

August 1, 2019

BY HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4781 - Gas Infrastructure, Safety, and Reliability Plan Fiscal Year 2019 Reconciliation Filing

Dear Ms. Massaro:

I have enclosed 10 copies of National Grid's fiscal year (FY) 2019 Gas Infrastructure, Safety, and Reliability (ISR) Plan Reconciliation filing, which relates to National Grid's FY 2019 Gas ISR Plan filing in the above-referenced docket. This filing provides an overview and description of the \$104.02¹ million of actual capital investment and operation and maintenance (O&M) spending by category and an explanation by category of major variances to the budget of \$106.71 million, as approved by the Public Utilities Commission (PUC) in Docket No. 4781.

The pre-filed direct testimonies of Amy S. Smith and Melissa A. Little are enclosed with this filing. Ms. Smith presents National Grid's FY 2019 Gas ISR Plan Annual Report and Reconciliation filing, including the actual spending for the period April 1, 2018 to March 31, 2019. Ms. Smith also provides details concerning the major spending variances by specific ISR Plan categories for this time period. Ms. Little's testimony presents the updated FY 2019 ISR revenue requirement associated with actual capital investment levels for each of FY 2012 through FY 2019, actual tax deductibility percentages for FY 2018 capital additions, and updated O&M expenses. As explained in Ms. Little's testimony, actual tax deductibility percentages for FY 2019 capital investment will not be known until National Grid files its FY 2019 federal income tax return in December 2019. Consequently, the actual tax deductibility percentages for FY 2019 capital investment will be reflected in the Company's FY 2020 Gas ISR Reconciliation filing and will generate a true-up adjustment in that filing. The updated FY 2019 revenue requirement also includes an adjustment associated with the ISR property tax recovery formula approved in Docket No. 4323.² Finally, the Company's FY 2019 revenue requirement includes the impact of the Tax Cuts and Jobs Act of 2017, which went into effect on December 22, 2017,

¹ The Company's fourth quarter report for the FY 2019 Gas ISR Plan (also referred to as the Plan) indicated an adjusted total spending of \$104.33 million. When preparing this annual reconciliation filing, the Company finalized adjustments totaling approximately -\$0.30 million, which resulted in total spending of \$104.02 million.

² The PUC allowed the property tax recovery mechanism and all of the Company's existing reconciling mechanisms to continue in Docket No. 4770.

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on vintage FY 2012 through FY 2019 investment. In particular, the revenue requirement reflects (1) the reduction of the federal income tax rate from 35 percent to 21 percent commencing January 1, 2018; and (2) the changes to the bonus depreciation rules for certain capital investments, including ISR-eligible investments, effective September 28, 2017.

As explained in Ms. Little's testimony, the updated FY 2019 revenue requirement associated with the above-referenced items totals \$15,405,282, which consists of \$178,813 in O&M expenses and \$15,226,469 of capital-related revenue requirement which includes the property tax component. The capital-related revenue requirement is based on actual cumulative ISR Plan investment through March 2019 which is incremental to the level of ISR-eligible capital investment assumed in base distribution rates under Docket No. 4323 and Docket No. 4770, as the Company transferred recovery of all ISR Plan investment to base distribution rates effective September 1, 2018, and included forecasted FY 2019 ISR Plan investment beginning in September 2018 in rate base in the Company's most-recently completed rate case in Docket No. 4770.

Please note that the FY 2019 Gas ISR Reconciliation has been included in the calculation of the Gas ISR factor contained in National Grid's annual Distribution Adjustment Charge (DAC) filing in Docket No. 4846, which National Grid filed with the PUC today under separate cover. The DAC filing includes a reconciliation of forecasted collections to actual collections.

Thank you for your attention to this filing. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4781 Service List
LeoWold, Esq.
Al Mancini, Division
John Bell, Division

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

August 1, 2019
Date

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National Grid

The Narragansett Electric Company

FY 201; Gas Infrastructure,
Safety and Reliability Plan

Annual Reconciliation

August 1, 201;

Docket No. 49: 1

Submitted to:
Rhode Island Public Utilities Commission

Submitted by:

nationalgrid

**Testimony of
Amy Smith**

DIRECT TESTIMONY

OF

AMY SMITH

August 1, 2019

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Amy Smith. My business address is 40 Sylvan Road, Waltham, MA 02451.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by National Grid USA Service Company, Inc. (Service Company) as the
7 Director, New England Jurisdiction. I am responsible for assisting the Jurisdictional
8 Presidents with leading the gas regulated businesses in the states of RI and MA, including
9 interfacing with all functions to deliver positive financial results and regulatory outcomes
10 consistent with targets, strong operational performance, attainment of capital investment
11 plan, and positive external and media relations. I am responsible for tracking gas
12 performance against established milestones and objectives for the Narragansett Electric
13 Company d/b/a National Grid (National Grid or the Company). In my role, I work
14 closely with the Rhode Island Jurisdictional President and Jurisdiction staff on all local
15 gas issues related to the Company's Rhode Island gas system service territory. My
16 responsibilities include working with regulators on issues related to the gas system,
17 developing strategies to support Company objectives regarding investment in the gas
18 system, and coordinating filings related to the gas system for state regulatory
19 proceedings.

20

21

1 **Q. Please describe your educational background and professional experience.**

2 A. In 1982, I graduated from Simmons College with a Bachelor of Arts in Economics and
3 Mathematics. In 1991, I joined Boston Gas Company (now National Grid) as an analyst in
4 Gas Supply Planning. Since that time, I have held a variety of positions in Rates and
5 Regulation, Performance Measurement, Credit and Collections, Customer Regulatory
6 Relations, Emergency Dispatch, Gas Resource Planning, Network Strategy, Construction,
7 Gas Pipeline Safety and Compliance and Gas Investment, Resource and Rate Case
8 Planning. I assumed my current position on April 1, 2019. In addition, from 1984 to 1989,
9 I worked for the Massachusetts Department of Public Utilities (the Department).

10

11 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**
12 **(PUC)?**

13 A. Yes. In 2011 and 2012, I testified at the PUC in support of the Company's Gas
14 Infrastructure, Safety, and Reliability Plans. In 2011, I testified at a technical session in
15 support of the Company's first Gas ISR Plan and presented the Company's five-year
16 capital plan along with an explanation of how the existing Accelerated Replacement
17 Program (ARP) would be closed out and transitioned to the new Gas ISR Plan, docket
18 4219. In 2012, I also testified at a technical session in support of the Company's Gas ISR
19 Plan for FY 2013 and addressed regulatory reporting requirements in Docket 4306.

20

1 In Massachusetts, before the Department of Public Utilities (the Department) and behalf of
2 Boston Gas Company (Boston Gas) and Colonial Gas Company (Colonial Gas), each d/b/a
3 National Grid (collectively National Grid or the MA Companies), I have filed testimony
4 and related exhibits in support of capital investment and gas safety and reliability proposals
5 in the MA Companies' last two base rate increase proceedings, dockets D.P.U. 17-170 and
6 D.P.U 10-55, respectively. I also filed testimony in support of the MA Companies'
7 Targeted Infrastructure Replacement Factor filing in docket D.P.U. 11-36. In 2008, I
8 testified at the Department regarding low-income credit and collections practices in docket
9 D.P.U 08-4. In 2005, I testified at a technical session at the Department in support of the
10 MA Companies' service quality performance in docket D.P.U. 04-116. I have also
11 testified before the New Hampshire Public Utilities Commission.

12
13 **II. Purpose of Testimony**

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to present the Company's FY 2019 Annual Report and
16 Reconciliation filing for the Gas ISR Plan (also referred to as the Plan), including the
17 actual spending for the period April 1, 2018 through March 31, 2019. As part of this
18 filing, I also provide detailed information regarding the major spending variances by
19 specific Plan categories for the period April 1, 2018 through March 31, 2019. As
20 discussed in her pre-filed direct testimony, Company witness Melissa A. Little uses the
21 actual spending information to calculate the FY 2019 Plan revenue requirement, which is

1 then reconciled with the Company's actual Plan revenues for FY 2019. The
2 reconciliation balance is then included in the Company's annual Distribution Adjustment
3 Charge (DAC) filing, which will be reflected in rates effective November 1, 2019.

4
5 **Q. Are you sponsoring any attachments with your testimony?**

6 A. Yes. I am sponsoring the following attachment that accompanies my testimony:

- 7 • Attachment AS-1 Gas Infrastructure, Safety, and Reliability Plan Fiscal Year
8 2019 Annual Report and Reconciliation
9

10 **III. FY 2019 Gas ISR Plan Annual Report and Actual Spending**

11 **Q. Please summarize the results of the Company's Gas ISR Plan actual spending for**
12 **FY 2019 to the FY 2019 budget.**

13 A. Attachment AS-1 to my testimony is the Company's FY 2019 Gas ISR Plan Annual
14 Report and Reconciliation of actual spending for the period April 1, 2018 to March 31,
15 2019. As set forth in Table 1 of Attachment AS-1, for FY 2019, the Company spent
16 \$104.02 million for capital investment and operation and maintenance (O&M) expense
17 under the Plan. This amount represents a variance of approximately \$2.69 million less
18 than the approved Plan annual budget of \$106.71 million. The \$2.69 million under-
19 budget variance for the year is discussed below in more detail for each specific category
20 of the Plan.

21

1 A total of 60.4 miles of leak-prone pipe were abandoned under all ISR categories, which
2 is slightly above the plan of 60.0 miles. This amount includes 12.2 miles for the Public
3 Works program, 47.7 miles for the Proactive Leak-Prone Pipe program, and 0.5 miles for
4 the Reliability program. In addition, the Company also abandoned 3.1 miles of non-ISR
5 leak-prone pipe as a result of Gas System Reinforcement main replacement projects,
6 bringing total FY 2019 abandonments to 63.5 miles. Elimination of cast and wrought
7 iron and unprotected steel pipe (i.e., leak-prone pipe) remains a key element of the
8 Company's overall ISR Plan and provides for further enhanced safety and reliability of
9 the gas distribution system through removal of leak-prone pipe. These materials have
10 been identified in the Company's Distribution Integrity Management Plan (DIMP) as
11 riskier assets and have been targeted for replacement through a 20-year replacement plan.
12 The DIMP provides a structured approach to identification, evaluation, and mitigation of
13 risks associated with the gas distribution system. The Company has eliminated more than
14 160 gas leaks through abandonment of the 60.4 miles of leak-prone gas main.

