR Rec, Att. MAL-1, p.19, L. 8; Col (i) ~Col (l) Per Tax Department

12 Lesser of Line 9 or Line 10

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 32 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy ISR Depreciation Expense per Rate Case RIPUC Docket No. 4770

	Account No.	Account Title	Test Year 1 June 30, 2017 (a)	/ ARO Adjustment (b)	Adjustments June 30, 2017 (c)	Adjusted Balance (d) = (a) + (b) + (c)	Proposed Rate (e)	Depreciation Expense (f) = (d) x (e)
1 2 3	302.00 303.00 303.01	Franchises And Consents Misc. Intangible Plant Misc. Int Cap Software	\$213,499 \$25,427 \$19,833,570	\$0 \$0 \$0	\$0 \$0 \$9,991,374	\$213,499 \$25,427 \$29,824,944	0.00% 0.00% 0.00%	\$0 \$0 \$0
4 5 6		Total Intangible Plant	\$20,072,496	\$0	\$9,991,374	\$30,063,870		\$0
7		Production Plant						
9 10 11	304.00 305.00 307.00	Production Land Land Rights Prod. Structures & Improvements Production Other Power	\$364,912 \$2,693,397 \$46,159	\$0 \$0 \$0	\$0 \$0 \$0	\$364,912 \$2,693,397 \$46,159	0.00% 15.05% 7.16%	\$0 \$405,356 \$3,305
12 13	311.00 320.00	Production LNG Equipme Prod. Other Equipment	\$3,167,445 \$1,106,368	\$0 \$0	\$0 \$0	\$3,167,445 \$1,106,368	11.40% 6.69%	\$361,089 \$74,016
14 15 16		Total Production Plant	\$7,378,281	\$0	\$0	\$7,378,281		\$843,766
17 18		Storage Plant						
19	360.00	Stor Land & Land Rights	\$261,151	\$0 \$0	\$0 \$0	\$261,151	0.00%	\$0
20	362.04	Storage Gas Holders	\$3,385,049 \$4,606,338	\$0 \$0	\$0 \$0	\$4,606,338	0.99%	\$33,512 \$1,843
22	363.00	Stor. Purification Equipment	\$13,891,210	\$0	\$0	\$13,891,210	3.37%	\$468,134
24 25		Total Storage Plant	\$22,143,748	\$0	\$0	\$22,143,748		\$503,488
26 27		Distribution Plant						
28	374.00	Dist. Land & Land Rights	\$956,717	\$0	\$0	\$956,717	0.00%	\$0
29 30	375.00	Gas Dist Station Structure Distribution Mains	\$10,642,632 \$46,080,760	\$0 \$0	\$0 \$0	\$10,642,632 \$46,080,760	1.15%	\$122,390 \$1.663.515
31	376.03	Dist. River Crossing Main	\$695,165	\$0	\$0	\$695,165	3.61%	\$25,095
32	376.04	Mains - Steel And Other - Sl	\$4,190	\$0	\$0	\$4,190	0.00%	\$0
33 34	376.06	Dist. District Regulator Gas Mains Steel	\$14,213,837 \$57,759,572	\$0 \$0	\$0 \$0	\$14,213,837 \$57,759,572	3.61%	\$513,120 \$1 908 954
35	376.12	Gas Mains Plastic	\$382,797,443	\$0	\$0	\$382,797,443	2.70%	\$10,316,391
36	376.13	Gas Mains Cast Iron	\$5,556,209	\$0	\$0	\$5,556,209	8.39%	\$465,888
37	376.14	Gas Mains Valves	\$222,104	\$0 \$0	\$0 \$0	\$222,104	3.61%	\$8,018
38 39	376.15	Dist. Cathodic Protect	\$1,569,576	50 50	\$0 \$0	\$1,569,576	3.61%	\$56.662
40	376.17	Dist. Joint Seals	\$63,067,055	\$0	\$0	\$63,067,055	4.63%	\$2,920,005
41	377.00	T&D Compressor Sta Equipment	\$248,656	\$0	\$0	\$248,656	1.07%	\$2,661
42	377.62 1	/ 5360-Tanks ARO	\$299	(\$299)	\$0	\$0	0.00%	\$0
43 44	378.10	Gas M&Reg Sta Equipment	\$19,580,255 \$372,772	\$0 \$0	\$0 \$0	\$19,580,255 \$372,772	2.08%	\$407,394
45	379.00	Dist. Measur. Reg. Gs	\$11,033,164	\$0	\$0	\$11,033,164	2.22%	\$244,936
46	379.01	Dist. Meas. Reg. Gs Eq	\$1,399,586	\$0	\$0	\$1,399,586	0.00%	\$0
47	380.00	Gas Services All Sizes	\$331,205,854	\$0	\$0	\$331,205,854	3.05%	\$10,101,779
48 49	381.10	Smi Meter& Reg Bare Co	\$26,829,565 \$15,779,214	50 50	50 50	\$26,829,565 \$15,779,214	1.76%	\$472,200 \$277.714
50	381.40	Meters	\$9,332,227	\$0	\$0	\$9,332,227	0.96%	\$89,589
51	382.00	Meter Installations	\$675,201	\$0	\$0	\$675,201	3.66%	\$24,712
52	382.20	Sml Meter& Reg Installation	\$43,145,998	\$0	\$0	\$43,145,998	3.66%	\$1,579,144
53	382.30	Lrg Meter&Reg Installation	\$2,524,025	\$0 \$0	\$0 \$0	\$2,524,025	3.66%	\$92,379
55	384.00	T&D Gas Reg Installs	\$1,216,551	\$0	\$0	\$1,216,551	1.56%	\$18,978
56	385.00	Industrial Measuring And Regulating Station Equipment	\$540,187	\$0	\$0	\$540,187	4.18%	\$22,580
57	385.01	Industrial Measuring And Regulating Station Equipment	\$255,921	\$0	\$0	\$255,921	0.00%	\$0
58	386.00	Other Property On Customer Premises	\$271,765	\$0 \$0	\$0 \$0	\$271,765	0.23%	\$625
60	387.00	Dist. Other Equipment	\$930.079	\$0 \$0	\$0 \$0	\$930.079	2.15%	\$19,997
61 62	388.00 1	/ ARO	\$5,736,827	(\$5,736,827)	\$0	\$0	0.00%	\$0
63 64		Total Distribution Plant	\$1,055,696,761	(\$5,737,126)	\$0	\$1,049,959,635	2.99%	\$31,384,677
65 66		General Plant						
67	389.01	General Plant Land Lan	\$285,357	\$0	\$0	\$285,357	0.00%	\$0
68	390.00	Structures And Improvements	\$7,094,532	\$0	\$0	\$7,094,532	3.12%	\$221,349
69 70	394.00	General Plant Tools Shop (Fully Dep)	\$2/4,/19 \$26.487	50 50	50 50	\$274,719 \$26.487	0.07%	\$18,324
71	394.00	General Plant Tools Shop	\$5,513,613	\$0	\$0	\$5,513,613	5.00%	\$275,681
72	395.00	General Plant Laboratory	\$221,565	\$0	\$0	\$221,565	6.67%	\$14,778
73	397.30	Communication Radio Site Specific	\$387,650	\$0 \$0	\$0	\$387,650	5.00%	\$19,383
75	397.42	Miscellaneous Equipment (Fully Den)	\$0.5,481 \$1.341.386	50 \$0	50 50	\$05,481 \$1.341.386	20.00%	\$12,096 \$0
76	398.10	Miscellaneous Equipment	\$2,789,499	\$0	\$0	\$2,789,499	6.67%	\$186,060
77 7°	399.10 1	/ ARO	\$342,146	(\$342,146)	\$0	\$0	0.00%	\$0
79 80		Total General Plant	\$18,340,436	(\$342,146)	\$0	\$17,998,289	4.16%	\$748,271
81 82		Grand Total - All Categories	\$1,123,631,722	(\$6,079,273)	\$9,991,374	\$1,127,543,823	3.05%	\$33,480,202
83		Other Utility Plant Assets					2.77.0	
84 85			Line 63 Line 73 + Line 74	Total Commun	Distribution Plant nication Equipment	\$1,049,959,635 \$451,132	2.99% 7.11%	\$31,384,677 \$32,079
80				I otal I	SK Tangible Plant	\$1,030,410,767	2.99%	\$31,410,756

Non ISR Assets Lines 1 through 81 - per RIPUC Docket No. 4770 Compliance filing dated August 16, 2018 , Compliance Attachment 2, Schedule 6-GAS, Pages 3 & 4 \$77,133,057

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 33 of 39

			THE NARRAG	ANSE] RIP	IT ELECTRIC COMPANY d/b/a NATIONAL GRID UC Docket Nos. 4770/4780 Compliance Attachment 2 Schedule 6-GAS Page 1 of 5			
	The Narragansett Electric Co Depreciation E For the Test Year Ended June 30, 2017 an	mpany xpense d the F	/ d/b/a National Grid Gas tate Year Ending August 31, 2019			The Narragansett Electric Company d/b/a National Grid Gas ISR Depreciation Expense		
Line No	Description	_	Reference		Amount	Less non-ISR eligible Plant	ISR Amount	
1 2 3 4 5	Total Company Rate Year Depreciation Total Company Test Year Depreciation Less: Reserve adjustments Adjusted Total Company Test Year Depreciation Expense Depreciation Expense Adjustmen		Sum of Page 2, Line 16 and Line 17 Per Company Books Page 4, Line 29, Col (b) + Col (c) Line 2 + Line 3 Line 1 - Line 4		(a) \$39,136,909 \$33,311,851 (\$15,649) <u>\$33,296,202</u> \$5,840,707	(6)	(6)	
6 7 8	Test Year Depreciation Expense 12 Months Ended 06/30/17:				Per Book Amount	(677-100-077)	61 200 0/1 /22	
9	Total Gas Utility Plant 06/30/17		Page 4, Line 27, Col (d) Sum of Page 3, Line 5, Col (d) and Page 4, Line	ie 25,	\$1,405,994,678	(\$//,133,05/)	\$1,328,861,622	
10 11 12	Less Non Depreciable Plant Depreciable Utility Plant 06/30/17		Col (e) Line 9 + Line 10		(\$308,514,725) \$1,097,479,953	(\$77,133,057)	(\$308,514,725) \$1,020,346,897	
13	Plus: Added Plant 2 Mos Ended 08/31/17		Schedule 11-GAS, Page 3, Line 4		\$19,592,266		\$19,592,266	
14 15	Less: Retired Plant 2 Months Ended 08/31/17 Depreciable Utility Plant 08/31/17	1/	Line 13 x Retirement Rate Line 11 + Line 13 + Line 14		(\$1,345,989) \$1,115,726,231	(\$77,133,057)	(\$1,345,989) \$1,020,346,897	
16 17	Average Depreciable Plant for Year Ended 08/31/17		(Line 11 + Line 15)/2		\$1,106,603,092	(,,	\$1,106,603,092	
19	Composite Book Rate %		As Approved in RIPUC Docket No. 4323		3.38%			
21 22 23 24 25 26	Book Depreciation Reserve 06/30/17 Plus: Book Depreciation Expense Less: Net Cost of Removal/(Salvage) Less: Retired Plant Book Depreciation Reserve 08/31/17	2/	Page 5, Line 72, Col (d) Line 17 x Line 19 Line 13 x Cost of Removal Rate Line 14 Sum of Line 21 through Line 24		\$357,576,825 \$6,233,864 (\$1,014,879) (\$1,345,989) \$361,449,821		\$357,576,825 \$6,233,864 (\$1,014,879) (\$1,345,989)	
20 27 28	Depreciation Expense 12 Months Ended 08/31/18		Linc 0 + Linc 12 + Linc 14		\$1 424 240 056	(\$77.122.057)	\$1 247 107 000	
28	Less Non Depreciable Plant		Line 9 + Line 13 + Line 14 Line 10		(\$308,514,725)	(\$77,135,057)	(\$308,514,725)	
30	Depreciable Utility Plant 08/31/17		Line 28 + Line 29		\$1,115,726,231		\$1,038,593,175	
32	Plus: Plant Added in 12 Months Ended 08/31/18		Schedule 11-GAS, Page 3, Line 11		\$115,710,016		\$115,710,016	
33	Less: Plant Retired in 12 Months Ended 08/31/18		Line 32 x Retirement rate		(\$7,949,278)		(\$7,949,278)	
34 35	Depreciable Utility Plant 08/31/18		Sum of Line 30 through Line 33		\$1,223,486,969		\$1,146,353,912	
36 37	Average Depreciable Plant for 12 Months Ended 08/31/18		(Line 30 + Line 34)/2		\$1,169,606,600		\$1,092,473,543	
38 39	Composite Book Rate %		As Approved in RIPUC Docket No. 4323		3.38%		3.38%	
40 41 42 43 44	Book Depreciation Reserve 08/31/17 Plus: Book Depreciation 08/31/18 Less: Net Cost of Removal/(Salvage) Less: Retired Plant Book Depreciation Reserve 08/31/18		Line 25 Line 36 x Line 38 Line 32 x Cost of Removal Rate Line 33 Sum of Line 40 through Line 43		\$361,449,821 \$39,532,703 (\$5,993,779) (\$7,949,278) \$387,039,467		\$36,925,606	
1/ 2/	3 year average retirement over plant addition in service FY 15 \sim FY17 3 year average Cost of Removal over plant addition in service FY 15 \sim FY17		6. 5.	.87% .18%	Retirements COR			
The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 34 of 39