15
16 Notably, the Company's fourth quarter report for the FY 2019 Gas ISR Plan indicated
17 adjusted total spending of \$104.33 million. In preparation of this annual ISR Plan
18 Reconciliation filing, the Company finalized adjustments totaling -\$0.30 million, which
19 resulted in total spending of \$104.02 million. Total spending included a -\$0.31 million
20 O&M adjustment, representing incremental O&M costs incurred between September 1,
21 2018 through March 31, 2019. O&M costs incurred beginning September 1, 2018 are

1 being recovered as part of base rates and should not be recovered through this ISR filing.
2 The adjusted total of \$0.18 million represents incremental O&M expenses incurred for
3 the five months ending August 31, 2018. The remaining adjustments totaling -\$0.01
4 million were the result on an annual work order review that was performed in advance of
5 this reconciliation filing.
6

7 **Q. What were the primary drivers for the \$2.69 million under-budget variance in FY**
8 **2019?**

9 A. As shown in Attachment AS-1 at Table 2, several drivers primarily contributed to the
10 \$2.69 million under-budget variance in FY 2019. First, there was an under-budget
11 variance of \$3.27 million in the Discretionary category, including under-spending of
12 \$0.17 million for Proactive Main Replacement – Leak Prone Pipe and \$3.09 million
13 under-spending for Reliability. The Reliability variance was driven by the following:
14 under-spending of \$1.36 million for the Allens Avenue Multi Station Rebuild project;
15 under-spending of \$1.16 million for Gas Systems Reliability – Gas Planning and, under-
16 spending of \$0.44 for the Heater Program and under-spending of \$0.66 million for Take
17 Stations, both due to a deferral of a portion of their workplans, which were partially
18 offset by over-spending for Pressure Regulating Facilities of \$1.32 million due to
19 carryover of work from the FY 2018 ISR Plan that included the final abandonment of two
20 regulator stations. Second, there was an over-budget variance of \$0.90 million in the
21 Non-Discretionary category, which included the following: overall over-spending of

1 \$2.49 million for the Public Works program; under-spending of \$1.06 million for
2 Mandated programs; under-spending of \$0.25 for Damage/Failure; and under-spending of
3 \$0.28 million for Special Projects. The Public Works over-spend of \$2.49 million
4 included over-spending of \$3.20 million for City State Construction (CSC) – Non-
5 Reimbursable, under-spending of \$0.81 million for CSC – Reimbursable, and CSC –
6 Reimbursements at \$0.10 million below budget. The Mandated under-spend of \$1.06
7 million was driven by under-spend of \$0.88 million for Corrosion and under-spend of
8 \$0.64 million for Service Replacements (Reactive) – Non-Leaks/Other. This variance
9 was partially offset by a net over-spend of \$0.83 million for Reactive Leaks. Finally, as
10 explained above, O&M costs were under-budget by \$0.32 million, which was driven by
11 the -\$0.31 million adjustment to remove the September 1, 2018 through March 31, 2019
12 O&M costs since these costs are already being recovered as part of base rates that were
13 effective as of September 1, 2018.

14
15 **A. NON-DISCRETIONARY WORK**

16
17 **Q. Please explain the over-budget variance of \$2.49 million for the Public Works**
18 **program in FY 2019.**

19 A. For FY 2019, the Company incurred net spending of \$13.57 million for the Public Works
20 program against a plan of \$11.08 million, resulting in an over-spending variance of \$2.49
21 million. The total net spend includes project spending of \$14.83 million and
22 reimbursements of \$1.25 million. The key drivers for this over-spend include leak-prone

1 pipe abandonment miles exceeding the amount planned and the mix of work, which
2 included a greater percentage of cast iron pipe abandonment than planned and restoration
3 of concrete road base. The over-spend for these items was partially offset by a net
4 decrease associated with timing of reimbursements on billable jobs. The Company
5 installed 8.9 miles of a planned 11.0 miles for new gas main and abandoned 12.2 miles
6 compared to a planned 11.0 miles of leak-prone pipe through the Public Works program.
7 Significant projects completed during the year include those on Newport Avenue,
8 Pawtucket (installed 3,218 feet, abandoned 3,354 feet); Centre Street, East Providence
9 (installed 2,181 feet and abandoned 2,160 feet); and North Main Street, Providence
10 (installed 1,751 feet and abandoned 1,665 feet).

11
12 **Q. Please explain the under-budget variance of \$1.06 million for the Mandated**
13 **Programs category in FY 2019.**

14 A. For FY 2019, the Company incurred net spending of \$18.87 million for Mandated
15 programs against a plan of \$19.93 million, resulting in an under-spending variance of
16 \$1.06 million. The primary driver in this category includes an under-spend on Corrosion
17 projects, along with smaller amount of under-spend in other Mandated categories. The
18 main driver of the Corrosion under-spend was that the Company completed only 2 of 10
19 bridge recoats included in the FY 2019 ISR plan because of resource constraints. The
20 bridge recoat resource constraint has been remediated and is not anticipated to be an issue
21 in FY 2020. The eight bridge recoats not performed in FY 2019 and two additional

1 recoats are included in the FY 2020 ISR Plan. The under-spend for these items was
2 partially offset by over-spend in three leak-related capital categories, including
3 Reactive/Maintenance, Cast Iron Joint Encapsulation, and Service Replacement/Reactive
4 Leaks. A year over year increase in the percentage of cast iron leak repairs versus steel,
5 combined with higher than planned water intrusion reactive main replacement,
6 contributed to the over-spend in this area. Although there were variances in budget to
7 actual spend for these individual leak categories, those variances are largely attributed to
8 changes in how the Company classifies leaks for cost management purposes within the
9 three programs. In the FY 2020 Gas ISR Plan, the budgets for Cast Iron Joint
10 Encapsulation and Service Replacement/Reactive Leaks have been combined into a
11 single budget category titled Reactive Leaks (CI Joint and Service Replacement).

12
13 **Q. Please explain the under-budget variance of \$0.25 million for the Damage/Failure**
14 **program in FY 2019.**

15 A. For FY 2019, the Company spent \$0.00 million of an annual budget of \$0.25 million for
16 the Damage/Failure Reactive program, resulting in an under-spending variance of \$0.25
17 million. The Company did not experience any reactive projects that qualified for this
18 program in FY 2019.

19
20

1 **Q. Please explain the under-budget variance of \$0.28 million for the Special Projects**
2 **category in FY 2019.**

3 A. For FY 2019, the Company spent \$8.49 million of an annual budget of \$8.77 million for
4 Special Projects, resulting in an under-spending variance of \$0.28 million. The primary
5 driver for the under-spend is the status of the Veterans Memorial Main Replacement
6 Project. Plans for developing the Veterans Memorial property have been put on hold by
7 the property owner, which resulted in the Company deferring all work associated with the
8 200 pounds per square inch gauge (psig) main portion of the Veterans Memorial Main
9 Replacement Project. The vault portion of the Veterans Memorial Main Replacement
10 Project, which was prioritized based on asset condition, was completed in October 2018.
11 The under-spending on the Veterans Memorial Main Replacement Project is partially
12 offset by over-spend on the Gas Expansion projects and the Allens Avenue 200 psig
13 Main Replacement Project. Factors contributing to the over-spend on the Gas Expansion
14 projects include increased spending in the Engineering and Environmental and Permitting
15 categories for the Southern Rhode Island Gas Expansion Project because of the existence
16 of contaminated sites along the route that required extensive review and subsurface
17 exploration and monitoring wells. Additional factors include design and engineering
18 costs for horizontal directional drilling for multiple bridge crossings and traffic
19 management plans. The Company continues to work towards a decision regarding a
20 long-term solution for Northern Rhode Island and, as a result, has not incurred any capital
21 costs. The Allens Avenue 200 psig Main Replacement Project cost increase is attributed

1 to post-estimate market condition changes that impacted project oversight, materials, and
2 Non-Destructive Examination.

3
4 **B. DISCRETIONARY WORK**

5 **Q. Please explain the under-budget variance of \$0.17 million for the Proactive Main**
6 **Replacement program in FY 2019.**

7 A. For FY 2019, the Company spent approximately \$52.63 million of a budget of \$52.80
8 million for the Proactive Main Replacement program, resulting in an under-spending
9 variance of \$0.17 million. In FY 2019, the Company installed 46.6 miles of new main
10 compared to a plan of 40.6 miles and abandoned 47.7 miles of leak-prone pipe compared
11 to a plan of 47.5 miles within the Proactive Main Replacement program. The mix of
12 work performed and lower than forecasted overhead charges contributed to lower actual
13 spending than previously forecasted.

14
15 **Q. Please explain the \$3.09 million under-budget variance for the Reliability programs**
16 **in FY 2019.**

17 A. For FY 2019, the Company spent approximately \$10.29 million against a budget of
18 \$13.38 million for the Reliability program, resulting in an over-spending variance of
19 \$3.09 million. The primary drivers of this under-spending variance include the Allens
20 Avenue Multi Station Rebuild project and the Gas System Reliability program, along
21 with the deferral of a portion of the Heater Program and Take Station work plans. These

1 items were partially offset by over-spending for Pressure Regulating Facilities due to
2 carryover from the FY 2018 ISR Plan that included the final abandonment of two
3 regulator stations. Under-spending for the Allens Avenue Multi Station Rebuild project
4 resulted from a portion of the construction being completed to support liquefied natural
5 gas (LNG) operations. Those costs are excluded from the ISR and are the primary driver
6 for the recovery amount being lower than planned. Under-spending for the Gas System
7 Reliability program was driven by a project deferral resulting from delays in project
8 progression caused by underground utility conflicts and public work conflicts.

9
10 **Q. Please explain the under-budget variance of \$0.32 million for O&M spending in FY**
11 **2019.**

12 A. In the FY 2019 Gas ISR Plan, the Company agreed to track the incremental O&M
13 expenses associated with hiring, training, and work of 16 additional personnel required
14 for the acceleration of the replacement of leak-prone pipe relating to the Public Works
15 and Proactive Main Replacement work in FY 2019. The FY 2019 budget included those
16 incremental O&M expenses for the full 12-month period. The Company had a slight
17 under-spend for this category, incurring O&M expenses totaling \$0.49 million for 16
18 individuals against a 12-month budget of \$0.50 million, resulting in an under-spending
19 variance of \$0.01 million. However, beginning September 1, 2018 those expenses are
20 being recovered as part of base rates. Therefore, the company performed an adjustment
21 of -\$0.31 million to O&M, representing incremental O&M expenses incurred for the

1 seven months between September 1, 2018 through March 31, 2019 to prevent double
2 recovery. The adjusted total of \$0.18 million represents incremental O&M expenses
3 incurred for the five months ending August 31, 2018 and results in an under-spending
4 variance of \$0.32 million.

5
6 **IV. Annual Reconciliation**

7 **Q. What is the amount of FY 2019 capital spending that the Company is seeking to**
8 **reconcile in this filing?**

9 A. The Company is seeking to reconcile its FY 2019 actual capital spending of \$103.85
10 million in this filing. As noted in prior Gas ISR Plan filings, in implementing the Gas
11 ISR Plan in any fiscal year, the circumstances encountered during the year may require
12 reasonable deviations from the original Plan approved by the PUC.¹ The primary drivers
13 of the \$2.37 million net capital under-spending variance for FY 2019 were in the
14 Discretionary Work category, which accounted for \$3.27 million of under-spend towards
15 the net capital under-spend. This included under-spending of \$3.09 million in the
16 Reliability program, which is largely due to under-spend of \$1.36 million on the Allens
17 Avenue Multi Station Rebuild project and under-spend of \$1.16 million in the Gas
18 System Reliability – Gas Planning category, along with deferral of a portion of workplans
19 for the Heater Program for \$0.44 million under-spend and Take Stations for \$0.66 million

¹ See FY 2012 Gas ISR Plan filed with the PUC on December 20, 2010, at Section 1, page 3 of 6, in Docket No. 4219.

1 under-spend, which were partially offset by over-spending for Pressure Regulating
2 Facilities of \$1.32 million due to carryover from the FY 2018 ISR Plan that included the
3 final abandonment of two regulator stations. These programs were partially offset by a
4 net \$0.90 over-spending in Non-Discretionary programs, which is largely due to over-
5 spending of \$2.49 million for Public Works projects and is partially offset by net under-
6 spending of \$1.06 million for Mandated programs, which included under-spending of
7 \$0.88 million for Corrosion, under-spending of \$0.64 million for Service Replacements
8 (Reactive) – Non-Leaks/Other and was partially offset by a net over-spend of \$0.83
9 million for Reactive Leaks. The reasons for the \$2.37 million net capital under-spending
10 variance for FY 2019 are consistent with the intent of the Gas ISR Plan to maintain the
11 overall safety and reliability of the Company’s gas system, which exceeded plan on
12 abandonment miles of leak prone-pipe, and to ensure that customers are charged only for
13 the appropriate Plan costs in the ISR annual reconciliation filing.

14
15 **Q. What is the amount of FY 2019 O&M spending that the Company is seeking to**
16 **reconcile in this filing?**

17 A. The Company is seeking to reconcile approximately \$0.18 million of actual O&M
18 spending for FY 2019. In the Plan, the Company requested \$0.50 million of incremental
19 O&M expense to hire, train, and supervise an additional 16 full-time equivalent (FTE)
20 personnel to support main replacement work for FY 2019. Similar to FY 2015 through
21 FY 2017, the Company had also agreed to track and reconcile the amount of actual O&M

1 expense associated with these new hires for FY 2019. For FY 2019, the O&M expense
2 associated with the 16 FTEs required in support of the expanded main replacement
3 program totaled approximately \$0.49 million. However, the company is only seeking to
4 reconcile approximately \$0.18 in this filing, resulting in an under-budget variance of
5 \$0.32 million. As explained above, the remaining \$0.31 million of O&M expenses are
6 being recovered as part of base rates beginning September 1, 2018.

7

8 **V. Conclusion**

9 **Q. Does this conclude your testimony?**

10 A. Yes.

Gas Infrastructure, Safety, and Reliability Plan
Fiscal Year 2019 Annual Report and Reconciliation Filing

EXECUTIVE SUMMARY

The Narragansett Electric Company d/b/a/ National Grid (Company) submits this Annual Report and Reconciliation filing for the fiscal year (FY) 2019 Gas Infrastructure, Safety, and Reliability (ISR) Plan, which the Rhode Island Public Utilities Commission (PUC) approved in Docket No. 4781. This filing provides an overview and description of the \$104.02 million¹ of actual capital investment and operation and maintenance (O&M) spending by category, as well as an explanation by category of major variances to the budget of \$106.71 million approved in Docket No. 4781.

FY 2019 Actual Results

As set forth in Table 1 below, in FY 2019, the Company spent \$40.93 million for Non-Discretionary capital work (i.e., work required by legal, regulatory code, and/or agreement, with limited exceptions), \$62.92 million for Discretionary capital work, and \$0.18 million for O&M expense under the Gas ISR Plan. These amounts are approximately \$0.90 million more than planned on Non-Discretionary programs and approximately \$3.27 million less than planned on Discretionary programs compared to the approved annual Gas ISR capital budget of \$40.03 for Non-Discretionary programs and \$66.18 million for Discretionary programs, and \$0.32 million less than the O&M budget of \$0.50 million approved in Docket No. 4781. A total of 60.4 miles of leak-prone pipe was abandoned from all ISR categories, which is slightly above the plan of 60.0 miles. The Company eliminated more than 160 gas leaks through abandonment of the leak-prone gas main in FY 2019. The variances by category of work are shown in Table 1, with the key drivers discussed in greater detail below. Additional details of each sub-category are provided in Table 2.

¹ The Company's fourth quarter report for the FY 2019 Gas ISR Plan (also referred to as the Plan) indicated an adjusted total spending of \$104.33 million. When preparing this annual reconciliation filing, the Company finalized adjustments totaling approximately -\$0.30 million, which resulted in total spending of \$104.02 million.

Table 1

**The Narragansett Electric Company
d/b/a National Grid - RI Gas
Capital Spending by Investment Categories
FY 2019 through March 31, 2019
in Millions**

Category	Budget	Actual	Variance
NON-DISCRETIONARY			
Public Works Program*	\$11.08	\$13.57	\$2.49
Mandated Program	\$19.93	\$18.87	(\$1.06)
Damage / Failure Reactive	\$0.25	\$0.00	(\$0.25)
Special Projects	\$8.77	\$8.49	(\$0.28)
NON-DISCRETIONARY SUB-TOTAL	\$40.03	\$40.93	\$0.90
DISCRETIONARY			
Proactive Main Replacement	\$52.80	\$52.63	(\$0.17)
Reliability Programs	\$13.38	\$10.29	(\$3.09)
DISCRETIONARY SUB-TOTAL	\$66.18	\$62.92	(\$3.27)
CAPITAL TOTAL	\$106.21	\$103.85	(\$2.37)
O&M	\$0.50	\$0.18	(\$0.32)
TOTAL	\$106.71	\$104.02	(\$2.69)

() denotes an under-spend

*Public Works Program includes reimbursements

Non-Discretionary Work²

Public Works Program - \$2.49 million over-budget variance

For FY 2019, the Company incurred net spending of \$13.57 million for the Public Works program against a plan of \$11.08 million, resulting in an over-spending variance of \$2.49 million. In particular, the Public Works program includes total spend of approximately \$14.83 million against a fiscal year budget of \$12.44 million and reimbursement of \$1.25 million against a reimbursement budget of \$1.35 million. The key drivers for the over-spend include leak-prone pipe abandonment miles exceeding the amount planned and the mix of work, which included a greater percentage of cast iron pipe abandonment than planned and restoration of concrete road base. The over-spend for these items was partially offset by a net decrease associated with timing of reimbursements on billable jobs. The Company installed 8.9 miles of a planned 11.0 miles for new gas main and abandoned 12.2 miles compared to a planned 11.0 miles of leak-prone pipe through the Public Works program. Significant projects completed during the year include those on Newport Avenue, Pawtucket (installed 3,218 feet, abandoned 3,354 feet); Centre Street, East Providence (installed 2,181 feet and abandoned 2,160 feet); and North Main Street, Providence (installed 1,751 feet and abandoned 1,665 feet). Public Works cost detail is provided in the table below.

Public Works		
Category	FY 2019 Actuals	% of Total Spend
Base Labor, Overtime & Employee Expenses	\$1,052,087	7%
Benefits	\$665,604	4%
Clearing Burdens	\$3,343,650	23%
Contractor/Consultants	\$5,168,693	35%
Restoration/Police/Permits	\$3,404,796	23%
Materials	\$1,098,418	7%
Other	\$93,533	1%
Subtotal	\$14,826,783	100%
City State Construction Reimbursements	(1,252,092)	

² Non-Discretionary programs include projects that are required by legal, regulatory code, and/or agreement, or which are the result of damage or failure, with limited exceptions.

Mandated Programs – \$1.06 million under-budget variance

Spending for Mandated Programs was \$1.06 million under-budget for FY 2019. This variance was driven primarily by spending in the following categories:

- Corrosion – For FY 2019, actual spending for Corrosion was \$0.27 million, which is \$0.88 million lower than the budget of \$1.14 million. The main driver of the Corrosion under-spend was that the Company completed only 2 of 10 bridge recoats included in the FY 2019 ISR plan because of resource constraints. The bridge recoat resource constraint has been remediated and is not anticipated to be an issue in FY 2020. The eight bridge recoats not performed in FY 2019 and two additional recoats are included in the FY 2020 ISR Plan.
- Reactive Leaks – The Reactive Leaks category includes Main Replacement (Reactive) – Cast Iron (CI) Joint Encapsulation; Service Replacement (Reactive) – Leaks; and Main Replacement (Reactive) – Maintenance. For FY 2019, the Company spent \$12.66 million against a plan of \$11.83 million. In total, for Reactive Leaks, the number of leaks repaired was 1,450 compared to a plan of 1,686 leaks. A year over year increase in the percentage of cast iron leak repairs versus steel, combined with higher than planned water intrusion reactive main replacement, contributed to the over-spend in this area. Although there were variances in budget to actual spend for these individual leak categories, those variances are largely attributed to changes in how the Company classifies leaks for cost management purposes within the three programs. In the FY 2020 Gas ISR Plan, the budgets for Cast Iron Joint Encapsulation and Service Replacement/Reactive Leaks have been combined into a single budget category titled Reactive Leaks (CI Joint and Service Replacement).

Damage/Failure – \$0.25 million under-budget variance

For FY 2019, the Company spent \$0.00 million of an annual budget of \$0.25 million for the Damage/Failure Reactive program, resulting in an under-spending variance of \$0.25 million. The company did not experience projects that qualified for this program in FY 2019.

Special Projects – \$0.28 million under-budget variance

For FY 2019, the Company spent \$8.49 million of a budget of \$8.77 million for the Special Projects, resulting in an under-spending variance of \$0.28 million. This variance was driven primarily by spending in the following categories:

- Pipeline Integrity IVP – Veterans Memorial Drive 200 psig main replacement - For FY 2019, actual spending for Veterans Memorial Drive was \$1.08 million, which is \$1.45 million lower than the budget of \$2.53 million. The primary driver for the under-spend is the status of the Veterans Memorial Main Replacement Project. Plans for developing the Veterans Memorial property have been put on hold by the property owner, which resulted in the Company deferring all work associated with the 200 pounds per square inch gauge (psig) main portion of the Veterans Memorial Main Replacement Project. The vault portion of the Veterans Memorial Main Replacement Project, which was prioritized based on asset condition, was completed in October 2018.
- Gas Expansion projects – For FY 2019, actual spending for Gas Expansion projects was \$2.39 million, which is \$0.89 million higher than the budget of \$1.50 million. Factors contributing to the over-spend include increased spending in the Engineering and Environmental and Permitting categories for the Southern Rhode Island Gas Expansion Project because of the existence of contaminated sites along the route that required extensive review and subsurface exploration and monitoring wells. Additional factors include design and engineering costs for horizontal directional drilling for multiple bridge crossings and traffic management plans. The Company continues to work towards a decision regarding a long-term solution to Northern Rhode Island and, therefore, has not incurred any capital costs for Gas Expansion projects
- Pipeline Integrity IVP – Allens Avenue 200 psig main replacement due to weld issue – For FY 2019, actual spending for Allen Avenue 200 psig main replacement was \$5.02 million, which is \$0.28 million higher than the budget of \$4.74 million. The cost increase is attributed to post-estimate market condition changes that impacted project oversight, materials, and Non-Destructive Examination.