			THE NARR	AGANSE RIF	TT ELECTRIC COMPANY d/b/a NATIONAL GRID PUC Docket Nos. 4770/4780 Compliance Attachment 2 Schedule 6-GAS		
	The Narragansett Electric CC	ompany	d/b/a National Grid		Page 2 of 5	The Narragansett Electric d/b/a Nation	Company al Grid
	For the Test Year Ended June 30, 2017 and	id the R	ate Year Ending August 31, 2021			Gas ISK Deprecia	uon Expense
Line	Description		Reference		Amount	Less non-ISR eligible	ISR Amount
110		_	Ketelete		(a)	(b)	(c)
2	Total Utility Plant 08/31/18		Page 1, Line 28 + Line 32 + Line 33		\$1,532,001,694	(\$77,133,057)	\$1,454,868,637
3 4	Less Non-Depreciable Plant Depreciable Utility Plant 08/31/18		Page 1, Line 10 Line 2 + Line 3		(\$308,514,725) \$1,223,486,969		(\$308,514,725) \$1,146,353,912
5 6	Plus: Added Plant 12 Months Ended 08/31/19		Schedule 11-GAS, Page 3, Line 35		\$114,477,000	(\$1,348,000)	\$113,129,000
7 8	Less: Depreciable Retired Plant	1/	Line 6 x Retirement rate		(\$7,864,570)	\$92,608	(\$7,771,962)
9 10	Depreciable Utility Plant 08/31/19		Sum of Line 4 through Line 7		\$1,330,099,399	(\$78,388,449)	\$1,251,710,950
11 12	Average Depreciable Plant for Rate Year Ended 08/31/19		(Line 4 + Line 9)/2		\$1,276,793,184		\$1,199,032,431
13 14	Proposed Composite Rate %		Page 4, Line 17, Col (e)		3.05%		2.99%
15	Book Depreciation Reserve 08/31/18		Page 1, Line 44		\$387,039,467		\$0
16	Plus: Book Depreciation Expense Plus: Unrecovered Reserve Adjustment		Line 11 x Line 13 Schedule NWA-1-GAS, Part VI, Page 6		\$38,950,409 \$186,500		\$35,851,070 \$186,500
18	Less: Net Cost of Removal/(Salvage)	2/	Line 6 x Cost of Removal Rate		(\$5,929,909)		\$0
19 20	Less: Retired Plant Rock Degravition Reserve 08/21/15		Line 7 Sum of Line 15 through Line 10		(\$7,864,570) \$412,381,898	-	\$36,037,570
20	Book Depredation Reserve 06/51/12		Sum of Ene 13 unough Ene 1,		\$412,501,690		\$50,057,570
22	Rate Year Depreciation Expense 12 Months Ended 08/31/20:				61 (20 (14 124	(670 200 440)	e1 500 005 075
23 24	Less Non-Depreciable Plant		Page 1, Line 10		\$1,638,614,124 (\$308,514,725)	(\$/8,388,449)	\$1,560,225,675 (\$308,514,725)
25	Depreciable Utility Plant 08/31/19		Line 23 + Line 24		\$1,330,099,399		\$1,251,710,950
26 27	Plus: Added Plant 12 Months Ended 08/31/20		Schedule 11-GAS Page 5 Line 11(i)		\$21,017,630	(\$750,000)	\$20,267,630
28	Less: Depreciable Retired Plant	1/	Line 27 x Retirement rate		(\$1,443,911)	\$51,525	(\$1,392,386)
29 30	Depreciable Utility Plant 08/31/20		Sum of Line 25 through Line 28		\$1,349,673,118	(\$79,086,924)	\$0 \$1,270,586,194
31 32	Average Depreciable Plant for Rate Year Ended 08/31/20		(Line 25 + Line 30)/2		\$1,339,886,258		\$1,261,148,572
33 34	Proposed Composite Rate %		Page 4, Line 17, Col (e)		3.05%		2.99%
35			T: 20		6412 201 000		60
36 37	Book Depreciation Reserve 08/31/20 Plus: Book Depreciation Expense		Line 20 Line 32 x Line 34		\$412,381,898 \$40,875,154		\$0 \$37,708,342
38	Plus: Unrecovered Reserve Adjustment		Schedule NWA-1-GAS, Part VI, Page 6		\$186,500		\$186,500
39	Less: Net Cost of Removal/(Salvage)	2/	Line 27 x Cost of Removal Rate		(\$1,088,713)		\$0
40	Book Depreciation Reserve 08/31/20		Sum of Line 36 through Line 4(\$450,910,927		\$37,894,842
42							
43 44	Rate Year Depreciation Expense 12 Months Ended 08/31/21: Total Utility Plant 08/31/20		Line 23 + Line 27 + Line 28		\$1 658 187 843	(\$79,086,924)	\$1 579 100 919
45	Less Non-Depreciable Plant		Page 1, Line 10		(\$308,514,725)	(0.00,000,000,000,000,000,000,000,000,00	(\$308,514,725)
46 47	Depreciable Utility Plant 08/31/20		Line 44 + Line 45		\$1,349,673,118		\$1,270,586,194
48	Plus: Added Plant 12 Months Ended 08/31/21		Schedule 11-GAS, Page 5, Line 11(l)		\$21,838,436	(\$750,000)	\$21,088,436
49 50	Less: Depreciable Retired Plant	1/	Line 48 x Retirement rate		(\$1,500,301)	\$51,525	(\$1,448,776)
51 52	Depreciable Utility Plant 08/31/21		Sum of Line 46 through Line 49		\$1,370,011,253	(\$79,785,399)	\$1,290,225,854
53 54	Average Depreciable Plant for Rate Year Ended 08/31/21		(Line 46 + Line 51)/2		\$1,359,842,185		\$1,280,406,024
55 56	Proposed Composite Rate %		Page 4, Line 17, Col (e)		3.05%		2.99%
57	Book Depreciation Reserve 08/31/20		Line 41		\$450,910,927		\$0
58 59	Plus: Book Depreciation Expense Plus: Unrecovered Pacerice Adjuctment		Line 53 x Line 55 Schedule NWA 1 GAS Part VI Page 6		\$41,483,938		\$38,284,140
60	Less: Net Cost of Removal/(Salvage)	2/	Line 48 x Cost of Removal Rate		(\$1,131,231)		\$180,500
61	Less: Retired Plant		Line 49		(\$1,500,301)		\$0
62 63	Book Depreciation Reserve 08/31/21		Sum of Line 57 through Line 61		\$489,949,834		\$38,470,640
64 1/	3 year average retirement over plant addition in service FY $15 \sim FY17$			0.0687	Retirements		
65 2/	3 year average Cost of Removal over plant addition in service FY 15 \sim FY17			0.0518	COR		
67	Book Depreciation RY2		Line 37 (a) + Line 38 (b)				\$41,061,654
68	Less: General Plant Depreciation (assuming add=retirement)		Page 10, Line 79(f)				(\$748,271)
69 70	rius. Comm Equipment Deprectation Total		rage 10, Line /3 + Line /4			—	\$40,345,462
71	7 Months						x7/12
72 73	FY 2020 Depreciation Expense						\$23,534,853
74	Book Depreciation RY3		Line 58 (a) + Line 59 (b)				\$41,670,438
75 76	Less: General Plant Depreciation		Page 10, Line 79(f) Page 10, Line 72 + Line 74				(\$748,271)
77	Total		rage 10, Line /3 + Line /4			·	\$40,954,246
78	FY 2021 Depreciation Expense		5 Months of RY 2 and 7 Months of RY 3 $$				\$40,700,586

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 35 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Year 2023 ISR Property Tax Recovery Adjustment

(000s)	

Line		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		End of FY 2018	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2019
1	Plant In Service	\$1,195,705	\$92,263	\$24,845	\$117,108		(\$6,844)		\$0	\$1,305,969
2	Accumulated Depr	\$414,713				\$40,858	(\$6,844)	(\$6,123)		\$442,604
3	Net Plant	\$780,992								\$863,364
4	Property Tax Expense	\$22,678								\$23,283
5	Effective Prop tax Rate	2.90%								2.70%
		End of FY 2019	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2020
6	Plant In Service	\$1,305,969	\$144,120	\$22,074	\$166,193		(\$8,567)		\$0	\$1,463,595
7	Accumulated Depr	\$442,604				\$41,588	(\$8,567)	(\$10,162)		\$465,463
8	Net Plant	\$863,364								\$998,132
9	Property Tax Expense	\$23,283								\$25,959
10	Effective Prop tax Rate	2.70%								2.60%
		End of FY 2020	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2021
11	Plant In Service	\$1,463,595	\$110,178	\$97,667	\$207,844		(\$5,766)		(\$26,386)	\$1,639,288
12	Accumulated Depr	\$465,463				\$45,652	(\$5,766)	(\$11,566)	(\$32,599)	\$461,185
13	Net Plant	\$998,132								\$1,178,103
14	Property Tax Expense	\$25,959								\$28,846
15	Effective Prop tax Rate	2.60%								2.45%
		End of FY 2021	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2022
16	Plant In Service	\$1,639,288	\$156,694	\$29,406	\$186,100		(\$7,443)			\$1,817,945
17	Accumulated Depr	\$461,185				\$51,439	(\$7,443)	(\$11,244)		\$493,937
18	Net Plant	\$1,178,103								\$1,324,008
19	Property Tax Expense	\$28,846								\$33,631
20	Effective Prop tax Rate	2.45%								2.54%
		End of FY 2022	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2023
21	Plant In Service	\$1,817,945	\$151,152	\$57,055	\$208,207		(\$13,374)			\$2,012,779
22	Accumulated Depr	\$493,937				\$55,565	(\$13,374)	(\$10,607)		\$525,521
23	Net Plant	\$1,324,008								\$1,487,258
24	Property Tax Expense	\$33,631								\$38,297
25	Effective Prop tax Rate	2.54%								2.58%
26	Blast L. Samia	End of FY 2023	ISK Additions	Non-ISK Add's	Total Add's	<u>Bk Depr</u>	Ketirements	COR	Adjustment	End of FY 2024
20	Plant in Service	\$2,012,779	\$155,114	\$29,106	\$162,220	057.407	(\$71,085)	(*) (* 000)		\$2,103,914
27	Accumulated Depr	\$525,521				\$57,497	(\$71,085)	(\$10,008)		\$495,925
28	Net Plant	\$1,487,238								\$1,007,989
29	Property 1ax Expense	558,297								342,202
30	Enecuve riop ax kate	2.30%	ISD Additions	Non ISD Addle	Total Addle	Ph Dong	Definemente	COR	Adjustment	2.03%
31	Plant In Sarvice	<u>End of FY 2024</u> \$2 103 914	S154 964	Non-ISK Add S	10tal Add 8 \$212.019	BK Depr	(\$7.675)	COR	Adjustment	<u>End of FY 2025</u> \$2 308 259
22	A second bar	\$405.025	3134,904	357,055	3212,019	\$62.270	(\$7,675)	(\$6.626)		\$2,506,239
32	Nat Diant	\$1.607.089				502,277	(37,075)	(30,050)		\$1 764 366
33	Property Tax Expense	\$42.262								\$45 521
35	Effective Pron tay Date	2 63%								2.58%
55	Enceive riop ax rate	End of FV 2025	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FV 2026
36	Plant In Service	\$2.308.259	\$193.669	\$29.106	\$222.775		(\$28.972)			\$2.502.062
37	Accumulated Depr	\$543,893	5175,007	<i>\$27,100</i>		\$71.848	(\$28.972)	(\$8.345)		\$578.474
38	Net Plant	\$1.764.366					((00,000)		\$1.923.637
39	Property Tax Expense	\$45.521								\$50.592
40	Effective Prop tax Rate	2.58%								2.63%

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 36 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Vear 2023 ISR Property Tax Recovery Adjustment Fiscal Vear 2023 ISR Property Tax Recovery Adjustment (Continued) 1

			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		(j)	(k)
		_	Cumulative Incre	em. ISR Prop. Tax for	r FY2018		Cumulative Increm. ISR	Prop. Tax for FY2019	1st 5 month		Cu	imulative Increm	n. ISR Prop. Tax for FY	2019
41 42	Incremental ISR Additions Book Depreciation: base allowance on ISR eligible plant			\$97,810 (\$24,356)				\$92,263 (\$24,356)					(\$914) \$0	
43 44	Book Depreciation: current year ISR additions COR			(\$1,246) \$8,603				(\$1,449) \$11,583					(\$7) \$5,627	
45	Net Plant Additions			\$80,811				\$78,041					\$4,705	
46	RY Effective Tax Rate			3.06%				3.06%			7 mar	_	2.92%	
47 48 49 50 51 52 53 54 55 56 57	ISR Year Effective Tax Rate RY Effective Tax Rate RY Effective Tax Rate 5 mos for FY 2019 RY Net Plant times 5 mo rate FY 2014 Net Adds times ISR Year Effective Tax rate FY 2015 Net Adds times ISR Year Effective Tax rate FY 2016 Net Adds times ISR Year Effective Tax rate FY 2018 Net Adds times ISR Year Effective Tax rate FY 2018 Net Adds times ISR Year Effective Tax rate FY 2019 Net Adds times ISR Year Effective Tax rate FY 2019 Net Adds times ISR Year Effective Tax rate FY 2019 Net Adds times ISR Year Effective Tax rate	7 month 7 month 7 month	2.90% 3.06% \$458.057 \$6.343 \$42.913 \$59.527 \$58.883 \$80.810	-0.15% -0.15% 2.90% 2.90% 2.90% 2.90%	(5694) \$184 \$1,246 \$1,729 \$1,710 \$2,347 \$6,521		2.70% 3.06% 5 month \$458.057 \$39.920 \$35,693 \$56,076 \$77,664 \$78,041	-0.36% -0.15% -0.15% 1.12% 1.12% 1.12% 1.12% 1.12%	(\$684) \$67 \$449 \$626 \$630 \$873 \$877 \$2,837			2.70% 2.92% \$919,892 \$6,934 \$4,705	-0.22% -0.13% 7 mo: * -0.13% 1.57%	(\$1,203) \$0 \$109 \$74 (\$1,020)
		_	(a) Cumulative Incre	(b) em. ISR Prop. Tax for	(c) r FY2020	(d)	(e) Cumulative Increm	(f) n. ISR Prop. Tax for F	(g) Y2021	(h)	(i) Cu	amulative Increm	(j) n. ISR Prop. Tax for FY	(k) 2022
58 59 60 61	Incremental ISR Additions Book Depreciation: base allowance on ISR eligible plant Book Depreciation: current year ISR additions COR			\$105,296 \$0 (\$1,510) \$7,056				\$110,178 \$0 (\$1,589) \$8,862					\$156,694 (\$23,890) (\$2,249) \$10,773	
62	Net Plant Additions			\$110,841				\$117,450					\$141,328	
63 64	RY Effective Tax Rate			2.96%				3.02%				_	3.05%	
65	Property Tax Recovery on Growth and non-ISR													
66 67 68 69 70 71 72 73 74 75	ISR Year Effective Tax Rate RY Effective Tax Rate RY Effective Tax Rate 7 mos for FY 2019 RY Net Plant times Rate Difference Growth and non-ISR Incremental times rate difference FY 2018 Net Incremental times rate difference FY 2020 Net Incremental times rate difference FY 2021 Net Incremental times rate difference FY 2022 Net Adds times rate difference	7 month	2.60% 2.96% \$908,586 (\$20,407) \$7,156 \$4,692 \$110,841	-0.36% -0.36% * -0.36% * 2.6% * 2.6% * 2.6%	(\$3,246) \$73 \$186 \$122 \$2,882		2.45% 3.02% \$889,353 (\$41,336) \$7,378 \$4,678 \$107,821 \$117,450	-0.57% -0.57% * -0.57% * 0.57% * 2.45% * 2.45% * 2.45%	(\$5,080) \$236 \$181 \$115 \$2,642 \$2,878			2.54% 3.05% \$881,383 (\$51,615) \$7,600 \$4,665 \$104,800 \$114,271 \$141,328	-0.51% -0.51% *-0.51% *-0.51% *2.54% *2.54% *2.54% *2.54% *2.54%	(\$4,486) \$263 \$119 \$118 \$2,662 \$2,902 \$3,590
76	Total ISR Property Tax Recovery				\$17			—	\$970					\$5,242

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 37 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Year 2023 ISR Property Tax Recovery Adjustment Fiscal Year 2023 ISR Property Tax Recovery Adjustment (Continued) 2