Discretionary Work³

Proactive Main Replacement Program – \$0.17 million under-budget variance

For FY 2019, the Company spent approximately \$52.63 million of a budget of \$52.80 million for the Proactive Main Replacement program, resulting in an under-spending variance of \$0.17 million. The mix of work performed and lower than forecasted overhead charges contributed to lower actual spending than previously forecasted. In FY 2019, the Company installed 46.6 miles of new main compared to a plan of 40.6 miles and abandoned 47.7 miles of leak-prone pipe compared to a plan of 47.5 miles within the Proactive Main Replacement program. Proactive Main Replacement cost detail is provided in the table below.

Proactive Main Replacement

Category	FY 2019 Actuals	% of Total Spend
Base Labor, Overtime & Employee Expenses	\$4,187,060	8%
Benefits	\$2,632,942	5%
Clearing Burdens	\$11,355,555	22%
Contractor/Consultants	\$22,574,788	43%
Restoration/Police/Permits	\$8,393,432	16%
Materials	\$3,112,921	6%
Other	\$371,889	1%
Total	\$52,628,586	100%

³ Discretionary programs are not required by legal, regulatory code, or agreement, or a result of damage or failure, with limited exceptions.

Reliability Program – \$3.09 million under-budget variance

For FY 2019, the Company spent approximately \$10.29 million against a budget of \$13.38 million for the Reliability program, resulting in an over-spending variance of \$3.09 million. The under-spend includes lower spending on Allens Avenue Multi Station Rebuild project and the Gas System Reliability program, along with the deferral of a portion of the Heater Program and Take Station work plans. These items were partially offset by over-spending for Pressure Regulating Facilities due to carryover from the FY 2018 ISR Plan that included final abandonment of two regulator stations.

- Allens Avenue Multi Station Rebuild - For FY 2019, actual spending was \$1.61 million against a plan of \$2.97 million, resulting in an under-spending variance of \$1.36 million. The under-spend resulted from a portion of the construction being completed to support liquefied natural gas (LNG) operations. Those costs, totaling \$1.21 million, are excluded from the ISR and are the primary driver for the recovery amount being lower than planned. The Allens Avenue Multi Station Rebuild project is a multi-year project consisting of rebuilding and replacing multiple regulator stations, piping, and appurtenances both at the current site and within the local distribution system.
- Gas System Reliability – Gas Planning - For FY 2019, actual spending was \$0.31 million against a plan of \$1.47 million, resulting in an under-spending variance of \$1.16 million. The under-spend for the Gas System Reliability program was driven by a project deferral resulting from delays in project progression caused by underground utility conflicts and public work conflicts.

O&M – \$0.32 million under-budget variance

In the Plan, the Company agreed to track the incremental O&M expenses associated with hiring, training, and work of 16 additional personnel required for acceleration of the replacement of leak-prone pipe relating to the Public Works and Proactive Main Replacement work in FY 2019. The FY 2019 budget included those incremental O&M expenses for the full 12-month period. The Company had a slight under-spend for this category, incurring O&M expenses totaling \$0.49 million for 16 individuals against a 12-month budget of \$0.50 million, resulting in an under-spending variance of \$0.01 million. However, beginning September 1, 2018 those expenses are being recovered as part of base rates. Therefore, the company performed an adjustment of -\$0.31 million to O&M, representing incremental O&M expenses incurred for the seven months between September 1, 2018 through March 31, 2019 to prevent double recovery. The adjusted total of \$0.18 million represents incremental O&M expenses incurred for the five months ending August 31, 2018 and results in an under-spending variance of \$0.32 million.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4781
FY 2019 Gas Infrastructure, Safety, and Reliability Plan
Annual Reconciliation Filing
Attachment AS-1
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Table 2

The Narragansett Electric Company
d/b/a National Grid - RI Gas
Capital Spending by Investment Categories - Detail
FY 2019 through March 31, 2019
In Millions

Category	Budget	Actual	Variance
NON-DISCRETIONARY			
Public Works			
City State Construction - Non-Reimbursable	\$11.08	\$14.29	\$3.20
City State Construction - Reimbursable	\$1.35	\$0.54	(\$0.81)
City State Construction - Reimbursements	(\$1.35)	(\$1.25)	\$0.10
Public Works Total	\$11.08	\$13.57	\$2.49
Mandated Programs			
Corrosion	\$1.14	\$0.27	(\$0.88)
Purchase Meters (Replacements)	\$4.37	\$4.15	(\$0.22)
Pipeline Integrity IVP (Integrity Verification Program)	\$0.25	\$0.00	(\$0.25)
Service Replacements (Reactive) - Non-Leaks/Other	\$2.33	\$1.69	(\$0.64)
Other Mandated	\$0.00	\$0.10	\$0.10
Main Replacement (Reactive) - Maintenance	\$0.67	\$1.26	\$0.59
Main Replacement (Reactive) - CI Joint Encapsulation	\$4.01	\$7.03	\$3.02
Service Replacement (Reactive) - Leaks	\$7.15	\$4.37	(\$2.78)
Sub-Total Reactive Leaks	\$11.83	\$12.66	\$0.83
Mandated Total	\$19.93	\$18.87	(\$1.06)
Damage / Failure (Reactive)	\$0.25	\$0.00	(\$0.25)
Special Project			
Gas Expansion Plan	\$1.50	\$2.39	\$0.89
Pipeline Integrity IVP - Allens Ave 200 psig main replacement due to weld issue	\$4.74	\$5.02	\$0.28
Pipeline Integrity IVP - Veterans Memorial Drive 200 psig main replacement	\$2.53	\$1.08	(\$1.45)
Special Project Total	\$8.77	\$8.49	(\$0.28)
NON-DISCRETIONARY SUB-TOTAL	\$40.03	\$40.93	\$0.90
DISCRETIONARY			
Proactive Main Replacement			
Main Replacement (Proactive) - Leak Prone Pipe	\$52.80	\$52.63	(\$0.17)
Reliability			
Gas System Control	\$0.55	\$0.23	(\$0.32)
Valve Installation/Replacement	\$0.16	\$0.00	(\$0.16)
System Automation	\$1.03	\$0.90	(\$0.13)
Heater Program	\$0.80	\$0.36	(\$0.44)
Pressure Regulating Facilities	\$2.67	\$3.99	\$1.32
Allens Ave Multi Station Rebuild	\$2.97	\$1.61	(\$1.36)
Take Stations	\$1.00	\$0.34	(\$0.66)
Gas System Reliability - Gas Planning	\$1.47	\$0.31	(\$1.16)
I&R - Reactive	\$1.20	\$1.17	(\$0.04)
LNG	\$0.90	\$0.65	(\$0.26)
Replace Pipe on Bridges	\$0.10	\$0.00	(\$0.10)
Access Protection Remediation	\$0.10	\$0.01	(\$0.09)
Other Reliability	\$0.00	\$0.00	\$0.00
Tools & Equipment	\$0.43	\$0.72	\$0.29
Reliability Total	\$13.38	\$10.29	(\$3.09)
DISCRETIONARY SUB-TOTAL	\$66.18	\$62.92	(\$3.27)
Capital Spending Total	\$106.21	\$103.85	(\$2.37)
O&M	\$0.50	\$0.18	(\$0.32)
TOTAL	\$106.71	\$104.02	(\$2.69)

() in Variance column denotes an under-spend

**Testimony of
Melissa A. Little**

PRE-FILED DIRECT TESTIMONY

OF

MELISSA A. LITTLE

August 1, 2019

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1 **I. Introduction**

2 **Q. Please state your full name and business address.**

3 A. My name is Melissa A. Little, and my business address is 40 Sylvan Road, Waltham,
4 Massachusetts 02451.

5

6 **Q. Please state your position at National Grid and your responsibilities within that
7 position.**

8 A. I am a Director for New England Revenue Requirements in the Regulation and Pricing
9 department of National Grid USA Service Company, Inc. (Service Company). The
10 Service Company provides engineering, financial, administrative, and other technical
11 support to subsidiary companies of National Grid USA (National Grid). My current
12 duties include revenue requirement responsibilities for National Grid's electric and gas
13 distribution activities in New England, including the gas operations of The
14 Narragansett Electric Company d/b/a National Grid (the Company).

15

16 **Q. Please describe your educational and professional experience.**

17 A. In 2000, I received a Bachelor of Science degree in Accounting Information Systems
18 from Bentley College (now Bentley University). In September 2000, I joined
19 Pricewaterhouse Coopers LLP in Boston, Massachusetts, where I worked as an
20 associate in the Assurance practice. In November 2004, I joined National Grid in the
21 Service Company as an Analyst in the General Accounting group. After the merger of
22 National Grid and KeySpan in 2007, I joined the Regulation and Pricing department as

1 a Senior Analyst in the Regulatory Accounting function, also supporting the Niagara
2 Mohawk Power Corporation Revenue Requirement team. I was promoted to Lead
3 Specialist in July 2011 and moved to the New England Revenue Requirement team.
4 In August 2017, I was promoted to my current position.

5
6 **Q. Have you previously testified before the Rhode Island Public Utilities**
7 **Commission (PUC)?**

8 A. Yes. Among other testimony, I testified in support of the Company's revenue
9 requirement (1) in the 2017 general rate case filing in Docket No. 4770; (2) in the
10 Fiscal Year (FY) 2018 Electric Infrastructure, Safety, and Reliability (ISR) Plan filing
11 in Docket No. 4682 and FY 2020 in Docket No. 4915; and (3) in the Gas ISR Plan and
12 reconciliation filings for FY 2016 in Docket No. 4540 and FY 2017 in Docket No.
13 4590, and the Gas ISR Plan and reconciliation filings for FY 2018 in Docket No. 4678
14 and FY 2020 in Docket No. 4916.

15
16 **Q. What is the purpose of your testimony?**

17 A. In this docket, the PUC approved a Gas ISR factor that went into effect April 1, 2018.
18 The ISR factor was based on a projected FY 2019 Gas ISR revenue requirement of
19 \$43,812,412 associated with the Company's estimated ISR capital investment for FY
20 2019 and FY 2018, and actual ISR capital investment during each fiscal year ended
21 March 31 in FY 2012 through FY 2017¹ that were incremental to the levels reflected

¹ The Company's fiscal year is the 12 months ending March 31 of each year.

1 in rate base in the Company's previous base rate case (Docket No. 4323); and an
2 estimate of operation and maintenance (O&M) expenses associated with additional
3 personnel to support main replacement work for FY 2019. On September 1, 2018, new
4 distribution base rates as approved in Docket No. 4770 became effective. The revenue
5 requirements on actual ISR additions made from FY 2012 through FY 2017 plus
6 forecasted ISR additions for FY 2018 and FY 2019 were included in these new base
7 rates. Thus, the purpose of my testimony is to present an updated FY 2019 Gas ISR
8 revenue requirement associated with actual FY 2019 O&M expense, the capital
9 investment levels for each of FY 2012 through FY 2019 incremental to the level of
10 investment assumed in Docket No. 4323 and Docket No. 4770, and actual tax
11 deductibility percentages for FY 2018 capital additions.

12
13 At this time, the Company's Tax Department estimates that the Company will earn
14 taxable income and utilize prior years' tax net operating losses (NOL) in FY 2019, and
15 therefore no NOL offset to accumulated deferred income taxes has been estimated for
16 FY 2019. Actual tax deductibility percentages for FY 2019 capital investment will
17 not be known until the Company files its FY 2019 income tax return in December of
18 this year. Consequently, the actual tax deductibility percentages for FY 2019 capital
19 investment will be reflected in the Company's FY 2020 Gas ISR Reconciliation filing
20 and will generate a true-up adjustment in that filing.

21

1 The updated FY 2019 revenue requirement also includes an adjustment associated
2 with the ISR property tax recovery formula that was approved in Docket No. 4323 and
3 Docket No. 4770. The ISR property tax recovery adjustment became effective for
4 periods subsequent to the rate year in Docket No. 4323 that ended on January 31,
5 2014. Consequently, the ISR property tax recovery adjustment covers only the
6 months of February and March of 2014 and the 12-month periods ended March 31 in
7 2015, 2016, 2017, 2018 and 2019.

8
9 As shown in Attachment MAL-1 on Page 1, Line 16, the updated FY 2019 Gas ISR
10 revenue requirement collectible through the Company's ISR factor for the FY 2019
11 period amounts to \$15,405,282. This is a decrease of \$2,849,890 from the projected
12 FY 2019 ISR revenue requirement of \$18,255,172 which represents five months of the
13 total FY 2019 Plan revenue requirement of \$43,812,412 previously approved by the
14 PUC². This revenue requirement includes updated tax deductibility percentages for
15 FY 2018 and the true-up of FY 2017 property tax recovery mechanism discussed later
16 in this testimony. The decrease in the projected to actual revenue requirement is
17 primarily attributable to the decrease in the actual effective property tax rate compared
18 with the effective property tax rates approved in the Company's base distribution rate
19 cases under Docket No. 4323 and Docket No. 4770, as well as a decrease of actual

² As a result of the implementation of new base rates pursuant to Docket No. 4770, FY 2019 ISR Factor was set to zero effective September 1, 2018. Therefore, the approved FY 2019 ISR Factor was a component of customers' bills for the period of April 1, 2018 through August 31, 2018 only (five months).

1 capital investment spending compared with the projected capital investment for FY
2 2019, as described in the testimony of Company Witness Amy Smith.

3
4 **Q. Are there any schedules attached to your testimony?**

5 A. Yes, I am sponsoring the following attachments:

- 6 • Attachment MAL-1: FY 2019 Gas Infrastructure, Safety and Reliability Plan
7 Revenue Requirement 12-month Summary and Calculation
8 for the five months April 1, 2018 through August 31, 2018
9
- 10 • Attachment MAL-2: FY 2019 Gas Infrastructure, Safety and Reliability Plan
11 Revenue Requirement 12-month Summary and Calculation
12 for the five months April 1, 2018 through August 31, 2018
13
14
15

16 **II. Gas ISR Plan FY 2019 Revenue Requirement**

17 **Q. Did the Company calculate the updated FY 2019 Gas ISR Plan revenue**
18 **requirement in the same fashion as calculated in the previous ISR factor**
19 **submissions and the FY 2018 ISR factor reconciliation?**

20 A. Yes, the Company calculated the FY 2019 Gas ISR Plan revenue requirement in the
21 same fashion as calculated in the previous Gas ISR factor reconciliation but
22 incorporated the newly approved weighted average cost of capital and depreciation
23 rates from Docket No. 4770 and known tax deductibility percentages while reflecting
24 that the actual revenue requirement on FY 2012 through FY 2017 capital investment,
25 in addition to the estimated revenue requirement on FY 2018 and FY 2019 capital
26 investment, were included in base rates effective September 1, 2018. Therefore, the
27 updated FY 2019 revenue requirement calculation is presented in two parts: (1) the

1 April 1, 2018 through August 31, 2018 revenue requirement on incremental FY 2012
2 through FY 2019 capital investment (representing the five-month period before new
3 base rates were effective) and (2) the September 1, 2018 through March 31, 2019
4 revenue requirement on incremental FY 2018 and FY 2019 capital investment
5 (representing the seven-month period after new base rates were effective).

6
7 Other than these changes, the updated FY 2019 ISR revenue requirement calculation is
8 identical to the ISR revenue requirement used for purposes of developing the approved
9 ISR factors that became effective April 1, 2018 and, as described previously in the
10 testimony in this proceeding, incorporates updated ISR investment amounts and known
11 tax deductibility percentages. I will rely on the testimony included in the Company's
12 FY 2019 ISR Plan Proposal filing in this docket for the detailed description of the
13 revenue requirement calculation, and will limit my testimony to the following: (1) a
14 description of the impact of Docket No. 4770 to the Gas ISR revenue requirement, (2) a
15 summary of the revenue requirement update shown on Page 1 of Attachment MAL-1,
16 and (3) the update for the known tax deductibility percentages.

17
18 **Q. Would you describe the impact on the FY 2019 ISR revenue requirement**
19 **recoverable through the FY 2019 ISR factor as a result of the implementation of**
20 **new gas base distribution rates that were approved by the PUC in Docket No.**
21 **4770 and put into effect on September 1, 2018?**

1 A. The ISR mechanism was established to allow the Company to recover outside of base
2 rates its costs associated with capital investment incurred to expand its gas
3 infrastructure and improve the reliability and safety of its gas facilities. When new
4 base rates are implemented, as was the case in Docket No. 4770, the costs being
5 recovered associated with pre-rate case ISR capital investment cease to be recovered
6 through a separate ISR factor, and are instead recovered through base rates, and the
7 underlying ISR capital investment becomes a component of base distribution rate base
8 from that point forward. In November 2017, the Company filed an application with
9 the PUC seeking a change in base rates for its gas and electric distribution businesses.
10 The proceeding culminated with the PUC's approval of a settlement agreement with
11 the Division and numerous intervenors establishing new base rates for the Company.
12 The Company's rate base in that request reflected projected capital investments
13 through August 31, 2019. In its base rate request, the Company proposed to maintain
14 consistency with the existing ISR mechanism for the FY 2018 and FY 2019 periods.
15 Consequently, the forecast used to develop rate base in the first year of the distribution
16 rate case included actual capital investment through the test year ending June 30,
17 2017, nine months of the ISR approved capital investment levels for vintage FY 2018,
18 12 months of vintage FY 2019 investment and five months of vintage FY 2020
19 investment (using the FY 2018 ISR approved capital spending level as a proxy for FY
20 2018, FY 2019 and FY 2020). The estimated five months of FY 2020 capital
21 investment included in rate base was factored into the FY 2020 ISR Plan Proposal
22 filing and is not a consideration in this filing. The effective date of new rates in that

1 proceeding was September 1, 2018. Therefore, recovery of the approved FY 2019
2 ISR revenue requirement via the ISR Factor stopped on August 31, 2018, and all
3 future recovery of those forecasted FY 2018 and FY 2019 ISR capital investments will
4 be via the Company's base rates.

5
6 **Q. Please continue.**

7 A. As a result of the implementation of new base rates pursuant to Docket No. 4770
8 effective September 1, 2018, the cumulative amount of forecasted ISR capital
9 investments was rolled into base rates effective at that date. Consequently, the
10 Company is reflecting only a five-month (April 1, 2018 through August 31, 2018)
11 amount of revenue requirement associated with the ISR capital investment that was
12 rolled into base rates effective September 1, 2018. The FY 2019 revenue requirement
13 for incremental FY 2018 and incremental FY 2019 ISR investments that are
14 incremental to the estimated level of investment assumed in base rates reflects seven
15 months (September 1, 2018 through March 31, 2019) of a full year of revenue
16 requirement as none of these incremental investments are included in the Company's
17 base rate rate-base. These incremental FY vintage amounts are to remain in the ISR
18 recovery mechanism as provided for in the terms of the Docket No. 4770 approved
19 Settlement Agreement. Therefore, the FY 2019 ISR includes two Attachments:
20 Attachment MAL-1 presents the summary of the total 12-month FY 2019 revenue
21 requirement on the ISR O&M and capital recovery components as well as the revenue
22 requirement calculation of actual incremental capital investment spending (FY 2012

1 through FY 2019) for the five months (April 1, 2018 through August 31, 2018);
2 Attachment MAL-2 reflects the FY 2019 revenue requirement of incremental FY 2018
3 and FY 2019 capital investment spending for the seven months (September 1, 2018
4 through March 31, 2019).

5
6 **Q. How was the Gas ISR revenue requirement revised for the change in the federal**
7 **income tax rate from 35 percent to 21 percent?**

8 A. The decrease in the federal income tax rate from 35 percent to 21 percent reduced the
9 amount of income tax to be recovered from customers on the return on equity
10 component of each Gas ISR vintage year revenue requirement. The return on rate
11 base in each revenue requirement is calculated by multiplying the Gas ISR rate base
12 by the weighted average cost of capital (WACC). The equity component of the return
13 on rate base is the taxable component of the Gas ISR revenue requirement. The
14 federal income taxes that the Company recovers from customers are derived by
15 grossing up the WACC to a pre-tax rate of return. Consequently, the Company
16 revised the pre-tax WACC to reflect the change in the federal income tax rate. The
17 calculation of the revised pre-tax WACC is shown on Page 33 of Attachment MAL-1
18 and Page 13 of Attachment MAL-2. The pre-tax WACC approved in Docket No.
19 4323 was 10.05 percent at the 35 percent tax rate and 8.78 percent at the 21 percent
20 tax rate, which became effective January 1, 2018. The pre-tax WACC approved in
21 Docket No. 4770 is 8.41 percent effective September 1, 2018. The Company used the
22 Docket No. 4323 revised pre-tax WACC of 8.78 percent for the revenue requirement

1 calculation of April 1, 2018 through August 31, 2018 and the newly approved pre-tax
2 WACC of 8.41 percent to calculate the return on rate base included in the revenue
3 requirement for the period from September 1, 2018 through March 31, 2019.