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	-	Cumulative Incre	m. ISR Prop. Tax for	FY2023	-	Cumulative Increm.	ISR Prop. Tax for FY	2024	-	Cumulative Increm. ISR Prop. Tax for FY2025			
77	Incremental ISR Additions		\$151,152				\$133,114				\$154,964		
78	Book Depreciation: base allowance on ISR eligible plant		(\$40,954)				(\$40,954)				(\$40,954)		
79	Book Depreciation: current year ISR additions		(\$2,133)				(\$1,296)				(\$2,202)		
80	COR		\$10,607				\$16,008				\$6,636		
81	Net Plant Additions		\$118,673				\$106,872				\$118,444		
82													
83	RY Effective Tax Rate		3.05%				3.05%				3.05%		
84	Property Tax Recovery on Growth and non-ISR												
85	ISR Year Effective Tax Rate	2.58%				2.63%				2.58%			
86	RY Effective Tax Rate	3.05%	-0.47%			3.05%	-0.42%			3.05%	-0.47%		
87	RY Effective Tax Rate 7 mos for FY 2019		-0.47%				-0.42%				-0.47%		
88	RY Net Plant times Rate Difference	\$881,383	* -0.47%	(\$4,134)		\$881,383	* -0.42%	(\$3,689)		\$881,383	* -0.47%	(\$4,130)	
89	Growth and non-ISR Incremental times rate difference	(\$51,615)	* -0.47%	\$242		(\$51,615)	* -0.42%	\$216		(\$51,615)	* -0.47%	\$242	
90	FY 2018 Net Incremental times rate difference	\$7,822	* 2.58%	\$202		\$8,044	* 2.63%	\$212		\$8,266	* 2.58%	\$213	
91	FY 2019 Net Incremental times rate difference	\$4,651	* 2.58%	\$120		\$4,638	* 2.63%	\$122		\$4,624	* 2.58%	\$119	
92	FY 2020 Net Incremental times rate difference	\$101,780	* 2.58%	\$2,626		\$98,759	* 2.63%	\$2,597		\$95,739	* 2.58%	\$2,470	
93	FY 2021 Net Incremental times rate difference	\$111,092	* 2.58%	\$2,866		\$107,913	* 2.63%	\$2,838		\$104,734	* 2.58%	\$2,702	
94	FY 2022 Net Adds times rate difference	\$136,830	* 2.58%	\$3,530		\$132,332	* 2.63%	\$3,480		\$127,834	* 2.58%	\$3,298	
95	FY 2023 Net Adds times rate difference	\$118,673	* 2.58%	\$3,062		\$114,407	* 2.63%	\$3,009		\$110,142	* 2.58%	\$2,842	
96	FY 2024 Net Adds times rate difference					\$106,872	* 2.63%	\$2,811		\$104,280	* 2.58%	\$2,690	
97	FY 2025 Net Adds times rate difference									\$118,444	* 2.58%	\$3,056	
98	Total ISR Property Tax Recovery			\$8,514				\$11,596				\$13,503	

		Cumulative Increm. ISR Prop. Tax for FY2026							
99	Incremental ISR Additions		\$193,669						
100	Book Depreciation: base allowance on ISR eligible plant		(\$40,954)						
101	Book Depreciation: current year ISR additions		(\$2,462)						
102	COR		\$8,345						
103	Net Plant Additions		\$158,598						
104									
105	RY Effective Tax Rate		3.05%						
106	Property Tax Recovery on Growth and non-ISR								
107	ISR Year Effective Tax Rate	2.63%							
108	RY Effective Tax Rate	3.05%	-0.42%						
109	RY Effective Tax Rate 7 mos for FY 2019		-0.42%						
110	RY Net Plant times Rate Difference	\$881,383	* -0.42%	(\$3,693)					
111	Growth and non-ISR Incremental times rate difference	(\$51,615)	* -0.42%	\$216					
112	FY 2018 Net Incremental times rate difference	\$8,488	* 2.63%	\$223					
113	FY 2019 Net Incremental times rate difference	\$4,610	* 2.63%	\$121					
114	FY 2020 Net Incremental times rate difference	\$92,718	* 2.63%	\$2,438					
115	FY 2021 Net Incremental times rate difference	\$101,556	* 2.63%	\$2,671					
116	FY 2022 Net Adds times rate difference	\$123,336	* 2.63%	\$3,244					
117	FY 2023 Net Adds times rate difference	\$105,876	* 2.63%	\$2,785					
118	FY 2024 Net Adds times rate difference	\$101,687	* 2.63%	\$2,674					
119	FY 2025 Net Adds times rate difference	\$114,040	* 2.63%	\$2,999					
120	FY 2026 Net Adds times rate difference	\$158,598	* 2.63%	\$4,171					
121	Total ISR Property Tax Recovery			\$17,850					

(a)

(b)

(c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 38 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy Fiscal Year 2023 ISR Property Tax Recovery Adjustment Fiscal Year 2023 ISR Property Tax Recovery Adjustment (Continued) 3

Line Notes	
1(a) - 5(i)	Docket No. 4781 Attachment MAL-2, Page 10 of 13, 1(a) to 5(h)
6(i) - 10(i)	Docket No. 4916 Attachment MAL-1, Page 17 of 20, 6(a) to 10(h)
11(a) - 15(i)	Docket No. 4996 Attachment MAL-1, Page 20 of 22, 11(a) to 15(i)
16(a) - 20(a)	11(1) - 15(1)
16(b)	Page 30 of 39, Line 1, Col (e)+1000
16(c)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (c)
16(d)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (d)
16(f)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (f)
16(1)	Line $16(a) + (d) + (f)$
17(e)	P25, $(L58+L59)+(P2, L3 (a)+P5, L3 (a)+P8, L3 (a)+P12, L3 (a))+1000\times3.05\%+1nc$ (L1(c)+L6(c)+L11(c))×0.0416+ P15, L3 (a)×0.5×3.05\%+1000+ L16(c)×0.5×0.0416
17(f)	=16(f)
17(g)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 17 (g)
17(i)	Line $17(a) + (e) + (f) + (g)$
18(i)	Line 16(i) - 17(i)
19(i)	Line $18(h) \times 20(h)$
20(i)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 20 (h)
21(a) - 25(a)	16(i) - 20(i)
21(b)	Page 18 of 39, Line 1, Col (d)+1000
21(c)	Line 6(c)
21(d)	Line $16(b) + 16(c)$
21(f)	- Page 18 of 39 , Line 2 ,Col (d)+1000
21(i)	Line 21 (a) + (d) + (f)
22(e)	Page 34, (Line 58 + Line 59) + (Page 2 , Line 3, Col (a) + Page 5 , Line 3, Col (a) + Page 8
	Line 3, Col (a) + Page 12 , Line 3, Col (a) + Page 15 , Line 3, Col (a))+1000 × 3.05%+
	Incremental (L1(c)+L6(c)+L11(c)+L16(c))×3.05% + Page 18 , Line 3, Col (a)+
	L21(c))×0.5×3.05%÷1000
22(f)	=21(f)
22(g)	- Page 18 of 39 , Line 7 ,Col (d)÷1000
22(i)	Line 22 (a) + (c) + (f) + (g)
23(i)	Line 21(i) - 22(i)
24(i)	Line $23(i) \times 25(i)$
25(i)	=20(a) most recent actual property tax rate
26(a) - 30(a)	21(i) - 25(i)
26(b)	
26(c)	Line 16(c)
26(d)	Line $26(b) + 26(c)$
26(f)	
26(i)	Line $26(a) + (d) + (f)$
27(e)	Page 34, (Line 58 + Line 59) + (Page 2 , Line 3, Col (a) + Page 5 , Line 3, Col (a) + Page 8
	Line 3, Col (a) + Page 12 , Line 3, Col (a) + Page 15 , Line 3, Col (a))÷1000 × 3.05%+
	Incremental (L1(c)+L6(c)+L11(c)+L16(c))×3.05% + Page 18 , Line 3, Col (a)+
	L21(c))×0.5×3.05%÷1000
27(f)	=26(f)
27(g)	
27(i)	Line 27 (a) + (e) + (f) + (g)
28(i)	Line 26(i) - 27(i)
29(i)	Line 28(i) × 30(i)
30(i)	=20(i) most recent actual property tax rate

Line Notes	
41(a) - 57(h)	Docket No. 4781 Rec, Attachment MAL-1, Page 29 of 35, 82(e) to 107(k)
58(a)-76 (c)	Docket No. 4781 Rec, Attachment MAL-2, Page 10 of 13, 31(a) to 50 (c)
58(e) -76(g)	Docket No. 4916 Rec, Attachment MAL-1, Page 18 of 20, 28(e) to 48 (g)
58(j)	Page 15 of 39, Line 4(a)÷1000
59(j)	 (Page 34 of 39, Line 77(c) ×7÷12)÷1000
60(j)	 Page 15 of 39, Line 15(a)÷1000
61(j)	Page 15 of 39, Line 7(a)÷1000
62(j)	Sum of Lines 58(j) through 61(j)
64(j)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal.
	Att. 1, Sch 1-G, P3, L15, Col (e) ÷ 69(j)
66(i)	=20(i)
67(i)	=64(j)
67(j)	66(i)-67(i)
68(j)	=67(j)
69(i)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1:
	69(a) × 5÷12 + (Sch 6-G, P2, L30 - L41 + P3, L5(d) - P5, L4(d)
	- Sch 5-G, P1, L1(e) - L1(g)) × 7÷12000
69(k)	69(i)×68(j)
70(i)	 - Rate Case, Docket 4770, Compliance, Revised Rebuttal
	Att. 1: Sch 11-G, P5, L3(e)+L3(i)+L7(e)+L7(i)+L3(l)+L7(l)")
70(k)	70(i)×68(j)
71(i)	Line 71(e) - Page 2 of 39, Line 15(e)+1000
71(k)	=71(i)×66(i)
72(i)	Line 72(e) - Page 5 of 39, Line 15(d)+1000
72(k)	=72(i)×66(i)
73(i)	Line 73(e) - Page 8 of 39, Line 15(c)+1000
73(k)	=73(i)×66(i)
74(i)	Line 74(e) - Page 12 of 39, Line 15(c)+1000
74(k)	=74(i)×66(i)

Line Notes	
75(i)	62(j)
75(k)	=75(i)×66(i)
76(k)	sum of 69(k) through 75(k)
77(b)	Page 18 of 39, Line 4(a)÷1000
78(b)	 Page 18 of 39, Line 5(a)÷1000
79(b)	- Page 18 of 39, Line 14(a)÷1000
80(b)	Page 18 of 39, Line 7(a)÷1000
81(b)	Sum of Lines 77(b) through 80(b)
83(b)	64(j)
85(a)	25(i)
86(a)	83(b)
86(b)	85(a)-86(a)
87(b)	86(b)
88(a)	69(i)
88(c)	88(a)×87(b)
89(a)	70(i)
89(c)	89(a)×87(b)
90(a)	Line 71(i) - (Page 2 of 39, Line 15(f) through (h))+1000
90(c)	=90(a)×85(a)
91(a)	Line 72(i) - (Page 5 of 39, Line 15(e) through (g))÷1000
91(c)	=91(a)×85(a)
92(a)	Line 73(i) - (Page 8 of 39, Line 15(d) through (f))+1000
92(c)	=92(a)×85(a)
93(a)	Line 74(i) - (Page 12 of 39, Line 15(c) through (e))÷1000
93(c)	=93(a)×85(a)
94(a)	(Line 75(i) - (Page 15 of 39, Line 15(b) through (d))÷1000
94(c)	=94(a)×85(a)
95(a)	=81(b)
95(c)	=95(a)×85(a)

98(c) sum of 88(c) through 95(c)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 5: Attachment 1 Page 39 of 39

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2026 Gas ISR Revenue Requirement Plan Calculation of Weighted Average Cost of Capital

Line No.

ne 140.		1.		NT 4000 4050	· · ·	
1	Weighted Average Cost of Capital a	as approved in	RIPUC Docket	No. 4323 at 35%	6 income tax ra	te effective
2	April 1, 2015	(a)	(b)	(\mathbf{c})	(b)	(e)
2		(u)	(0)	Weighted	(u)	(0)
3		Ratio	Rate	Rate	Taxes	Return
4	Long Term Debt	49.95%	5.70%	2.85%		2.85%
5	Short Term Debt	0.76%	0.80%	0.01%		0.01%
6	Preferred Stock	0.15%	4.50%	0.01%		0.01%
7	Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
8		100.00%		7.54%	2.51%	10.05%
9						
10	(d) - Column (c) x 35% divided by	(1 - 35%)				
11						
12						
	Weighted Average Cost of Capital a	as approved in	RIPUC Docket	No. 4323 at 21%	6 income tax ra	te effective
13	January 1, 2018					
14		(a)	(b)	(c)	(d)	(e)
1.7		D. (D (Weighted	T	
15		Ratio	Rate	Rate	Taxes	Return
16	Long Term Debt	49.95%	5.70%	2.85%		2.85%
17	Short Term Debt	0.76%	0.80%	0.01%		0.01%
18	Preferred Stock	0.15%	4.50%	0.01%	1.0.49/	0.01%
19	Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
20		100.00%		7.54%	1.24%	8.78%
21	(d) - Column (c) x 21% divided by ((1 - 21%)				
22						
23	Weighted Average Cost of Capital	as approved in	PIPUC Docket	No. 4770 effect	ive Sentember	1 2018
23	weighted Average Cost of Capital a		(b)	(c)	(d)	(e)
27		(a)	(0)	Weighted	(u)	(0)
25		Ratio	Rate	Rate	Taxes	Return
26	Long Term Debt	48 35%	4 98%	2 41%	Tuxeb	2 41%
20	Short Term Debt	0.60%	1.76%	0.01%		0.01%
28	Preferred Stock	0.10%	4 50%	0.00%		0.00%
20	Common Equity	50.95%	9.28%	4 73%	1 26%	5 99%
30		100.00%	.20/0	7 15%	1.26%	8 41%
31	(d) - Column (c) x 21% divided by ((1 - 21%)		,	1.2070	0.1170
32		(1 21/0)				
33	FY18 Blended Rate		Line 8(e) × 75%	+ Line 20(e) ×	25%	9.73%
34	0 2111111 11110					2.1270
35	FY19 Blended Rate		Line 20 x $5 \div 12$	+ Line 30 x 7 ÷	- 12	8 56%
				Line Jon /		0.0070

Section 6 Rate Design (Capital) The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Section 6: Rate Design

Section 6 Rate Design (Paving Treated as Capital)

Proposed FY2026 Gas ISR Plan

Section 6: Rate Design (Paving Treated as Capital)

For purposes of rate design, the revenue requirement associated with total net capital investment is allocated to rate classes based upon the most recent rate base allocator approved in the Amended Settlement Agreement in Docket No. 4770. For each rate class, the allocated revenue requirement is divided by the plan year (12-month period) forecasted therm deliveries to arrive at a per-therm factor unique to each rate class.