4
5 **Q. Were there any other revisions to the Gas ISR revenue requirement that were the**
6 **result of the change in the federal income tax rate from 35 percent to 21 percent?**

7 A. Yes. Effective December 31, 2017, the Company has restated its deferred tax
8 balances based on the new 21 percent federal income tax rate because the Company
9 will be paying income taxes as the book/tax timing differences reverse at the 21
10 percent federal income tax rate. However, because deferred taxes are an offset to rate
11 base in the Gas ISR revenue requirement, reducing the deferred tax balances based on
12 the 21 percent federal income tax rate has the effect of artificially increasing rate base.
13 To counteract this artificial increase to rate base, a new line item called Excess
14 Deferred Income Taxes has been added to each vintage year's revenue requirement
15 calculation reflecting the value of the decrease to ISR rate base as of December 31,
16 2017. The excess deferred income taxes represent the net benefit as of December 31,
17 2017 that will eventually be earned by the Company through reduced future income
18 taxes and must ultimately be passed back to customers The pass back of excess
19 deferred income taxes to customers is fully reflected in base distribution rates under
20 Docket No. 4770 per the Company's Excess Deferred Income Tax True-Up - Second
21 Compliance filing dated May 30, 2019 and as approved by the PUC on June 17, 2019;

1 thus there is no need to adjust the excess deferred tax balance in the ISR revenue
2 requirements.

3
4 **Q. Please describe the calculation of the excess deferred income tax amounts.**

5 A. The excess deferred income taxes are calculated on Page 34 of Attachment MAL-1.
6 The Company derived the excess deferred income tax amounts by calculating the
7 balance of ISR deferred taxes as of December 31, 2017 by vintage fiscal year, and
8 multiplying that amount by the 14 percent change in the tax rate (35 percent minus 21
9 percent).

10
11 **Q. How was the Gas ISR revenue requirement revised for the change in the bonus
12 depreciation rules resulting from the Tax Act?**

13 A. Bonus depreciation, sometimes known as first year bonus depreciation, is an
14 accelerated tax depreciation method that was first established in 2002 as an economic
15 stimulus to incent United States corporations to increase capital investments. Bonus
16 depreciation allows companies to take an immediate tax deduction for some portion of
17 certain qualified capital investments based on the bonus depreciation rates in effect for
18 that year of investment. Bonus depreciation rates have ranged from a high of 100
19 percent in some years to as low as 30 percent for calendar year 2019, as specified in
20 the tax laws prior to the passage of the Tax Act. Pursuant to those prior tax laws,
21 bonus depreciation was set to expire at the end of calendar year 2019. However, the

1 Tax Act changed the rules for bonus depreciation for certain capital investments,
2 including ISR-eligible investments, effective September 28, 2017. Starting
3 September 28, 2017, the rules for bonus depreciation are as follows:

- 4 • 40 percent deduction for investments acquired or started before September
5 28, 2017 and in service between January-March 2018;
- 6 • 50 percent deduction for investments acquired or started before September
7 28, 2017 and in service by December 2017; and
- 8 • 100 percent deduction for investments acquired or started after September
9 28, 2017 and in service by March 31, 2018.

10 Any investments placed into service after March 31, 2018 do not qualify for bonus
11 depreciation. Accordingly, the Company adjusted its calculation on actual vintage FY
12 2018 tax depreciation on Page 7 of Attachment MAL-1 to reflect the actual bonus
13 depreciation eligibility of FY 2018.

14
15 **Q. Are there any updates to the FY 2018 revenue requirement that are being trued**
16 **up in the FY 2019 Gas ISR Reconciliation?**

17 A. Yes. The Company filed its FY 2018 Gas ISR Reconciliation on August 1, 2018.
18 However, the Company had not filed its FY 2018 income tax return until later that
19 year in December. As a result, the Company used certain tax assumptions at the time
20 of its FY 2018 ISR Reconciliation filing. The Company has revised its vintage FY
21 2018 revenue requirement to reflect the following updates in Attachment MAL-1 Page

1 5 and Attachment MAL-2 Page 2: (1) actual capital repairs deduction rate of 85.43
2 percent, as shown on Attachment MAL-1 Page 7, Line 2 and Attachment MAL-2
3 Page 3, Line 2; (2) actual percentage of plant eligible for bonus depreciation of 55.43
4 percent, as shown on Attachment MAL-1 Page 7, Line 13 and Attachment MAL-2
5 Page 3, Line 14; (3) actual tax loss on retirements of \$1,536,434, as shown on
6 Attachment MAL-1 Page 7, Line 21 and Attachment MAL-2 Page 3, Line 22; (4)
7 actual NOL of \$6,051,855, as shown on Attachment MAL-1 Page 6, Line 17 and
8 Attachment MAL-2 Page 6, Line 10 (a). The true-up on the FY 2018 revenue
9 requirement also includes a correction to the deferred income tax proration adjustment
10 calculation as agreed with the Division of Public Utilities and Carriers and discussed
11 in the Company's Reply Comments in Docket No. 4846 dated October 19, 2018.
12 Lastly, the FY 2018 revenue requirement true-up includes the FY 2018 impact of a
13 correction to the FY 2017 net plant balance included in the calculation of the property
14 tax recovery mechanism which is discussed below.

15
16 **Q. Are there any updates to the FY 2017 revenue requirements that are being trued**
17 **up in the FY 2019 Gas ISR Reconciliation?**

18 A. Yes, there are two adjustments related to FY 2017 Gas ISR revenue requirement.
19 First, Attachment MAL-1 Page 1, Line 12 reflects a refund to customers related to the
20 FY 2017 revenue requirement on \$1.2 million of Cumberland LNG decommissioning
21 costs included in the vintage FY 2017 capital investment that the Company

1 subsequently agreed to exclude from the ISR during the FY 2019 Gas ISR Plan
2 Proposal in this docket.

3
4 Additionally, when initially preparing the calculation of the property tax recovery
5 mechanism on Pages 28 through 30 of Attachment MAL-1, the Company noticed a
6 discrepancy between the ending FY 2019 plant in service and accumulated
7 depreciation balances per the property tax calculation and the Company's plant
8 records as of March 31, 2019. Upon investigation, the Company realized it had
9 improperly increased gross plant in service and accumulated depreciation in FY 2017
10 by the amount of FY 2017 plant retirements as opposed to decreasing plant in service
11 and accumulated depreciation by that amount. This correction reduces the calculation
12 of book depreciation in FY 2017 for property tax purposes, which increased the
13 ending net plant balance for FY 2017, thereby reducing the effective property tax rate
14 slightly for FY 2017. The total impact of this error is a \$19,616 over-recovery of the
15 property tax recovery adjustment in FY 2017. The Company has included this
16 adjustment as a credit to the FY 2019 revenue requirement in this docket as shown on
17 Attachment MAL-1 Page 1 at Line 14.

18
19 **Q. Please summarize the updated FY 2019 ISR revenue requirement.**

20 A. As shown in Attachment MAL-1 at Page 1, Line 16, the updated FY 2019 ISR
21 revenue requirement amounts to \$15,405,282 consisting of \$178,813 in O&M
22 expenses and \$15,226,469 of capital-related revenue requirement. As previously

1 described, it includes (1) the five-month (April 1, 2018 through August 31, 2018)
2 revenue requirement on O&M expenses and vintage FY 2012 through FY 2019 ISR
3 capital investments above or below the level of capital investment reflected in base
4 distribution rates in Docket No. 4323, (2) the seven-month (September 1, 2018
5 through March 31, 2019) revenue requirement on vintages FY 2018 and FY 2019 ISR
6 capital investments above or below the level of capital investment reflected in base
7 distribution rates in Docket No. 4770, (3) the property tax recovery mechanism
8 component, and (4) prior year adjustments relating to the Cumberland LNG
9 settlement, actual FY 2018 income tax deductibility and FY 2017 and FY 2018
10 property taxes.

11
12 **Q. Please describe how the attachments to your testimony are structured.**

13 A. Page 1 of Attachment MAL-1 summarizes the individual components of the updated
14 FY 2019 Gas ISR revenue requirement. Page 1, Column (c) shows (1) the O&M
15 expenses associated with an additional 16 full time equivalent personnel to support
16 main replacement work for the five months of FY 2019 (April 1, 2018 through
17 August 31, 2018), as described in the pre-filed direct testimony of Ms. Smith; (2) the
18 five months of FY 2019 ISR revenue requirements for incremental FY 2012 through
19 FY 2019 ISR investments – meaning those investments not included in the Company’s
20 base rates in Docket No. 4323– and as supported with detailed calculations on Pages
21 2, 6, 9, 12, 15, 18, 21 and 24, respectively; (3) the five-month property tax adjustment
22 on incremental capital not included in the Company’s base rates in Docket No. 4323 in

1 addition to the change in effective property rate applied to embedded net plant in
2 Docket No. 4323. Page 1, Column (d) represents (1) the seven months of FY 2019
3 (September 1, 2018 through March 31, 2019) ISR revenue requirements for
4 incremental FY 2018 and FY 2019 ISR investments – not included in the Company’s
5 base rates in Docket No. 4770– and as supported with detailed calculations on
6 Attachment MAL-2, Pages 2 and 4, respectively; (2) the seven-month property tax
7 adjustment on incremental capital not included in the Company’s base rates in Docket
8 No. 4770 in addition to the change in the effective property rate applied to embedded
9 net plant in Docket No. 4770. Page 1, Column (e) represents the 12-month Gas ISR
10 Revenue Requirements for FY 2019. Page 1, Line 12 (e) reflects a refund to
11 customers related to the FY 2017 revenue requirement on \$1.2 million of Cumberland
12 LNG decommissioning costs that the Company subsequently agreed to exclude from
13 the ISR during the FY 2019 Gas ISR Plan Proposal in this docket. Page 1, Line 13(e)
14 reflects the reconciliation of the approved FY 2018 Gas ISR revenue requirement for
15 vintage FY 2018 plant investment with the actual vintage FY 2018 revenue
16 requirement on those investments. This reconciliation is necessary because the actual
17 level of tax deductibility on FY 2018 investments was not known when the Company
18 filed the FY 2018 ISR reconciliation and FY 2019 ISR Plan proposals. This
19 reconciliation also reflects a true-up of the deferred income tax proration adjustment
20 calculation as agreed with the Division of Public Utilities and Carriers and discussed
21 in the Company’s Reply Comments in Docket No. 4846 dated October 19, 2018. A
22 detailed calculation of the updated FY 2018 revenue requirement is presented on page

1 5 of Attachment MAL-1. Detailed calculations of the updated FY 2017 and FY 2018
2 revenue requirements on vintage FY 2017 investments and the updated FY 2018 tax
3 depreciation on vintage FY 2018 ISR investments are presented on Pages 9 and 6,
4 respectively, of Attachment MAL-1.

5
6 **Q. Has the Company provided support for the actual level of FY 2019 ISR-eligible**
7 **plant investments?**

8 A. Yes. The description of the FY 2019 Gas ISR program and the amount of the
9 incremental non-growth capital investment eligible for inclusion in the ISR
10 mechanism are supported by the pre-filed direct testimony and supporting attachment
11 of Ms. Smith. The ultimate revenue requirement on the incremental non-growth
12 capital investment equals the return on the investment (i.e., average rate base at the
13 WACC), plus depreciation expense and property taxes associated with the investment.
14 Incremental non-growth capital investment for this purpose is intended to represent the
15 net change in rate base for non-growth infrastructure investments since the
16 establishment of the Company's ISR mechanism effective April 1, 2011 and is defined
17 as capital additions plus cost of removal, less annual depreciation expense embedded
18 in the Company's rates, net of depreciation expense attributable to general plant. The
19 actual ISR-eligible non-growth capital investment for FY 2019 amounts to \$92.3

1 million³ associated with the Company's FY 2019 ISR Plan (non-growth infrastructure
2 investment net of general plant).

3

4 **Q. What is the updated revenue requirement associated with actual capital**
5 **investment?**

6 A. The updated FY 2019 revenue requirement associated with the Company's actual
7 incremental FY 2012 through FY 2019 eligible plant investments amounts to
8 \$15,405,282. This figure includes the updated FY 2019 revenue requirement on FY
9 2012 through FY 2019 investment and the reconciliation of the approved FY 2018
10 ISR revenue requirement for vintage FY 2018 investment with the actual FY 2018
11 revenue requirement.

12

13 **III. Conclusion**

14 **Q. Does this conclude your testimony?**

15 A. Yes, it does.

³ Total ISR-eligible capital investment for FY 2019 of \$92.3 million plus total ISR-eligible cost of removal of \$11.6 million reflects \$103.8 million of actual capital spending, as referenced in the pre-filed testimony of Ms. Smith (Attachment AS-1, Page 2, Table 1).

Index of Attachments

Attachment MAL-1	FY 2019 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement 12-month Summary and Calculation for the five months April 1, 2018 through August 31, 2018
Attachment MAL-2	FY 2019 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement Calculation for the seven months September 1, 2018 through March 31, 2019

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4781
FY 2019 GAS INFRASTRUCTURE, SAFETY,
AND RELIABILITY PLAN RECONCILIATION FILING
WITNESS: MELISSA A. LITTLE**

Attachment MAL-1

FY 2019 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement 12-month
Summary and Calculation for the five months April 1, 2018 through August 31, 2018

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Annual Revenue Requirement Summary

Line No.	As Approved Fiscal Year 2019 (a)	In Rates Fiscal Year 2019 (b)	Apr-Aug Actuals (c)	Fiscal Year 2019 Sep-Mar Actuals (d)	Actuals (e) = (c) + (d)
Operation and Maintenance Expenses					
1	\$502,000	\$209,167	\$178,813		\$178,813
FY 2019 Operation and Maintenance Expense					
Capital Investment:					
2	\$958,187	\$399,245	\$383,479		\$383,479
3	\$210,394	\$87,664	\$90,065		\$90,065
4	\$3,085,893	\$1,285,789	\$1,207,453		\$1,207,453
5	\$5,826,786	\$2,427,828	\$2,437,918		\$2,437,918
6	\$6,797,242	\$2,832,184	\$2,846,263		\$2,846,263
7	\$5,189,647	\$2,162,353	\$2,156,691		\$2,156,691
8	\$7,433,043	\$3,097,101	\$3,018,968	\$370,415	\$3,389,383
9	\$4,353,572	\$1,813,988	\$1,432,387	(\$292,051)	\$1,140,335
10	<u>\$33,854,765</u>	<u>\$14,106,152</u>	<u>\$13,573,223</u>	<u>\$78,364</u>	<u>\$13,651,587</u>
11	\$9,517,495	\$3,965,623	\$2,836,601	(\$1,019,832)	\$1,816,769
12	(\$61,849)	(\$25,770)			(\$61,849)
13					(\$160,422)
14					(\$19,616)
15	<u>\$43,310,412</u>	<u>\$18,046,005</u>			<u>\$15,226,469</u>
16	<u>\$43,812,412</u>	<u>\$18,255,172</u>			<u>\$15,405,282</u>
17					<u>\$18,255,172</u>
18					<u>(\$2,849,890)</u>
FY 2019 Plan Revenue Requirement as filed on Mar 2, 2018					
Increase/Decrease in FY 2019 Revenue Requirement					
Total Fiscal Year Revenue Requirement					
Total Capital Investment Component of the Revenue Requirement					
Total Annual Revenue Requirement					

Column Notes
(a) As approved in Docket No. RIPUC 4781
(b) = (a) x5+12. Pursuant to the Settlement Agreement filed in RIPUC Docket No. 4770, the FY 2019 ISR rate is reduced to zero with the effective date of new distribution base rates on September 1, 2018.

Line Notes
1 From Attachment AS-1, Table 1.
2(c) Page 24 of 35, Line 35, Column (e) x5+12
3(c) Page 21 of 35, Line 35, Column (e) x5+12
4(c) Page 18 of 35, Line 37, Column (e) x5+12
5(c) Page 15 of 35, Line 31, Column (e) x5+12
6(c) Page 12 of 35, Line 31, Column (d) x5+12
7(c) Page 9 of 35, Line 31, Column (e) x5+12
8(c) Attachment MAL-2, Page 2 of 13, Line 30, Column (b) x7+12
9(c) Page 2 of 35, Line 30, Column (a) x5+12
9(d) Attachment MAL-2, Page 4 of 13, Line 29, Column (a) x7+12
10 Sum of Lines 2 through 9
11(c) Page 29 of 35, Line 107, Column (k) x 1,000
11(d) Attachment MAL-2, Page 1 of 13, Line 5, Column (b)
12 Page 9 of 35, Line 35
13 Page 5 of 35, Line 17
14 Page 29 of 35, Line 109, Column (c) x 1,000
15 Sum of Lines 10 through 14
16 Sum of Lines 1 and 15
17 16(b)
18 Lines 16 - Line 17

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Computation of Revenue Requirement on FY 2019 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2019 (a)
1	Depreciable Net Capital Included in ISR Rate Base	
2	Total Allowed Capital Included in ISR Rate Base in Current Year	\$92,263,000
3	Retirements	\$6,531,844
	Net Depreciable Capital Included in ISR Rate Base	\$85,731,156
4	Change in Net Capital Included in ISR Rate Base	
5	Capital Included in ISR Rate Base	Line 1 \$92,263,000
6	Depreciation Expense	\$24,356,183
7	Incremental Capital Amount	Per Settlement Agreement Docket No. 4323, excluding General Plant Line 4 - Line 5 \$67,906,817
8	Cost of Removal	Per Company's books \$11,583,085
	Net Plant Amount	\$79,489,902
9	Deferred Tax Calculation:	
	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 4323 1/ 3.38%
10	Tax Depreciation	Page 3 of 35, Line 20 \$78,766,939
11	Cumulative Tax Depreciation	Line 10 \$78,766,939
12	Book Depreciation	Line 3 * Line 9 * 50% \$1,448,857
13	Cumulative Book Depreciation	Line 12 \$1,448,857
14	Cumulative Book / Tax Timer	Line 11 - Line 13 \$77,318,082
15	Effective Tax Rate	21.00%
16	Deferred Tax Reserve	Line 14 * Line 15 \$16,236,797
17	Add: FY 2019 Federal NOL incremental utilization	\$16,495,753
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17 \$32,732,550
	ISR Rate Base Calculation:	
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8 \$79,489,902
20	Accumulated Depreciation	- Line 13 (\$1,448,857)
21	Deferred Tax Reserve	- Line 18 (\$32,732,550)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21 \$45,308,495
	Revenue Requirement Calculation:	
23	Average Rate Base before Deferred Tax Proration Adjustment	\$22,654,248
24	Proration Adjustment	Current Year Line 22 ÷ 2 Page 4 of 35, Line 41, Column (j) (\$1,958)
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24 \$22,652,290
26	Pre-Tax ROR	8.78%
27	Return and Taxes	Page 33 of 35, Line 31, Column (e) Line 25 * Line 26 \$1,988,871
28	Book Depreciation	\$1,448,857
29	Property Taxes	Line 12 \$0
30	Annual Revenue Requirement	\$3,437,728
31	5 months Revenue Requirement (April 1, 2018-August 31, 2018)	Line 30, Column (a) × 5 ÷ 12 \$1,432,387

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. 4770, effective on Sep 1, 2018
FY 19 Composite Book Depreciation Rate = 3.38% x 5 / 12 + 2.99% x 7 / 12

2/ Property taxes calculated on Page 28 of 35 through Page 30 of 35 for all vintage years commencing with FY14 and reflected in total on Page 1 of 35 at Line 11

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Capital Investments

Line No.		Fiscal Year 2019 (a)	(b)	(c)	(d)	(e)
Capital Repairs Deduction						
1	Plant Additions	\$92,263,000				
2	Capital Repairs Deduction Rate	1/ 71.49%				
3	Capital Repairs Deduction	\$65,958,819				
Bonus Depreciation						
4	Plant Additions	\$92,263,000				
5	Less Capital Repairs Deduction	\$65,958,819				
6	Plant Additions Net of Capital Repairs Deduction	\$26,304,181				
7	Percent of Plant Eligible for Bonus Depreciation	100.00%				
8	Plant Eligible for Bonus Depreciation	\$26,304,181				
9	Bonus Depreciation Rate	0.00%				
10	Total Bonus Depreciation Rate	0.00%				
11	Bonus Depreciation	\$0				
Remaining Tax Depreciation						
12	Plant Additions	\$92,263,000				
13	Less Capital Repairs Deduction	\$65,958,819				
14	Less Bonus Depreciation	\$0				
15	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$26,304,181				
16	20 YR MACRS Tax Depreciation Rates	3.7500%				
17	Remaining Tax Depreciation	\$986,407				
18	FY19 tax (gain)/loss on retirements	\$238,628				
19	Cost of Removal	\$11,583,085				
20	Total Tax Depreciation and Repairs Deduction	\$78,766,939				

20 Year MACRS Depreciation	(b)	(c)	(d)	(e)
MACRS basis:				Cumulative
Fiscal Year			Annual	
2019		3.750%	\$986,407	\$78,766,939
2020		7.219%	\$1,898,899	\$80,665,838
2021		6.677%	\$1,756,330	\$82,422,168
2022		6.177%	\$1,624,809	\$84,046,977
2023		5.713%	\$1,502,758	\$85,549,735
2024		5.285%	\$1,390,176	\$86,939,911
2025		4.888%	\$1,285,748	\$88,225,659
2026		4.522%	\$1,189,475	\$89,415,135
2027		4.462%	\$1,173,693	\$90,588,827
2028		4.461%	\$1,173,430	\$91,762,257
2029		4.462%	\$1,173,693	\$92,935,949
2030		4.461%	\$1,173,430	\$94,109,379
2031		4.462%	\$1,173,693	\$95,283,071
2032		4.461%	\$1,173,430	\$96,456,501
2033		4.462%	\$1,173,693	\$97,630,193
2034		4.461%	\$1,173,430	\$98,803,623
2035		4.462%	\$1,173,693	\$99,977,315
2036		4.461%	\$1,173,430	\$101,150,745
2037		4.462%	\$1,173,693	\$102,324,437
2038		4.461%	\$1,173,430	\$103,497,867
2039		2.231%	\$586,846	\$104,084,713
		100.0000%	\$26,304,181	\$104,084,713

1/ Capital Repairs percentage is based on a three-year average of FYs 2014, 2015 and 2016 capital repairs rates.