If all paving costs are treated as capital investment, the estimated bill impact of the Gas ISR Plan for the average Residential Heating customer, using 845 therms annually, would be an annual increase of \$17.75, or 1.0%, from current bills. Please see Section 4 for the rate design and bill impacts if the costs of curb-to-curb paving are treated as operation and maintenance expense.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 6: Attachment 1 Page 1 of 2

	Fiscal Year 2026 (12- Month) Revenue Requirement	Rate Class	Rate Base Allocator (%)	Allocation to Rate Class (\$)	Throughput (dth)	ISR Factor (dth)	ISR Factor (therm)	Uncollectible %	ISR Factor (therm)
_	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
(1)									
(2)	\$88,134,152	Residential Total	66.59%	\$58,688,532	19,855,057	\$2.9558	\$0.2955	1.91%	\$0.3012
(3)		Small	8.04%	\$7,085,986	2,473,124	\$2.8651	\$0.2865	1.91%	\$0.2920
(4)		Medium	12.23%	\$10,778,807	5,663,262	\$1.9032	\$0.1903	1.91%	\$0.1940
(5)		Large LL	5.57%	\$4,909,072	2,859,292	\$1.7168	\$0.1716	1.91%	\$0.1749
(6)		Large HL	2.25%	\$1,983,018	1,162,022	\$1.7065	\$0.1706	1.91%	\$0.1739
(7)		XL-LL	0.97%	\$854,901	1,251,351	\$0.6831	\$0.0683	1.91%	\$0.0696
(8)		XL-HL	4.35%	\$3,833,836	5,900,191	\$0.6497	\$0.0649	1.91%	\$0.0661
(9)		Total	100.00%	\$88,134,152	39,164,299				

(a) Line 1: Fiscal Year 2026 Revenue Requirement (Section 5 - Attachment 1, Page 1, Line 14, Column (b) plus Line 17, Column (b)):

Total Capital Investment Component of Revenue Requirement: \$ 92,875,497

Tax Hold Harmless Adjustment: \$ (4,741,345)

Total Net Capital Component of Revenue Requirement\$ 88,134,152

(c) Docket 4770, RI 2017 Rate Case, Compliance Attachment 14 (August 16, 2018), Schedule 2, Page 1 & 2, Line 15 (Rate Class divided by Total Company)

(d) Column (a) Line 1 * Column (c)

(e) Page 2, Column (m)

(f) Column (d) / Column (e), truncated to 4 decimal places

(g) Column (d) / (Column (e)*10), truncated to 4 decimal places

(h) Docket 4770, RI 2017 Rate Case, Compliance Attachment 2 (August 16, 2018), Schedule 22, Page 7, Line 15

(i) Column (g) / (1- Column (h)), truncated to 4 decimal places

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 6: Attachment 1 Page 2 of 2

Forecasted Throughput April 2025 - March 2026

		Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(1)	(m)
(1)	Res-NH	28,785	16,049	14,041	10,816	9,128	9,707	11,130	15,554	26,220	34,511	35,840	31,510	243,294
(2)	Res-H	2,365,699	1,018,731	635,758	435,858	377,427	392,860	522,591	1,183,812	2,494,086	3,445,149	3,645,773	3,094,018	19,611,764
(3)	Small	283,002	106,900	57,577	46,279	40,136	38,855	56,276	129,277	307,757	469,774	511,661	425,630	2,473,124
(4)	Medium	648,658	305,293	214,515	164,795	153,556	163,436	219,612	390,075	701,614	914,507	949,357	837,843	5,663,262
(5)	Large LL	342,402	141,047	73,798	43,434	38,051	39,238	84,816	215,533	391,229	512,189	515,897	461,658	2,859,292
(6)	Large HL	114,889	87,766	77,964	70,710	66,130	72,233	76,432	88,341	111,434	128,102	145,067	122,955	1,162,022
(7)	X-Large LL	120,002	48,587	27,192	22,471	22,573	28,313	62,567	135,630	182,562	231,579	198,541	171,335	1,251,351
(8)	X-Large HL	498,042	466,610	449,222	439,246	439,546	442,240	466,268	493,092	536,331	572,840	568,024	528,729	5,900,191
(9)		4,401,479	2,190,982	1,550,068	1,233,610	1,146,546	1,186,881	1,499,693	2,651,314	4,751,235	6,308,652	6,570,161	5,673,679	39,164,299

Source: Company Forecast

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 6: Attachment 2 Page 1 of 5

Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

(1) Difference due to: (2) Proposed DAC Annual Current % Chg Base DAC ISR (3) Consumption (Therms) Rates Rates Difference GCR <u>EE</u> LIHEAP GET (4) (5) 548 \$1,233.48 \$1,221.95 0.9% \$0.00 \$0.00 \$11.18 \$0.00 \$0.00 \$0.35 \$11.53 (6) 608 \$1,348.57 \$1,335.77 \$12.80 1.0% \$0.00 \$0.00 \$12.42 \$0.00 \$0.00 \$0.38 (7) 667 \$1,461.70 \$1,447.65 \$14.05 1.0% \$0.00 \$0.00 \$13.63 \$0.00 \$0.00 \$0.42 (8) 726 \$1,574.83 \$1,559.54 \$15.29 1.0% \$0.00 \$0.00 \$14.83 \$0.00 \$0.00 \$0.46 (9) 785 \$1,687.83 1.0% \$0.00 \$16.00 \$0.00 \$0.49 \$1,671.33 \$16.49 \$0.00 \$0.00 845 \$1,802.86 \$1,785.11 1.0% \$0.00 \$0.53 (10)\$17.75 \$0.00 \$17.22 \$0.00 \$0.00 905 \$1,917.95 \$1,898.92 (11) \$19.03 1.0% \$0.00 \$0.00 \$18.46 \$0.00 \$0.00 \$0.57 (12) 964 \$2,031.01 \$2,010.72 \$20.29 1.0% \$0.00 \$0.00 \$19.68 \$0.00 \$0.00 \$0.61 (13) 1,023 \$2,144.14 \$0.65 \$2,122.61 \$21.53 1.0% \$0.00 \$0.00 \$20.88 \$0.00 \$0.00 1,082 \$2,257.22 \$2,234.47 \$22.75 1.0% \$0.00 \$0.68 (14)\$0.00 \$22.07 \$0.00 \$0.00 (15) 1,142 \$2,372.24 \$2,348.23 \$24.01 1.0% \$0.00 \$0.00 \$23.29 \$0.00 \$0.00 \$0.72

Residential Heating Low Income:

Residential Heating:

(16)								Difference du	ue to:			
(17)	Annual	Proposed	Current				Low Income	DAC				
(18)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Discount	Base DAC	ISR	EE	LIHEAP	GET
(19)												
(20)	548	\$914.19	\$905.55	\$8.64	1.0%	\$0.00	(\$2.79)	\$0.00	\$11.18	\$0.00	\$0.00	\$0.26
(21)	608	\$999.29	\$989.68	\$9.60	1.0%	\$0.00	(\$3.11)	\$0.00	\$12.42	\$0.00	\$0.00	\$0.29
(22)	667	\$1,082.97	\$1,072.43	\$10.54	1.0%	\$0.00	(\$3.41)	\$0.00	\$13.63	\$0.00	\$0.00	\$0.32
(23)	726	\$1,166.63	\$1,155.17	\$11.47	1.0%	\$0.00	(\$3.71)	\$0.00	\$14.83	\$0.00	\$0.00	\$0.34
(24)	785	\$1,250.22	\$1,237.85	\$12.37	1.0%	\$0.00	(\$4.00)	\$0.00	\$16.00	\$0.00	\$0.00	\$0.37
(25)	845	\$1,335.28	\$1,321.97	\$13.31	1.0%	\$0.00	(\$4.31)	\$0.00	\$17.22	\$0.00	\$0.00	\$0.40
(26)	905	\$1,420.39	\$1,406.12	\$14.27	1.0%	\$0.00	(\$4.62)	\$0.00	\$18.46	\$0.00	\$0.00	\$0.43
(27)	964	\$1,504.03	\$1,488.81	\$15.22	1.0%	\$0.00	(\$4.92)	\$0.00	\$19.68	\$0.00	\$0.00	\$0.46
(28)	1,023	\$1,587.70	\$1,571.56	\$16.14	1.0%	\$0.00	(\$5.22)	\$0.00	\$20.88	\$0.00	\$0.00	\$0.48
(29)	1,082	\$1,671.33	\$1,654.26	\$17.06	1.0%	\$0.00	(\$5.52)	\$0.00	\$22.07	\$0.00	\$0.00	\$0.51
(30)	1,142	\$1,756.39	\$1,738.39	\$18.01	1.0%	\$0.00	(\$5.82)	\$0.00	\$23.29	\$0.00	\$0.00	\$0.54

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Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

Residential Non-Heating:

(31)								Difference du	e to:		
(32)	Annual	Proposed	Current				DA	С			
(33)	Consumption (Therms)	Rates	Rates	Difference	<u>% Chg</u>	GCR	Base DAC	ISR	EE	LIHEAP	GET
(34)											
(35)	144	\$452.68	\$449.63	\$3.05	0.7%	\$0.00	\$0.00	\$2.96	\$0.00	\$0.00	\$0.09
(36)	158	\$478.88	\$475.56	\$3.32	0.7%	\$0.00	\$0.00	\$3.22	\$0.00	\$0.00	\$0.10
(37)	172	\$505.13	\$501.51	\$3.62	0.7%	\$0.00	\$0.00	\$3.51	\$0.00	\$0.00	\$0.11
(38)	189	\$536.98	\$533.01	\$3.97	0.7%	\$0.00	\$0.00	\$3.85	\$0.00	\$0.00	\$0.12
(39)	202	\$561.29	\$557.06	\$4.23	0.8%	\$0.00	\$0.00	\$4.10	\$0.00	\$0.00	\$0.13
(40)	220	\$594.97	\$590.36	\$4.61	0.8%	\$0.00	\$0.00	\$4.47	\$0.00	\$0.00	\$0.14
(41)	238	\$628.69	\$623.69	\$5.00	0.8%	\$0.00	\$0.00	\$4.85	\$0.00	\$0.00	\$0.15
(42)	251	\$653.05	\$647.76	\$5.29	0.8%	\$0.00	\$0.00	\$5.13	\$0.00	\$0.00	\$0.16
(43)	268	\$684.85	\$679.23	\$5.62	0.8%	\$0.00	\$0.00	\$5.45	\$0.00	\$0.00	\$0.17
(44)	282	\$711.09	\$705.18	\$5.91	0.8%	\$0.00	\$0.00	\$5.73	\$0.00	\$0.00	\$0.18
(45)	297	\$739.17	\$732.93	\$6.24	0.9%	\$0.00	\$0.00	\$6.05	\$0.00	\$0.00	\$0.19

Residential Non-Heating Low Income:

(46)								Difference du	ue to:			
(47)	Annual	Proposed	Current				Low Income	DAC				
(48)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Discount	Base DAC	<u>ISR</u>	EE	LIHEAP	GET
(49)												
(50)	144	\$336.66	\$334.37	\$2.29	0.7%	\$0.00	(\$0.74)	\$0.00	\$2.96	\$0.00	\$0.00	\$0.07
(51)	158	\$356.01	\$353.52	\$2.49	0.7%	\$0.00	(\$0.80)	\$0.00	\$3.22	\$0.00	\$0.00	\$0.07
(52)	172	\$375.40	\$372.68	\$2.71	0.7%	\$0.00	(\$0.88)	\$0.00	\$3.51	\$0.00	\$0.00	\$0.08
(53)	189	\$398.96	\$395.98	\$2.98	0.8%	\$0.00	(\$0.96)	\$0.00	\$3.85	\$0.00	\$0.00	\$0.09
(54)	202	\$416.92	\$413.75	\$3.17	0.8%	\$0.00	(\$1.02)	\$0.00	\$4.10	\$0.00	\$0.00	\$0.10
(55)	220	\$441.83	\$438.37	\$3.46	0.8%	\$0.00	(\$1.12)	\$0.00	\$4.47	\$0.00	\$0.00	\$0.10
(56)	238	\$466.78	\$463.03	\$3.75	0.8%	\$0.00	(\$1.21)	\$0.00	\$4.85	\$0.00	\$0.00	\$0.11
(57)	251	\$484.79	\$480.82	\$3.97	0.8%	\$0.00	(\$1.28)	\$0.00	\$5.13	\$0.00	\$0.00	\$0.12
(58)	268	\$508.30	\$504.09	\$4.21	0.8%	\$0.00	(\$1.36)	\$0.00	\$5.45	\$0.00	\$0.00	\$0.13
(59)	282	\$527.69	\$523.26	\$4.43	0.8%	\$0.00	(\$1.43)	\$0.00	\$5.73	\$0.00	\$0.00	\$0.13
(60)	297	\$548.46	\$543.79	\$4.68	0.9%	\$0.00	(\$1.51)	\$0.00	\$6.05	\$0.00	\$0.00	\$0.14

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Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

	C & I Small:										
(61)								Difference du	ie to:		
(62)	Annual	Proposed	Current				DA	С			
(63)	Consumption (Therms)	Rates	Rates	Difference	<u>% Chg</u>	GCR	Base DAC	ISR	EE	LIHEAP	GET
(64)											
(65)	830	\$1,807.68	\$1,798.97	\$8.71	0.5%	\$0.00	\$0.00	\$8.45	\$0.00	\$0.00	\$0.26
(66)	919	\$1,967.31	\$1,957.62	\$9.69	0.5%	\$0.00	\$0.00	\$9.40	\$0.00	\$0.00	\$0.29
(67)	1,010	\$2,130.50	\$2,119.89	\$10.62	0.5%	\$0.00	\$0.00	\$10.30	\$0.00	\$0.00	\$0.32
(68)	1,099	\$2,290.15	\$2,278.60	\$11.55	0.5%	\$0.00	\$0.00	\$11.20	\$0.00	\$0.00	\$0.35
(69)	1,187	\$2,448.01	\$2,435.53	\$12.47	0.5%	\$0.00	\$0.00	\$12.10	\$0.00	\$0.00	\$0.37
(70)	1,277	\$2,609.43	\$2,596.03	\$13.40	0.5%	\$0.00	\$0.00	\$13.00	\$0.00	\$0.00	\$0.40
(71)	1,367	\$2,770.75	\$2,756.39	\$14.35	0.5%	\$0.00	\$0.00	\$13.92	\$0.00	\$0.00	\$0.43
(72)	1,456	\$2,930.41	\$2,915.11	\$15.30	0.5%	\$0.00	\$0.00	\$14.84	\$0.00	\$0.00	\$0.46
(73)	1,544	\$3,088.29	\$3,072.05	\$16.24	0.5%	\$0.00	\$0.00	\$15.75	\$0.00	\$0.00	\$0.49
(74)	1,635	\$3,251.52	\$3,234.34	\$17.18	0.5%	\$0.00	\$0.00	\$16.66	\$0.00	\$0.00	\$0.52
(75)	1,725	\$3,412.89	\$3,394.75	\$18.13	0.5%	\$0.00	\$0.00	\$17.59	\$0.00	\$0.00	\$0.54

C & I Medium:

(76)								Difference du	e to:		
(77)	Annual	Proposed	Current				DA	C			
(78)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
(79)											
(80)	6,907	\$11,681.07	\$11,599.18	\$81.89	0.7%	\$0.00	\$0.00	\$79.43	\$0.00	\$0.00	\$2.46
(81)	7,650	\$12,823.54	\$12,732.89	\$90.65	0.7%	\$0.00	\$0.00	\$87.93	\$0.00	\$0.00	\$2.72
(82)	8,391	\$13,962.56	\$13,863.09	\$99.47	0.7%	\$0.00	\$0.00	\$96.49	\$0.00	\$0.00	\$2.98
(83)	9,136	\$15,107.97	\$14,999.68	\$108.30	0.7%	\$0.00	\$0.00	\$105.05	\$0.00	\$0.00	\$3.25
(84)	9,880	\$16,251.99	\$16,134.87	\$117.11	0.7%	\$0.00	\$0.00	\$113.60	\$0.00	\$0.00	\$3.51
(85)	10,623	\$17,394.49	\$17,268.57	\$125.92	0.7%	\$0.00	\$0.00	\$122.14	\$0.00	\$0.00	\$3.78
(86)	11,366	\$18,537.06	\$18,402.32	\$134.74	0.7%	\$0.00	\$0.00	\$130.70	\$0.00	\$0.00	\$4.04
(87)	12,111	\$19,682.47	\$19,538.89	\$143.58	0.7%	\$0.00	\$0.00	\$139.27	\$0.00	\$0.00	\$4.31
(88)	12,855	\$20,826.41	\$20,674.03	\$152.37	0.7%	\$0.00	\$0.00	\$147.80	\$0.00	\$0.00	\$4.57
(89)	13,596	\$21,965.44	\$21,804.24	\$161.20	0.7%	\$0.00	\$0.00	\$156.36	\$0.00	\$0.00	\$4.84
(90)	14,340	\$23,109.43	\$22,939.42	\$170.01	0.7%	\$0.00	\$0.00	\$164.91	\$0.00	\$0.00	\$5.10

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 24-55-NG Proposed FY2026 Gas Infrastructure, Safety, and Reliability Plan Filing Section 6: Attachment 2 Page 4 of 5

Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

(91)								Difference du	e to:		
(92)	Annual	Proposed	Current			_	DA	С			
(93)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
(94)											
(95)	37,587	\$57,792.35	\$57,567.59	\$224.76	0.4%	\$0.00	\$0.00	\$218.02	\$0.00	\$0.00	\$6.74
(96)	41,634	\$63,747.02	\$63,498.08	\$248.94	0.4%	\$0.00	\$0.00	\$241.47	\$0.00	\$0.00	\$7.47
(97)	45,683	\$69,705.13	\$69,431.98	\$273.14	0.4%	\$0.00	\$0.00	\$264.95	\$0.00	\$0.00	\$8.19
(98)	49,731	\$75,661.82	\$75,364.47	\$297.35	0.4%	\$0.00	\$0.00	\$288.43	\$0.00	\$0.00	\$8.92
(99)	53,777	\$81,615.23	\$81,293.69	\$321.54	0.4%	\$0.00	\$0.00	\$311.89	\$0.00	\$0.00	\$9.65
(100)	57,825	\$87,571.92	\$87,226.20	\$345.72	0.4%	\$0.00	\$0.00	\$335.35	\$0.00	\$0.00	\$10.37
(101)	61,873	\$93,528.68	\$93,158.71	\$369.97	0.4%	\$0.00	\$0.00	\$358.87	\$0.00	\$0.00	\$11.10
(102)	65,920	\$99,483.42	\$99,089.24	\$394.18	0.4%	\$0.00	\$0.00	\$382.35	\$0.00	\$0.00	\$11.83
(103)	69,967	\$105,438.76	\$105,020.42	\$418.34	0.4%	\$0.00	\$0.00	\$405.79	\$0.00	\$0.00	\$12.55
(104)	74,016	\$111,396.81	\$110,954.24	\$442.58	0.4%	\$0.00	\$0.00	\$429.30	\$0.00	\$0.00	\$13.28
(105)	78,063	\$117,351.53	\$116,884.75	\$466.78	0.4%	\$0.00	\$0.00	\$452.78	\$0.00	\$0.00	\$14.00

C & I HLF Large:

C & I LLF Large:

(106)								Difference du	ie to:		
(107)	Annual	Proposed	Current				DA	AC			
(108)	Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
(109)											
(110)	41,956	\$55,968.40	\$55,276.34	\$692.05	1.3%	\$0.00	\$0.00	\$671.29	\$0.00	\$0.00	\$20.76
(111)	46,471	\$61,724.15	\$60,957.59	\$766.56	1.3%	\$0.00	\$0.00	\$743.56	\$0.00	\$0.00	\$23.00
(112)	50,991	\$67,485.88	\$66,644.82	\$841.06	1.3%	\$0.00	\$0.00	\$815.83	\$0.00	\$0.00	\$25.23
(113)	55,507	\$73,242.81	\$72,327.24	\$915.57	1.3%	\$0.00	\$0.00	\$888.10	\$0.00	\$0.00	\$27.47
(114)	60,028	\$79,005.70	\$78,015.53	\$990.16	1.3%	\$0.00	\$0.00	\$960.46	\$0.00	\$0.00	\$29.70
(115)	64,545	\$84,763.83	\$83,699.17	\$1,064.66	1.3%	\$0.00	\$0.00	\$1,032.72	\$0.00	\$0.00	\$31.94
(116)	69,062	\$90,521.95	\$89,382.79	\$1,139.15	1.3%	\$0.00	\$0.00	\$1,104.98	\$0.00	\$0.00	\$34.17
(117)	73,583	\$96,284.83	\$95,071.10	\$1,213.73	1.3%	\$0.00	\$0.00	\$1,177.32	\$0.00	\$0.00	\$36.41
(118)	78,099	\$102,041.77	\$100,753.55	\$1,288.23	1.3%	\$0.00	\$0.00	\$1,249.58	\$0.00	\$0.00	\$38.65
(119)	82,619	\$107,803.45	\$106,440.67	\$1,362.78	1.3%	\$0.00	\$0.00	\$1,321.90	\$0.00	\$0.00	\$40.88
(120)	87,137	\$113,563.74	\$112,126.40	\$1,437.34	1.3%	\$0.00	\$0.00	\$1,394.22	\$0.00	\$0.00	\$43.12

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Rhode Island Energy Infrastructure, Safety, and Reliability (ISR) Filing Bill Impact Analysis with Various Levels of Consumption:

C & I LLF Extra-Large:

(121)								Difference du	e to:		
(122)	Annual	Proposed	Current				DA	C			
(123)	Consumption (Therms)	Rates	Rates	Difference	<u>% Chg</u>	GCR	Base DAC	ISR	EE	LIHEAP	GET
(124)											
(125)	233,835	\$266,029.02	\$265,329.93	\$699.09	0.3%	\$0.00	\$0.00	\$678.12	\$0.00	\$0.00	\$20.97
(126)	259,019	\$294,012.84	\$293,238.43	\$774.41	0.3%	\$0.00	\$0.00	\$751.18	\$0.00	\$0.00	\$23.23
(127)	284,197	\$321,990.67	\$321,141.02	\$849.65	0.3%	\$0.00	\$0.00	\$824.16	\$0.00	\$0.00	\$25.49
(128)	309,381	\$349,974.45	\$349,049.51	\$924.94	0.3%	\$0.00	\$0.00	\$897.19	\$0.00	\$0.00	\$27.75
(129)	334,562	\$377,955.24	\$376,954.99	\$1,000.25	0.3%	\$0.00	\$0.00	\$970.24	\$0.00	\$0.00	\$30.01
(130)	359,745	\$405,938.04	\$404,862.50	\$1,075.54	0.3%	\$0.00	\$0.00	\$1,043.27	\$0.00	\$0.00	\$32.27
(131)	384,928	\$433,920.82	\$432,770.02	\$1,150.79	0.3%	\$0.00	\$0.00	\$1,116.27	\$0.00	\$0.00	\$34.52
(132)	410,110	\$461,902.65	\$460,676.53	\$1,226.11	0.3%	\$0.00	\$0.00	\$1,189.33	\$0.00	\$0.00	\$36.78
(133)	435,293	\$489,885.40	\$488,584.02	\$1,301.37	0.3%	\$0.00	\$0.00	\$1,262.33	\$0.00	\$0.00	\$39.04
(134)	460,471	\$517,863.23	\$516,486.56	\$1,376.67	0.3%	\$0.00	\$0.00	\$1,335.37	\$0.00	\$0.00	\$41.30
(135)	485,655	\$545,847.03	\$544,395.07	\$1,451.96	0.3%	\$0.00	\$0.00	\$1,408.40	\$0.00	\$0.00	\$43.56

C & I HLF Extra-Large:

							Difference du	e to:		
Annual	Proposed	Current				DA	AC			
Consumption (Therms)	Rates	Rates	Difference	% Chg	GCR	Base DAC	ISR	EE	LIHEAP	GET
486,528	\$489,804.98	\$488,801.81	\$1,003.16	0.2%	\$0.00	\$0.00	\$973.07	\$0.00	\$0.00	\$30.09
538,924	\$541,886.95	\$540,775.76	\$1,111.19	0.2%	\$0.00	\$0.00	\$1,077.85	\$0.00	\$0.00	\$33.34
591,320	\$593,968.09	\$592,748.88	\$1,219.22	0.2%	\$0.00	\$0.00	\$1,182.64	\$0.00	\$0.00	\$36.58
643,718	\$646,051.90	\$644,724.66	\$1,327.24	0.2%	\$0.00	\$0.00	\$1,287.42	\$0.00	\$0.00	\$39.82
696,109	\$698,128.52	\$696,693.23	\$1,435.29	0.2%	\$0.00	\$0.00	\$1,392.23	\$0.00	\$0.00	\$43.06
748,506	\$750,211.38	\$748,668.09	\$1,543.29	0.2%	\$0.00	\$0.00	\$1,496.99	\$0.00	\$0.00	\$46.30
800,903	\$802,294.28	\$800,642.93	\$1,651.35	0.2%	\$0.00	\$0.00	\$1,601.81	\$0.00	\$0.00	\$49.54
853,294	\$854,370.88	\$852,611.49	\$1,759.39	0.2%	\$0.00	\$0.00	\$1,706.61	\$0.00	\$0.00	\$52.78
905,692	\$906,454.72	\$904,587.31	\$1,867.41	0.2%	\$0.00	\$0.00	\$1,811.39	\$0.00	\$0.00	\$56.02
958,088	\$958,535.85	\$956,560.43	\$1,975.42	0.2%	\$0.00	\$0.00	\$1,916.16	\$0.00	\$0.00	\$59.26
1,010,485	\$1,010,618.75	\$1,008,535.24	\$2,083.51	0.2%	\$0.00	\$0.00	\$2,021.00	\$0.00	\$0.00	\$62.51
	Annual <u>Consumption (Therms)</u> 486,528 538,924 591,320 643,718 696,109 748,506 800,903 853,294 905,692 958,088 1,010,485	Annual Consumption (Therms)Proposed Rates486,528\$489,804.98538,924\$541,886.95591,320\$593,968.09643,718\$646,051.90696,109\$698,128.52748,506\$750,211.38800,903\$802,294.28853,294\$854,370.88905,692\$906,454.72958,088\$958,535.851,010,485\$1,010,618.75	Annual Consumption (Therms)Proposed RatesCurrent Rates486,528\$489,804.98\$488,801.81538,924\$541,886.95\$540,775.76591,320\$593,968.09\$592,748.88643,718\$646,051.90\$644,724.66696,109\$698,128.52\$696,693.23748,506\$750,211.38\$748,668.09800,903\$802,294.28\$800,642.93853,294\$854,370.88\$852,611.49905,692\$906,454.72\$904,587.31958,088\$958,535.85\$956,560.431,010,485\$1,010,618.75\$1,008,535.24	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference486,528\$489,804.98\$488,801.81\$1,003.16538,924\$541,886.95\$540,775.76\$1,111.19591,320\$593,968.09\$592,748.88\$1,219.22643,718\$646,051.90\$644,724.66\$1,327.24696,109\$698,128.52\$696,693.23\$1,435.29748,506\$750,211.38\$748,668.09\$1,543.29800,903\$802,294.28\$800,642.93\$1,651.35853,294\$854,370.88\$852,611.49\$1,759.39905,692\$906,454.72\$904,587.31\$1,867.41958,088\$958,535.85\$956,560.43\$1,975.421,010,485\$1,010,618.75\$1,008,535.24\$2,083.51	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference% Chg486,528\$489,804.98\$488,801.81\$1,003.160.2%538,924\$541,886.95\$540,775.76\$1,111.190.2%591,320\$593,968.09\$592,748.88\$1,219.220.2%643,718\$646,051.90\$644,724.66\$1,327.240.2%696,109\$698,128.52\$696,693.23\$1,435.290.2%748,506\$750,211.38\$748,668.09\$1,543.290.2%800,903\$802,294.28\$800,642.93\$1,651.350.2%853,294\$854,370.88\$852,611.49\$1,759.390.2%905,692\$906,454.72\$904,587.31\$1,867.410.2%958,088\$958,535.85\$956,560.43\$1,975.420.2%1,010,485\$1,010,618.75\$1,008,535.24\$2,083.510.2%	Annual Consumption (Therms)Proposed RatesCurrent RatesDifference% ChgGCR486,528\$489,804.98\$488,801.81\$1,003.160.2%\$0.00538,924\$541,886.95\$540,775.76\$1,111.190.2%\$0.00591,320\$593,968.09\$592,748.88\$1,219.220.2%\$0.00643,718\$646,051.90\$644,724.66\$1,327.240.2%\$0.00696,109\$698,128.52\$696,693.23\$1,435.290.2%\$0.00748,506\$750,211.38\$748,668.09\$1,543.290.2%\$0.00800,903\$802,294.28\$800,642.93\$1,651.350.2%\$0.00853,294\$854,370.88\$852,611.49\$1,759.390.2%\$0.00905,692\$906,454.72\$904,587.31\$1,867.410.2%\$0.00958,088\$958,535.85\$956,560.43\$1,975.420.2%\$0.001,010,485\$1,010,618.75\$1,008,535.24\$2,083.510.2%\$0.00	Annual Consumption (Therms) Proposed Rates Current Rates Difference % Chg GCR Base DAC 486,528 \$489,804.98 \$488,801.81 \$1,003.16 0.2% \$0.00 \$0.00 538,924 \$541,886.95 \$540,775.76 \$1,111.19 0.2% \$0.00 \$0.00 591,320 \$593,968.09 \$592,748.88 \$1,219.22 0.2% \$0.00 \$0.00 643,718 \$646,051.90 \$644,724.66 \$1,327.24 0.2% \$0.00 \$0.00 696,109 \$698,128.52 \$696,693.23 \$1,435.29 0.2% \$0.00 \$0.00 748,506 \$750,211.38 \$748,668.09 \$1,543.29 0.2% \$0.00 \$0.00 800,903 \$802,294.28 \$800,642.93 \$1,651.35 0.2% \$0.00 \$0.00 853,294 \$854,370.88 \$852,611.49 \$1,759.39 0.2% \$0.00 \$0.00 905,692 \$906,454.72 \$904,587.31 \$1,867.41 0.2% \$0.00 \$0.00 958,088	Annual Consumption (Therms) Proposed Rates Current Rates Difference % Chg GCR Base DAC ISR 486,528 \$489,804.98 \$488,801.81 \$1,003.16 0.2% \$0.00 \$0.00 \$973.07 538,924 \$541,886.95 \$540,775.76 \$1,111.19 0.2% \$0.00 \$0.00 \$1,077.85 591,320 \$593,968.09 \$592,748.88 \$1,219.22 0.2% \$0.00 \$0.00 \$1,182.64 643,718 \$646,051.90 \$644,724.66 \$1,327.24 0.2% \$0.00 \$0.00 \$1,287.42 696,109 \$698,128.52 \$696,693.23 \$1,435.29 0.2% \$0.00 \$0.00 \$1,392.23 748,506 \$750,211.38 \$748,668.09 \$1,543.29 0.2% \$0.00 \$0.00 \$1,496.99 800,903 \$802,294.28 \$800,642.93 \$1,651.35 0.2% \$0.00 \$0.00 \$1,601.81 853,294 \$854,370.88 \$852,611.49 \$1,759.39 0.2% \$0.00 \$0.00 \$1,601.81	Annual Proposed Current Difference % Chg GCR Base DAC ISR EE 486,528 \$489,804.98 \$488,801.81 \$1,003.16 0.2% \$0.00 \$0.00 \$973.07 \$0.00 538,924 \$541,886.95 \$540,775.76 \$1,111.19 0.2% \$0.00 \$0.00 \$1,077.85 \$0.00 591,320 \$593,968.09 \$592,748.88 \$1,219.22 0.2% \$0.00 \$0.00 \$1,182.64 \$0.00 643,718 \$646,051.90 \$644,724.66 \$1,327.24 0.2% \$0.00 \$0.00 \$1,287.42 \$0.00 696,109 \$698,128.52 \$696,693.23 \$1,435.29 0.2% \$0.00 \$0.00 \$1,392.23 \$0.00 748,506 \$750,211.38 \$748,668.09 \$1,543.29 0.2% \$0.00 \$0.00 \$1,496.99 \$0.00 800,903 \$802,294.28 \$800,642.93 \$1,651.35 0.2% \$0.00 \$0.00 \$1,601.81 \$0.00 853,294 \$854,370.88 \$852,611.	Annual Consumption (Therms) Proposed Rates Current Rates Difference States % Chg GCR Base DAC ISR EE LIHEAP 486,528 \$489,804.98 \$488,801.81 \$1,003.16 0.2% \$0.00 \$0.00 \$973.07 \$0.00 \$0.00 538,924 \$541,886.95 \$540,775.76 \$1,111.19 0.2% \$0.00 \$0.00 \$1,077.85 \$0.00 \$0.00 591,320 \$593,968.09 \$592,748.88 \$1,219.22 0.2% \$0.00 \$0.00 \$1,182.64 \$0.00 \$0.00 643,718 \$646,051.90 \$644,724.66 \$1,327.24 0.2% \$0.00 \$0.00 \$1,32.23 \$0.00 \$0.00 696,109 \$698,128.52 \$696,693.23 \$1,435.29 0.2% \$0.00 \$1,392.23 \$0.00 \$0.00 748,506 \$750,211.38 \$748,668.09 \$1,543.29 0.2% \$0.00 \$0.00 \$1,601.81 \$0.00 \$0.00 800,903 \$802,294.28 \$800,642.93 \$1,651.35 0.2%

Jeffrey Oliveira Testimony

PRE-FILED DIRECT TESTIMONY

OF

JEFFREY D. OLIVEIRA

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1	I.	Introduction
2	Q.	Please state your full name and business address.
3	A.	My name is Jeffrey D. Oliveira, and my business address is 280 Melrose Street,
4		Providence, Rhode Island 02907.
5		
6	Q.	Please state your position and your responsibilities within that position.
7	A.	I am employed by The Narragansett Electric Company d/b/a Rhode Island Energy (the
8		"Company") as a Regulatory Programs Specialist. My current duties include leading the
9		revenue requirement analyses and modeling that support regulatory filings, regulatory
10		strategies, and rate cases for the Company.
11		
12	Q.	Please describe your education and professional experience.
13	A.	In 2000, I earned an associate degree in Business Administration from Bristol
14		Community College in Fall River, Massachusetts. I was employed by National Grid
15		USA Service Company, Inc. ("National Grid Service Company") and its predecessor
16		companies from 1999 to 2022. From 1999 through 2000, I was employed by Fall River
17		Gas Company as a Staff Accountant. In 2001, after Fall River Gas Company merged
18		with Southern Union Company, I continued as a Staff Accountant with increased
19		responsibilities. In August of 2006, the Company acquired the Rhode Island gas
20		distribution assets of Southern Union Company at which time I joined National Grid
21		Service Company as a Senior Accounting Analyst. In January 2009, I became a Senior

THE NARRAGANSETT ELECTRIC COMPANY d/b/a RHODE ISLAND ENERGY RIPUC DOCKET NO. 24-55-NG PROPOSED FY2026 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN WITNESS: OLIVEIRA PAGE 2 of 6

1		Revenue Requirement Analyst in National Grid Service Company's Strategy and
2		Regulation Department. In July 2011, I was promoted to Lead Revenue Requirement
3		Analyst in the New England Revenue Requirements group of the New England
4		Regulatory Department of National Grid Service Company. On May 25, 2022, the time
5		of the Acquisition, ¹ I began working in my current position.
6		
7	Q.	Have you previously testified before the Rhode Island Public Utilities Commission
8		("PUC")?
9	A.	Yes. I have testified before the PUC on numerous occasions, including the Fiscal Year
10		("FY") 2025 Electrical Infrastructure, Safety, and Reliability ("ISR") Plan, Docket No.
11		23-48-EL, and the FY 2025 Gas ISR Plan, Docket No. 23-49-NG.
12		
13	II.	Purpose of Testimony
14	Q.	What is the purpose of your testimony?
15	A.	The purpose of my testimony is to sponsor Sections 3 and 5 of the proposed FY 2026 Gas
16		ISR Plan ("Gas ISR Plan" or "Plan"), which covers the period April 1, 2025 through
17		March 31, 2026. Section 3, Attachment 1 describes the calculation of the Company's
18		revenue requirement for the twelve-month period from April 1, 2025 through March 31,
19		2026 ("FY2026"). The revenue requirement is based on the 12-month Gas ISR Plan

¹ On May 25, 2022, PPL Rhode Island Holdings, LLC, a wholly owned indirect subsidiary of PPL Corporation ("PPL"), acquired 100 percent of the outstanding shares of common stock of the Company from National Grid USA ("National Grid")(the "Acquisition").

1		capital investment described in the pre-filed direct testimony of Company witnesses
2		Philip LaFond and Laeyeng Hunt.
3		
4	III.	Gas ISR Plan Revenue Requirement
5	Q.	Please summarize the revenue requirement for the Company's FY2026 Gas ISR
6		Plan as shown in Section 3, Attachment 1.
7	A.	As shown in Section 3, Attachment 1, Page 1, Column (b), the Company's FY2026 Gas
8		ISR Plan revenue requirement totals \$108,561,885 or an incremental \$24,581,919 over
9		the amount currently being billed for the revenue requirement attributable to prior years'
10		Gas ISR Plans. The Plan's revenue requirement consists of the following elements: (1)
11		\$22,000,000 of Operational and Maintenance paving costs as shown in Section 3,
12		Attachment 1, Page 1, Line 1; (2) the revenue requirement of \$7,817,954 comprised of
13		the Company's return, taxes and depreciation expense associated with FY2026 proposed
14		non-growth ISR incremental capital investment in gas utility infrastructure of
15		\$171,669,466, as calculated in Section 3, Attachment 1, Page 27; (3) the FY2026 revenue
16		requirement on incremental non-growth ISR capital investment for FY2018 through
17		FY2025 totaling \$66,206,325; (4) FY2026 property tax expense of \$17,278,950, as
18		shown in Section 3, Attachment 1 at Page 37, in accordance with the property tax
19		recovery mechanism included in the Amended Settlement Agreement in Docket No. 4323
20		and continued under the Amended Settlement Agreement in Docket No. 4770; and (5) a
21		reduction to the revenue requirement of \$4,741,345 for the FY2026 Hold Harmless

THE NARRAGANSETT ELECTRIC COMPANY d/b/a RHODE ISLAND ENERGY RIPUC DOCKET NO. 24-55-NG PROPOSED FY2026 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN WITNESS: OLIVEIRA PAGE 4 of 6

1		adjustment explained in the pre-filed direct testimony of Company witness Natalie Hawk.
2		Importantly, the incremental capital investment for the FY2026 ISR revenue requirement
3		excludes capital investment embedded in base distribution rates in Docket No. 4770 for
4		FY2018 through FY2026. Incremental non-growth capital investment for this purpose is
5		intended to represent the net change in net plant for non-growth infrastructure
6		investments during the relevant fiscal year and is defined as capital additions plus cost of
7		removal, less annual depreciation expense ultimately embedded in the Company's base
8		distribution rates (excluding depreciation expense attributable to general plant, which is
9		not eligible for inclusion in the Gas ISR Plan).
10		
11	Q.	Did the Company calculate the FY2026 Gas ISR Plan revenue requirement on
12		Attachment 1 in the same fashion as calculated in the previous ISR factor
12 13		Attachment 1 in the same fashion as calculated in the previous ISR factor submissions?
12 13 14	A.	Attachment 1 in the same fashion as calculated in the previous ISR factor submissions? Yes. Per the PUC's Order in the FY2022 Gas ISR Plan, Docket No. 5099, and the
12 13 14 15	A.	Attachment 1 in the same fashion as calculated in the previous ISR factorsubmissions?Yes. Per the PUC's Order in the FY2022 Gas ISR Plan, Docket No. 5099, and theresulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3,
12 13 14 15 16	A.	Attachment 1 in the same fashion as calculated in the previous ISR factorsubmissions?Yes. Per the PUC's Order in the FY2022 Gas ISR Plan, Docket No. 5099, and theresulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3,Schedule A, Sheets 4 and 5, the definition of ISR capital investment changed from "non-
12 13 14 15 16 17	A.	Attachment 1 in the same fashion as calculated in the previous ISR factorsubmissions?Yes. Per the PUC's Order in the FY2022 Gas ISR Plan, Docket No. 5099, and theresulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3,Schedule A, Sheets 4 and 5, the definition of ISR capital investment changed from "non-growth capital spending" to "non-growth capital investment recorded as in service"
12 13 14 15 16 17 18	A.	Attachment 1 in the same fashion as calculated in the previous ISR factorsubmissions?Yes. Per the PUC's Order in the FY2022 Gas ISR Plan, Docket No. 5099, and theresulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3,Schedule A, Sheets 4 and 5, the definition of ISR capital investment changed from "non-growth capital spending" to "non-growth capital investment recorded as in service"effective April 1, 2021. The Company has since reflected the impact of this change in its
12 13 14 15 16 17 18 19	A.	Attachment 1 in the same fashion as calculated in the previous ISR factorsubmissions?Yes. Per the PUC's Order in the FY2022 Gas ISR Plan, Docket No. 5099, and theresulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3,Schedule A, Sheets 4 and 5, the definition of ISR capital investment changed from "non-growth capital spending" to "non-growth capital investment recorded as in service"effective April 1, 2021. The Company has since reflected the impact of this change in itsFY2021, FY2022, FY 2023 and FY2024 ISR Gas reconciliations, FY2025 Gas ISR Plan
12 13 14 15 16 17 18 19 20	A.	Attachment 1 in the same fashion as calculated in the previous ISR factorsubmissions?Yes. Per the PUC's Order in the FY2022 Gas ISR Plan, Docket No. 5099, and theresulting revisions to the Company's Gas tariff, RIPUC NG-GAS No. 101 at Section 3,Schedule A, Sheets 4 and 5, the definition of ISR capital investment changed from "non-growth capital spending" to "non-growth capital investment recorded as in service"effective April 1, 2021. The Company has since reflected the impact of this change in itsFY2021, FY2022, FY 2023 and FY2024 ISR Gas reconciliations, FY2025 Gas ISR Planand now its FY2026 Gas ISR Plan revenue requirements. For the FY2021 transition

1		between FY2021 ISR Plan actual capital spending and the cumulative ISR Plan capital
2		spending included in the Construction Work in Progress, or "CWIP", balance as of
3		March 31, 2021. The FY2026 ISR vintage year ISR capital investments reflect the ISR
4		Plan capital investment projected to be in-service in the respective vintage year.
5		
6	Q.	Please explain the increase of FY2026 Gas ISR Plan revenue requirement in Section
7		3, Attachment 1 over the amount currently being billed for prior years' Gas ISR
8		Plans.
9	A.	As mentioned above, the Company's FY2026 Gas ISR Plan revenue requirement is
10		\$24,581,919 higher than the FY2025 Gas ISR Plan revenue requirement. Of the total
11		\$91,303,230 FY2026 capital revenue requirement, \$66,206,325 in capital investment
12		revenue requirement and \$13,679,074 in property tax recovery adjustment are associated
13		with incremental non-growth ISR Plan capital investment for FY2018 through FY2025,
14		which the PUC has approved in previous Gas ISR Plan or reconciliation filings. The
15		increase in the FY2026 revenue requirement compared to the approved FY2025 Plan
16		revenue requirement on that same investment totals \$3,417,482 and is caused by the net
17		impact of increase related to the half-year convention applied in the year of service in the
18		FY2025 plan, the higher estimated property tax rate in FY2026 compared to the
19		estimated FY2025 property tax rate, an increase to vintage rate base affected by the
20		Acquisition as described in Ms. Hawk's testimony and actual FY2024 capital investments
21		placed in service. The FY2026 revenue requirement on vintage year FY2025 incremental

1		non-growth ISR capital investment increased by \$6,243,463 from the FY2025 revenue
2		requirement on the same investment. The movement in the property tax recovery
3		adjustment related to prior years' investment as well as rate base embedded in current
4		distribution rates is an increase of \$176,174. The FY2026 proposed incremental non-
5		growth ISR capital investment and the resulting increase in property tax expense due to
6		that incremental investment accounts for \$11,417,831 of the FY2026 revenue
7		requirement over the FY2025 revenue requirement. Lastly, the total FY2025 revenue
8		requirement was reduced for the tax hold harmless adjustment of \$4,741,345.
9		
10	IV.	Alternative Revenue Requirement Calculation
11	Q.	Has the Company provided a revenue requirement calculation for its alternative
11 12	Q.	Has the Company provided a revenue requirement calculation for its alternative proposal to treat the FY2026 curb-to-curb paving costs as capital investments?
11 12 13	Q. A.	Has the Company provided a revenue requirement calculation for its alternative proposal to treat the FY2026 curb-to-curb paving costs as capital investments? Yes, the calculated net revenue requirement with FY2026 curb-to-curb paving costs
11 12 13 14	Q. A.	Has the Company provided a revenue requirement calculation for its alternative proposal to treat the FY2026 curb-to-curb paving costs as capital investments? Yes, the calculated net revenue requirement with FY2026 curb-to-curb paving costs treated as capital investments is \$88,134,152. Please see the calculation in Section 5,
 11 12 13 14 15 	Q. A.	Has the Company provided a revenue requirement calculation for its alternative proposal to treat the FY2026 curb-to-curb paving costs as capital investments? Yes, the calculated net revenue requirement with FY2026 curb-to-curb paving costs treated as capital investments is \$88,134,152. Please see the calculation in Section 5, Attachment 1.
 11 12 13 14 15 16 	Q. A.	Has the Company provided a revenue requirement calculation for its alternative proposal to treat the FY2026 curb-to-curb paving costs as capital investments? Yes, the calculated net revenue requirement with FY2026 curb-to-curb paving costs treated as capital investments is \$88,134,152. Please see the calculation in Section 5, Attachment 1.
 11 12 13 14 15 16 17 	Q. A. V.	Has the Company provided a revenue requirement calculation for its alternative proposal to treat the FY2026 curb-to-curb paving costs as capital investments? Yes, the calculated net revenue requirement with FY2026 curb-to-curb paving costs treated as capital investments is \$88,134,152. Please see the calculation in Section 5, Attachment 1.
 11 12 13 14 15 16 17 18 	Q. A. V. Q.	Has the Company provided a revenue requirement calculation for its alternative proposal to treat the FY2026 curb-to-curb paving costs as capital investments? Yes, the calculated net revenue requirement with FY2026 curb-to-curb paving costs treated as capital investments is \$88,134,152. Please see the calculation in Section 5, Attachment 1. Conclusion Does this conclude your testimony?

Natalie Hawk Testimony

PRE-FILED DIRECT TESTIMONY

OF

NATALIE HAWK

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1	I.	Introduction
2	Q.	Please state your full name and business address.
3	A.	My name is Natalie Hawk, and my business address is 645 Hamilton Street, Allentown,
4		Pennsylvania 18101.
5		
6	Q.	Please state your position and your responsibilities within that position.
7	A.	I am employed by PPL Services Corporation ("Services Corporation") as the Director of
8		tax accounting and reporting. My current responsibilities are primarily to oversee the
9		accounting and reporting of income taxes under U.S. Generally Accepted Accounting
10		Principles and the FERC Uniform System of Accounts and support regulatory rate filings
11		from a tax perspective for all members of the PPL Corporation ("PPL") group of
12		companies including The Narragansett Electric Company d/b/a Rhode Island Energy (the
13		"Company").
14		
15	Q.	Please describe your education and professional experience.
16	A.	In 1992, I received a Bachelor of Science in Business Administration degree with a major
17		in Accounting from Kutztown University. In 1998, I received a Master's in Business
18		Administration degree from Lehigh University. In 1993, I started my career as a first-
19		year Accountant in the Accounting Department at Metropolitan Edison Company, a
20		wholly owned subsidiary of GPU, Inc., a public utility holding company based in New
21		Jersey that was acquired by First Energy in 2001. I held various accounting roles in

1		Accounting Operations, the Tax Department and Plant Accounting. In 2001, I accepted a
2		position at Services Corporation as an Accounting Analyst in the Tax Department. My
3		responsibilities included accounting for income and non-income taxes, and I later became
4		involved in financial tax reporting for Securities and Exchange Commission and
5		regulatory purposes, preparing tax information and providing guidance on tax matters for
6		rate cases, formula rates and other rate mechanisms. I was promoted to Team Leader in
7		2004, 1st-level Manager in 2011, 2nd-level Manager in 2015 and to my current position
8		as Tax Director in 2021.
9		
10	Q.	Have you previously testified before the Rhode Island Public Utilities Commission
11		("PUC") or other regulatory bodies?
12	A.	Yes, I have testified before the PUC in support of the Company's filings in several
13		proceedings including with respect to the Fiscal Year ("FY") 2024 Gas Infrastructure,
14		Safety and Reliability ("ISR") Plan annual reconciliation in Docket No. 22-54-NG, and
15		the Company's FY2025 Gas ISR Plan in Docket No. 23-49-NG.
16		
17	Q.	What is the purpose of your testimony?
18	A.	The purpose of my testimony is to describe the income tax components used to calculate
19		accumulated deferred income taxes ("ADIT") in rate base for the calculation of the
20		revenue requirement in the FY2026 Gas ISR Plan (the "Gas ISR Plan" or "Plan"). In

1		difference") and related deferred tax impact on the revenue requirement that resulted
2		from the Commission's decision in Docket No. 23-49-NG (FY2025 Gas ISR Plan) to
3		treat curb-to-curb restoration paving costs ("paving costs") as an expense as opposed to a
4		capital investment. Finally, my testimony will discuss the impact of the FY2026 hold
5		harmless revenue credit calculation, as reflected on Attachment 1, Page 1 of 39, Line 17,
6		and also shown on Attachment 2, Page 1, Line 23.
7		
8	Q.	Are you sponsoring any attachments to the Gas ISR Plan?
9	A.	Yes, I am sponsoring Attachment 2 to Section 3 of the Plan which shows the calculation
10		of the FY2026 hold harmless adjustment, which is discussed later in my testimony.
11		
12	II.	Tax Components
13	Q.	What are the tax components required for the calculation of the revenue
14		requirement in the FY 2026 Gas ISR plan?
15	A.	Similar to prior Gas ISR plans filed since the last rate case in Docket No. 4770, the
16		Company must include the following items to calculate ADIT in rate base in
17		Attachment 1: (1) capital repairs deduction rate, (2) tax depreciation, which includes
18		bonus depreciation if applicable, (3) tax loss on retirements, (4) cost of removal, (5) net
19		operating loss ("NOL") generation or utilization, (6) excess deferred income taxes
20		("EDIT"), (7) adjustments resulting from PPL Rhode Island Holdings LLC's acquisition
01		of 100 noncourt of the Commonw's system ding common stock from National Crid USA

1	(the "Acquisition") and (8) deferred tax proration. Each of the items above are described
2	in more detail in Section 3 of the Plan which explains the calculation of the revenue
3	requirement. Additionally, a new tax input was introduced to the FY2025 and FY2026
4	vintage years within the FY2026 plan and is discussed separately below.
5	
6	The revenue requirement contains rate base calculations for vintage years 2018 through
7	2026 and each year impacts the FY2026 revenue requirement because plant and the
8	related deferred taxes have not fully reversed through depreciation. Each of the above
9	tax components does not always apply to each vintage year within the FY2026 Gas ISR
10	plan because the tax rules and transactions may be different for each year reflected in the
11	Gas ISR. The applicability of each of the tax components on the FY2026 vintage are
12	described below. The capital repairs deduction rate on Section 3: Attachment 1, Page 28,
13	Line 4 is 12.10%, which is an estimate based on the final 2023 calendar year tax return
14	and will be final when the 2026 tax return is filed in October of 2027. Also, on
15	Section 3: Attachment 1, Page 28 is the calculation of tax depreciation on plant in service
16	additions using a 20-year Modified Accelerated Cost-Recovery System ("MACRS") rate
17	provided by the Internal Revenue Code ("IRC"). The tax depreciation calculation
18	considers bonus depreciation, which is zero in the FY2026 vintage because utilities are
19	no longer subject to bonus depreciation as of FY2020 due to the passage of the Tax Cuts
20	and Jobs Act of 2017 ("2017 Tax Act"). Tax loss on retirements on Section 3:
21	Attachment 1, Page 28, Line 29 is zero until actual results are known with the filing of

1		the FY2026 tax return in October 2027. Cost of removal, which is deductible for tax
2		purposes and reflected on Section 3: Attachment 1, Page 28, Line 30 is obtained from
3		Section 2, Page 2 of the Plan. The Company does not have NOL carryforward balances
4		to utilize and does not expect to generate NOLs in FY2026, so the NOL amount on
5		Section 3: Attachment 1, Page 27, Line 17 is zero. The only vintage year within the
6		FY2026 revenue requirement that has EDIT is FY2018. EDIT was created due to the
7		federal income tax rate reduction enacted by the 2017 Tax Act and will begin to amortize
8		when book depreciation becomes greater than tax depreciation in a particular Gas ISR
9		plan year. In FY2026, tax depreciation is still greater than book depreciation on FY2018
10		vintage assets, so the EDIT amount has not begun to amortize. Adjustments from the
11		Acquisition occurred in FY2023 for all pre-acquisition vintage years (i.e., FY2018
12		through FY2023) and do not apply to post-acquisition vintage years (i.e., FY2024
13		through FY2026). Deferred tax proration for FY2026 is calculated on Page 29 of Section
14		3: Attachment 1 and the results are reflected on Page 27, Line 24 to be included in rate
15		base.
16		
17	Q.	Are there any new tax inputs or concepts introduced into the FY 2026 revenue
18		requirement that have not been reflected in the revenue requirement of prior Gas
19		ISR filings?
20	A.	Yes. Reiterating what is discussed in Section 3 of the Plan explaining the calculation of
21		the revenue requirement, a new temporary difference related to paving costs started in

1	FY2025 and continues in FY2026. Historically, incremental capital investments included
2	in the ISR Plan captured paving costs, which were capitalized for both book and tax
3	purposes. In Docket No. 23-49-NG, concerning the Company's FY2025 Gas ISR Plan,
4	the PUC voted to require the Company to calculate the FY2025 revenue requirement by
5	treating paving costs as operation and maintenance ("O&M") expense instead of capital
6	investment. The change in the book treatment of these costs does not change the federal
7	income tax treatment of these costs. For federal income tax purposes, these paving costs
8	continue to be capitalized under IRC Section 263(a).
9	
10	The treatment of paving costs as expense for book purposes while they are treated as
11	capital for tax purposes creates a temporary book to tax difference that requires the
12	recording of a deferred tax asset ("DTA"), thus reducing ADIT. A DTA is created
13	because, while books will be required to expense the subject costs in the year paid, IRC
14	Section 263(a) requires the Company to capitalize such costs, resulting in a tax liability in
15	the year incurred. The Company will then claim tax deductions over the 20-year
16	depreciable tax life of the capitalized assets. This DTA increases rate base in the year
17	paving costs are incurred. Rate base will subsequently decrease over time as the DTA
18	reverses over the depreciable life of the asset(s).
19	
20	The new paving cost temporary difference ("263(a) basis difference") is reflected with
21	the tax depreciation computations for FY2025 and FY2026 on Lines 2, 8 and 22 of

1	Section 3: Attachment 1, Pages 25 and 28, respectively. The 263(a) basis difference is
2	reflected on Line 2 because it is subject to the repairs deduction rate. The 263(a) basis
3	difference is reflected on Line 8 to calculate the originating deferred tax impact (i.e., a
4	DTA or a reduction in a DTL) in the year paving costs are incurred. The 263(a) basis
5	difference is reflected on Line 22 to capture the increase in tax basis, which will
6	depreciate over the 20-year tax life of the asset pursuant to the MACRS rate and will
7	reverse the originating DTA. The total impact of this 263(a) basis difference in year 1 is
8	reflected on Pages 25 and 28, Line 32, which is then reflected on Pages 24 and 27, Line
9	10 and is used to calculate deferred taxes on Pages 24 and 27, Line 16. The tax impacts
10	of the 263(a) basis difference were not included in the FY2025 Plan filing but will be
11	included in the FY2025 reconciliation filing as part of the tax true-up.
12	
13	The decrease in ADIT resulting from this new 263(a) basis difference increases rate base
14	and has a negative impact on customers. It is for this reason, as well as anticipated
15	increases in paving costs, that the Company proposes to capitalize paving costs for book
16	purposes in the FY2026 vintage within the FY2026 Gas ISR Plan.
17	

1	III.	Hold Harmless Adjustment
2	Q.	Please describe the background for the hold harmless adjustment, as reflected in the
3		attachments to your testimony.
4	A.	The Acquisition was treated as an asset acquisition for tax purposes under Internal
5		Revenue Code (IRC) §338(h)(10) (the "§338 election"), which, for the Company,
6		resulted in the "step up" in the tax basis of the acquired assets to fair market value
7		(effectively book value) and the corresponding elimination of most deferred tax
8		liabilities. In addition, the NOL-related deferred tax assets were eliminated in FY2023,
9		as these NOLs were utilized by National Grid to offset the gain on the deemed asset sale
10		for tax purposes. The reversal of nearly all deferred tax assets and liabilities, including
11		NOL deferred tax assets, reduced net deferred tax liabilities, which increased rate base
12		for each pre-acquisition year represented in the ISR filings starting with the FY2023 Gas
13		ISR Plan (the year of the Acquisition) and forward. ¹ Consequently, the increase in rate
14		base necessarily increases the revenue requirement associated with the ISR mechanism.
15		

¹ As the Company has not filed for or been involved in a rate case proceeding since 2018, the increase in rate base and corresponding hold harmless commitment has not been relevant apart from ISR proceedings since the date of Acquisition.
1	Q.	How does the Company propose to address the above increase to the FY2026 Gas				
2		ISR Plan revenue requirement as a result of the Acquisition?				
3	A.	As part of the transaction approval proceeding before the Division of Public Utilities and				
4		Carriers in Docket No. D-21-09, PPL committed to hold harmless Rhode Island				
5		customers from any changes to ADIT as a result of the Acquisition. ² Because of the				
6		\$338 election, PPL generated tax-deductible goodwill, which creates cash tax benefits to				
7		the Company. The Company plans to share these cash tax benefits with customers in the				
8		form of revenue credits to offset the increase in revenue requirements from the increase				
9		in rate base because of the elimination of deferred taxes in the Acquisition. As discussed				
10		in the pre-filed direct testimony of Company witness Jeffrey Oliveira, the FY2026				
11		revenue requirement reflects a credit of \$4,741,345 as shown on Section 3: Attachment 1,				
12		Page 1, Line 17 or in Attachment 2, Page 1, Line 23.				
13						
14	Q.	Please describe any impacts of the Acquisition on the presentation of the revenue				
15		requirement calculations.				
16	A.	As stated above, the Acquisition resulted in the reversal of book and tax timing				
17		differences and the elimination of the related deferred taxes. In addition, tax depreciation				
18		starts over on a new tax basis equal to net book value on the date of the Acquisition. To				
19		reflect these impacts of the Acquisition, the calculations of the FY2023 rate base and				

² See Report and Order, Docket No. D-21-09 at 257, commitment #16 (February 23, 2023).

1		revenue requirement for the vintage plan years FY2018 through FY2023 were separated
2		into two columns in Section 4: Attachment 1, Pages 2, 5, 10, 13, 17, and 20. The first
3		FY2023 column labeled as "NG, 4/1/22-5/24/22", reflects the 55 days of National Grid
4		ownership during FY2023. The second FY2023 column labeled as "PPL, 5/25/22-
5		3/31/23" reflects the period from acquisition date through March 31, 2023, which
6		represents the first year (i.e., 10-month period) under PPL's ownership where the
7		deferred taxes under National Grid's ownership are reversed and the tax basis becomes
8		equal to net book basis, causing the book and tax timing difference and tax depreciation
9		to start over. Further, an ADIT liability balance will increase as accelerated tax
10		depreciation is taken each year on increased tax basis of the acquired assets.
11		
11 12	Q.	Please describe the purpose of Attachment 2 to Section 3 of the Plan.
11 12 13	Q. A.	Please describe the purpose of Attachment 2 to Section 3 of the Plan. Attachment 2 shows the calculation of the hold harmless credit to the FY2026 revenue
11 12 13 14	Q. A.	Please describe the purpose of Attachment 2 to Section 3 of the Plan. Attachment 2 shows the calculation of the hold harmless credit to the FY2026 revenue requirement. To determine the impact of the Acquisition to customers and the required
 11 12 13 14 15 	Q. A.	Please describe the purpose of Attachment 2 to Section 3 of the Plan. Attachment 2 shows the calculation of the hold harmless credit to the FY2026 revenue requirement. To determine the impact of the Acquisition to customers and the required hold harmless adjustment, the Company must compare actual ADIT in rate base to
 11 12 13 14 15 16 	Q. A.	Please describe the purpose of Attachment 2 to Section 3 of the Plan. Attachment 2 shows the calculation of the hold harmless credit to the FY2026 revenue requirement. To determine the impact of the Acquisition to customers and the required hold harmless adjustment, the Company must compare actual ADIT in rate base to hypothetical ADIT in rate base as if the Acquisition did not occur and apply the weighted
 11 12 13 14 15 16 17 	Q. A.	Please describe the purpose of Attachment 2 to Section 3 of the Plan. Attachment 2 shows the calculation of the hold harmless credit to the FY2026 revenue requirement. To determine the impact of the Acquisition to customers and the required hold harmless adjustment, the Company must compare actual ADIT in rate base to hypothetical ADIT in rate base as if the Acquisition did not occur and apply the weighted average cost of capital to the difference to determine the revenue requirement impact on
 11 12 13 14 15 16 17 18 	Q. A.	Please describe the purpose of Attachment 2 to Section 3 of the Plan. Attachment 2 shows the calculation of the hold harmless credit to the FY2026 revenue requirement. To determine the impact of the Acquisition to customers and the required hold harmless adjustment, the Company must compare actual ADIT in rate base to hypothetical ADIT in rate base as if the Acquisition did not occur and apply the weighted average cost of capital to the difference to determine the revenue requirement impact on all pre-acquisition periods presented in the ISR. The hypothetical scenario uses all of the
 11 12 13 14 15 16 17 18 19 	Q. A.	Please describe the purpose of Attachment 2 to Section 3 of the Plan. Attachment 2 shows the calculation of the hold harmless credit to the FY2026 revenue requirement. To determine the impact of the Acquisition to customers and the required hold harmless adjustment, the Company must compare actual ADIT in rate base to hypothetical ADIT in rate base as if the Acquisition did not occur and apply the weighted average cost of capital to the difference to determine the revenue requirement impact on all pre-acquisition periods presented in the ISR. The hypothetical scenario uses all of the same plant and cost of capital information as actuals. In the hypothetical scenario, the

THE NARRAGANSETT ELECTRIC COMPANY d/b/a RHODE ISLAND ENERGY RIPUC DOCKET NO. 24-55-NG PROPOSED FY2026 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN WITNESS: HAWK PAGE 11 OF 12

1		tax basis in FY2023 that eliminates deferred taxes in all pre-acquisition vintage years and
2		restarts tax depreciation and 2) there is an assumption that NOLs are utilized over a
3		7-year period without an acquisition. Attachment 2 reflects the hold harmless revenue
4		requirement impact of FY2026. Page 1 of Attachment 2 provides the cost of capital
5		factors, the change in ADIT on the "with and without acquisition" scenarios from Page 2
6		and the revenue requirement impacts of the Acquisition to determine the hold harmless
7		revenue adjustment needed to make customers whole. For FY2026, the hold harmless
8		adjustment reduced the revenue requirement by \$4,741,345, as reflected on Attachment
9		2, Page 1, Line 23.
10		
11	IV.	Alternative Proposal for Paving Costs
11 12	IV. Q.	<u>Alternative Proposal for Paving Costs</u> In the Company's alternative proposal to treating paving costs as capital, how does
11 12 13	IV. Q.	<u>Alternative Proposal for Paving Costs</u> In the Company's alternative proposal to treating paving costs as capital, how does this impact the tax computations in the FY2026 Gas ISR Plan revenue requirement?
11 12 13 14	IV. Q. A.	Alternative Proposal for Paving Costs In the Company's alternative proposal to treating paving costs as capital, how does this impact the tax computations in the FY2026 Gas ISR Plan revenue requirement? If paving costs are treated as capital in the FY2026 vintage year of the FY2026 Gas ISR
 11 12 13 14 15 	IV. Q. A.	Alternative Proposal for Paving CostsIn the Company's alternative proposal to treating paving costs as capital, how doesthis impact the tax computations in the FY2026 Gas ISR Plan revenue requirement?If paving costs are treated as capital in the FY2026 vintage year of the FY2026 Gas ISRPlan, the 263(a) basis difference discussed above no longer applies because the book and
 11 12 13 14 15 16 	IV. Q. A.	Alternative Proposal for Paving CostsIn the Company's alternative proposal to treating paving costs as capital, how doesthis impact the tax computations in the FY2026 Gas ISR Plan revenue requirement?If paving costs are treated as capital in the FY2026 vintage year of the FY2026 Gas ISRPlan, the 263(a) basis difference discussed above no longer applies because the book andtax treatment of the paving costs are the same. All things being equal, rate base will
 11 12 13 14 15 16 17 	IV. Q. A.	Alternative Proposal for Paving Costs In the Company's alternative proposal to treating paving costs as capital, how does this impact the tax computations in the FY2026 Gas ISR Plan revenue requirement? If paving costs are treated as capital in the FY2026 vintage year of the FY2026 Gas ISR Plan, the 263(a) basis difference discussed above no longer applies because the book and tax treatment of the paving costs are the same. All things being equal, rate base will decrease because the DTA computed on the 263(a) basis difference is removed from the
 11 12 13 14 15 16 17 18 	IV. Q. A.	Alternative Proposal for Paving CostsIn the Company's alternative proposal to treating paving costs as capital, how doesthis impact the tax computations in the FY2026 Gas ISR Plan revenue requirement?If paving costs are treated as capital in the FY2026 vintage year of the FY2026 Gas ISRPlan, the 263(a) basis difference discussed above no longer applies because the book andtax treatment of the paving costs are the same. All things being equal, rate base willdecrease because the DTA computed on the 263(a) basis difference is removed from theequation. Section 5 of the FY2025 Gas ISR Plan shows the calculation of the revenue
 11 12 13 14 15 16 17 18 19 	IV. Q. A.	Alternative Proposal for Paving Costs In the Company's alternative proposal to treating paving costs as capital, how does this impact the tax computations in the FY2026 Gas ISR Plan revenue requirement? If paving costs are treated as capital in the FY2026 vintage year of the FY2026 Gas ISR Plan, the 263(a) basis difference discussed above no longer applies because the book and tax treatment of the paving costs are the same. All things being equal, rate base will decrease because the DTA computed on the 263(a) basis difference is removed from the equation. Section 5 of the FY2025 Gas ISR Plan shows the calculation of the revenue requirement that would result from the treatment of FY2026 paving costs as capital

1 V. <u>Conclusion</u>

- 2 **Q.** Does this conclude your testimony?
- 3 A. Yes.

Tyler Shields Testimony

PRE-FILED DIRECT TESTIMONY

OF

TYLER G. SHIELDS

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1	I.	Introduction			
2	Q.	Please state your name and business address.			
3	A.	My name is Tyler G. Shields, and my business address is 280 Melrose Street, Providence,			
4		Rhode Island 02907.			
5					
6	Q.	By whom are you employed and in what capacity?			
7	A.	I am employed by The Narragansett Electric Company d/b/a Rhode Island Energy (the			
8		"Company") as a Rates and Regulatory Specialist. My current duties include revenue			
9		requirement and rates analyses and regulatory filings, regulatory strategies, and			
10		reconciliations for the Company.			
11					
12	Q.	Please describe your educational background and training.			
13	A.	I earned a Bachelor of Arts in Economics from the University of Connecticut in 2013.			
14					
15	Q.	Please describe your professional experience.			
16	А	In March 2015, I began my career as a pricing analyst at Granite Telecommunications in			
17		Quincy, Massachusetts. In February 2017, I was promoted to product pricing team lead.			
18		My responsibilities included auditing customer accounts and maintaining the pricing and			
19		billing databases to ensure accuracy. In January 2021, I was hired by Charles Stark			
20		Draper Laboratory as a Program Analyst, creating pricing proposals for prospective			

1		clients, and validating financial data for key stakeholders on a weekly basis. I began my
2		current role in November 2022.
3		
4	Q.	Have you previously testified before the Public Utilities Commission ("PUC" or the
5		"Commission") or any other regulatory commissions?
6	A.	Yes. I provided pre-filed testimony and/or testified at hearings before the PUC regarding
7		the Company's Fiscal Year ("FY") 2023 Electric Revenue Decoupling Mechanism
8		("RDM") Reconciliation filing in Docket No. 23-16-EL, the Company's Gas RDM
9		Reconciliation filing in Docket No. 23-23-NG, the Company's 2023 Distribution
10		Adjustment Charge ("DAC") and Gas Cost Recovery ("GCR") filings in Docket No. 23-
11		23-NG, the Company's FY2023 Electric Infrastructure, Safety, and Reliability ("ISR")
12		Plan Annual Reconciliation Filing in Docket No. 5209, the Company's proposed FY2025
13		Gas ISR Plan in Docket No. 23-49-NG, the Company's proposed FY2025 Electric ISR
14		Plan in Docket No. 23-48-EL, the Company's 2024 Annual Retail Rate Filing in Docket
15		No. 24-07-EL, the Company's FY2024 Electric RDM Reconciliation filing in Docket No.
16		24-18-EL, the Company's Gas RDM Reconciliation filing in Docket No. 24-29-NG, and
17		the Company's 2024 DAC filing in Docket No. 24-29-NG.
18		

1	II.	Purpose and Structure of Testimony
2	Q.	What is the purpose of your testimony?
3	A.	The purpose of my testimony is to sponsor (1) Section 4 of the FY2026 Gas ISR Plan
4		("Gas ISR Plan" or "Plan"), which describes the calculation of the proposed FY2026 ISR
5		factors and the customer bill impacts of the proposed ISR factors with curb-to-curb
6		paving costs for FY2026 treated as operation and maintenance ("O&M") expense and (2)
7		Section 6, which provides the FY2026 ISR factors and customer bill impacts on the
8		Company's alternative proposal to classify curb-to-curb paving costs as capital
9		investment rather than O&M expense.
10		
11	Q.	How is your testimony organized?
12	A.	Section I of my testimony is the introduction. Section II describes the purpose and
13		structure of my testimony. Section III describes the rate design used to develop the ISR
14		factors. Section IV presents the proposed ISR factors by rate class. Section V presents
15		the rate class bill impact analysis. Section VI provides the proposed ISR factors and bill
16		impacts that would result from the Company's alternative proposal to treat paving costs
17		as capital investment rather than O&M expense. Section VII is the conclusion.
18		

1 III. <u>Rate Design</u>

2 Q. Please summarize the rate design used to develop the ISR factors presented as part
3 of this filing.

4	A.	Like the revenue requirement, the proposed Gas ISR Plan rate design for FY2026 is
5		based on the revenue requirement of cumulative incremental capital investment in excess
6		of capital investment that has been reflected in rate base in the Company's most recent
7		general rate case in Docket No. 4770 and property tax expense as described in Section 3
8		of the ISR Plan. The Company has allocated the revenue requirement associated with the
9		capital investment to each rate class based on the rate base allocator approved by the
10		PUC in the Amended Settlement Agreement in Docket No. 4770. ¹ The billing
11		determinants used in the Company's proposed rate design are for the twelve-month
12		period April 2025 through March 2026 and come from the throughput forecast utilized in
13		the Company's 2024-25 Gas Cost Recovery filing in Docket No. 24-29-NG. The
14		forecasted throughput is compiled by rate class and summarized as set forth in Section 4,
15		Attachment 1, Page 2 of the proposed Gas ISR Plan. As shown in Section 4, Attachment
16		1, Page 1, the Company divided the allocated rate class revenue requirement, as
17		multiplied by the rate base allocator, by the forecasted throughput for each rate class to
18		develop separate ISR factors per rate class on a per-therm basis. The Company then

¹ In Docket No. 5099, the PUC approved the Company's proposal to combine the allocated revenue requirements for the Residential Heating and Residential Non-Heating rate classes, thereby deriving one ISR factor applicable to all residential customers, until the Company's next rate case filing.

1		adjusted each rate class's ISR factor to reflect the 1.91 percent uncollectible factor from					
2		the Amended Settlement Agreement in Docket No. 4770.					
3							
4	IV.	ISR Factors (Paving Costs as O&M Expense)					
5	Q.	What are the ISR factors proposed by the Company if curb-to-curb paving costs are					
6		treated as O&M expense?					
7	A.	The ISR factors that would result if paving costs are treated as O&M expense are shown					
8		in the table below and in the Gas ISR Plan at Section 4, Attachment 1.					
9							
10		Table 3-1: FY2026 ISR factors per rate class					
		Rate Class ISR Rate					

	Rate Class	ISR Rate
	(a)	(b)
(1)	Residential	\$0.3710
(2)	Small C&I	\$0.3597
(3)	Medium C&I	\$0.2389
(4)	Large Low Load	\$0.2155
(5)	Large High Load	\$0.2142
(6)	XL-Low Load	\$0.0857
(7)	XL-High Load	\$0.0815

11

*Rates include uncollectible allowance.

12 The same factors noted above for Residential Heating and Residential Non-Heating

13 customers would also apply to each of the Low-Income rate classes.

14

1	V.	Bill Impacts (Paving Costs as O&M Expense)				
2	Q.	What is the impact of the proposed ISR factors on customers' bills?				
3	A.	For the average Residential Heating customer using 845 therms annually, these FY2026				
4		ISR factors result in an annual bill increase of \$78.58, or 4.4 percent, ² as shown in the				
5		proposed Gas ISR Plan at Section 4, Attachment 2. The annual impact of the proposed				
6		ISR factors for all rate classes is set forth in Section 4, Attachment 2 of the Plan.				
7						
8 9	VI.	<u>Alternative ISR Factors and Bill Impacts (Paving Costs Treated as Capital Investment)</u>				
11	Q.	What are the ISR factors proposed by the Company if curb-to-curb paving costs are				
12		treated as capital investment?				
13	A.	If curb-to-curb paving costs are treated as capital investments, the ISR factors calculated				
14		by the Company are shown in the table below and in the Gas ISR Plan at Section 6,				
15		Attachment 1.				
16						

² The bill impact includes the Rhode Island Gross Earnings Tax of three percent.

1		Table 3	3-2: FY2026 ISR factors p	er rate class with paving as Ca	pital
			Rate Class	ISR Rate (\$/therm)	
			(a)	(b)	
		(1)	Residential	\$0.3012	
		(2)	Small C&I	\$0.2920	
		(3)	Medium C&I	\$0.1940	
		(4)	Large Low Load	\$0.1749	
		(5)	Large High Load	\$0.1739	
		(6)	XL-Low Load	\$0.0696	
		(7)	XL-High Load	\$0.0661	
2		*Rates i	nclude uncollectible allowanc	e.	
3		The same facto	ors noted above for Resid	ential Heating and Residential	Non-Heating
4		customers wou	ld also apply to each of the	he Low-Income rate classes.	
5					
6	Q.	What is the in	npact of these proposed	ISR factors on customers' bi	ills when curb-to-
7		curb paving c	osts are treated as capit	al investment?	
8	Α.	For the average	e Residential Heating cus	tomer using 845 therms annua	lly, the proposed
9		FY2026 ISR fa	actors result in an annual	bill increase of \$17.75, or 1.0	percent, ³ as shown
10		in the proposed	I Gas ISR Plan at Section	6, Attachment 2. The annual	impact of the
11		proposed ISR f	factors for all rate classes	is set forth in Section 6, Attac	hment 2 of the
12		Plan.			
13					

Table 3-2: FY2026 ISR factors per rate class with paving as Capital

³ The bill impact includes the Rhode Island Gross Earnings Tax of three percent.

1 VII. Conclusion

- 2 **Q.** Does this conclude your testimony?
- 3 A. Yes.