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on Incremental FY 2019 Investment

Line No.	Deferred Tax Subject to Proration	RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L1, C(b)	(b) FY19
1	Book Depreciation		\$1,533,196
2	Bonus Depreciation		\$0
3	Remaining MACRS Tax Depreciation		(\$1,077,379)
4	FY19 tax (gain)/loss on retirements		(\$238,628)
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$217,189
6	Effective Tax Rate		21.00%
7	Deferred Tax Reserve	Line 5 * Line 6	\$45,610
Deferred Tax Not Subject to Proration			
8	Capital Repairs Deduction		(\$72,041,903)
9	Cost of Removal		(\$5,440,400)
10	Book/Tax Depreciation Timing Difference at 3/31/2015		\$0
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$77,482,303)
12	Effective Tax Rate		21.00%
13	Deferred Tax Reserve	Line 11 * Line 12	(\$16,271,284)
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$16,225,674)
15	Net Operating Loss		\$0
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$16,225,674)
Allocation of FY 2019 Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	\$217,189
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$77,482,303)
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$77,265,114)
20	Total FY 2019 Federal NOL (Utilization)		\$0
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0
23	Effective Tax Rate		21.00%
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$45,610
Proration Calculation			
		(h)	(i)
		<u>Number of Days in Month</u>	<u>Proration Percentage</u>
26	Apr-2018	30	91.78%
27	May-2018	31	83.29%
28	Jun-2018	30	75.07%
29	Jul-2018	31	66.58%
30	Aug-2018	31	58.08%
31	Sep-2018	30	49.86%
32	Oct-2018	31	41.37%
33	Nov-2018	30	33.15%
34	Dec-2018	31	24.66%
35	Jan-2019	31	16.16%
36	Feb-2019	28	8.49%
37	Mar-2019	31	0.00%
38	Total	365	\$20,847
39	Deferred Tax Without Proration	Line 25	\$45,610
40	Average Deferred Tax without Proration	Line 39 ÷ 2	\$22,805
41	Proration Adjustment	Line 38 - Line 40	(\$1,958)

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j) Current Year Line 25 ÷ 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
TrueUp of FY 2018 Revenue Requirement on FY 2018 Income Tax and Proration

<u>Line No.</u>		<u>TrueUp Fiscal Year 2018 Tax Proration</u> (a)	<u>As Approved Fiscal Year 2018 in Rates</u> (b)	<u>Variance</u> (c) = (a) - (b)
Operation and Maintenance Expenses				
1	FY 2018 Operation and Maintenance Expense	\$557,714	\$557,714	\$0
Capital Investment:				
2	FY 2018 Revenue Requirement on FY 2012 Actual Incremental Capital Investment	\$1,017,454	\$1,033,040	(\$15,586)
3	FY 2018 Revenue Requirement on FY 2013 Actual Incremental Capital Investment	\$242,377	\$243,183	(\$806)
4	FY 2018 Revenue Requirement on FY 2014 Actual Incremental Capital Investment	\$3,191,289	\$3,295,349	(\$104,060)
5	FY 2018 Revenue Requirement on FY 2015 Actual Capital Investment	\$6,420,155	\$6,407,467	\$12,688
6	FY 2018 Revenue Requirement on FY 2016 Actual Capital Investment	\$7,482,244	\$7,465,317	\$16,927
7	FY 2018 Revenue Requirement on FY 2017 Actual Capital Investment	\$5,666,563	\$5,652,566	\$13,997
8	FY 2018 Revenue Requirement on FY 2018 Actual Capital Investment	\$3,950,550	\$4,019,737	(\$69,187)
9	Total Capital Investment Revenue Requirement	<u>\$27,970,632</u>	<u>\$28,116,659</u>	<u>(\$146,027)</u>
10	FY18 Property Tax Adjustment	\$6,520,919	\$6,535,314	(\$14,395)
11	True-Up for Capital Repairs Deduction Rate, Tax Loss on Retirements, NOL, and Service Relocations in FY 2017 Revenue Requirement on FY 2017 Capital Investment in RIPUC Docket No. 4590 from FY19 plan filing filed Mar 1, 2018			
12	True up for FY13-FY16 Work order write off - Capital	(\$24,733)	(\$24,733)	\$0
13	True up for FY13-FY16 Work order write off - Property Tax	(721,829)	(721,829)	\$0
		(24,518)	(24,518)	\$0
14	Total Capital Investment Component of the Revenue Requirement	<u>\$33,720,471</u>	<u>\$33,880,894</u>	<u>(\$160,422)</u>
15	Total Fiscal Year Revenue Requirement revised	<u>\$34,278,185</u>	<u>\$34,438,608</u>	<u>(\$160,422)</u>
16	Approved FY 2018 Revenue Requirement as submitted on Aug 1, 2018	<u>\$34,438,608</u>		
17	True-Up for proration and Income Tax	<u>(\$160,422)</u>		

Line Notes

- 1(a) As approved in Docket No. RIPUC 4678
- 2(a) Page 24 of 35, Line 35, Column (d)
- 3(a) Page 21 of 35, Line 35, Column (d)
- 4(a) Page 18 of 35, Line 37, Column (d)
- 5(a) Page 15 of 35, Line 31, Column (d)
- 6(a) Page 12 of 35, Line 31, Column (c)
- 7(a) Page 9 of 35, Line 31, Column (b)
- 8(a) Page 6 of 35, Line 31, Column (a)
- 9(a) Sum of Lines 2 through 8
- 10(a) Page 29 of 35, Line 107, Column (g)
- 11(a) Page 9 of 35, Line 33
- 12(a) Page 35 of 35, Line 10
- 13(a) Page 28 of 35, Line 66, sum of Column (c) + (g) + (k)
- 14(a) Sum of Lines 9 through 13
- 15(a) Sum of Line 1 and Line 14
- 16(a) Approved FY 2018 Revenue Requirement as submitted on Aug 1, 2018
- 17(a) Lines 15 - Line 16

Column Notes

- (b) As approved in Docket No. RIPUC 4678 Gas ISR Reconciliation FY2018

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2018 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2018 (a)	Fiscal Year 2019 (b)
1	Depreciable Net Capital Included in ISR Rate Base		
2	Total Allowed Capital Included in ISR Rate Base in Current Year Retirements	\$97,809,718	\$0
3	Net Depreciable Capital Included in ISR Rate Base	\$24,056,661	\$0
	Per RIPUC Docket No. 4678		
	Per Company's books		
	Year 1 = Line 1 - Line 2; then = Prior Year Line 3	<u>\$73,753,057</u>	<u>\$73,753,057</u>
4	Change in Net Capital Included in ISR Rate Base		
5	Capital Included in ISR Rate Base	\$97,809,718	\$0
6	Depreciation Expense	\$24,356,183	\$0
	Per Settlement Agreement Docket No. 4323, excluding General Plant		
	Year 1 = Line 4 - Line 5; then = Prior Year Line 6	<u>\$73,453,535</u>	<u>\$73,453,535</u>
7	Incremental Capital Amount		
	Per Company's books	\$8,603,224	\$8,603,224
8	Net Plant Amount	<u>\$82,056,759</u>	<u>\$82,056,759</u>
9	Deferred Tax Calculation:		
	Composite Book Depreciation Rate	3.38%	3.38%
10	Tax Depreciation	\$101,835,260	\$458,575
11	Cumulative Tax Depreciation	\$101,835,260	\$102,293,835
	Year 1 = Page 7 of 35, Line 23; then = Page 7 of 35, Column (d), Line 4		
	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10		
12	Book Depreciation	\$1,246,427	\$2,492,853
13	Cumulative Book Depreciation	\$1,246,427	\$3,739,280
	Year 1 = Line 3 * Line 9 * 50% ; then = Line 3 * Line 9		
	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12		
14	Cumulative Book / Tax Timer	\$100,588,833	\$98,554,554
15	Effective Tax Rate	21.00%	21.00%
16	Deferred Tax Reserve	\$21,123,655	\$20,696,456
17	Add: FY 2018 Federal NOL incremental	(\$6,051,855)	(\$6,051,855)
18	Excess Deferred Tax	\$10,561,827	\$10,561,827
19	Net/Deferred Tax Reserve	<u>\$25,633,627</u>	<u>\$25,206,428</u>
	Sum of Lines 16 through 18		
	Line 11 - Line 13		
	Line 14 * Line 15		
	Page 31 of 35, Line 13, Column (o)		
	Page 34 of 35, Line 9, Column (g)		
	Sum of Lines 16 through 18		
	As Approved in R.I.P.U.C. Docket No. 4323	3.38%	3.38%
20	ISR Rate Base Calculation:		
21	Cumulative Incremental Capital Included in ISR Rate Base	\$82,056,759	\$82,056,759
22	Accumulated Depreciation	(\$1,246,427)	(\$3,739,280)
23	Deferred Tax Reserve	(\$25,633,627)	(\$25,206,428)
	Year End Rate Base before Deferred Tax Proration	<u>\$55,176,705</u>	<u>\$53,111,050</u>
	Sum of Lines 20 through 22		
	Revenue Requirement Calculation:		
24	Average ISR Rate Base before Deferred Tax Proration Adjustment	\$27,588,352	\$54,143,878
	Year 1 = Current Year Line 23 ÷ 2; then Average of (Prior + Current Year Line 23)		
25	Proration Adjustment	\$196,117	(\$13,229)
26	Average ISR Rate Base after Deferred Tax Proration	<u>\$27,784,469</u>	<u>\$54,130,649</u>
27	Pre-Tax ROR	9.73%	8.78%
28	Return and Taxes	\$2,704,123	\$4,752,671
29	Book Depreciation	\$1,246,427	\$2,492,853
30	Property Taxes	\$0	\$0
	Line 12		
	2/		
31	Annual Revenue Requirement revised	\$3,950,550	\$7,245,524
32	Annual Revenue Requirement as filed	\$4,019,737	\$7,245,524
33	Refund to customers	(\$69,187)	\$0
	Line 31 - Line 32		
34	5 months Revenue Requirement (April 1, 2018-August 31, 2018)	\$3,881,363	3,018,968
	Line 31, Column (b) × 5 ÷ 12		

1/ As provided by Tax Department
2/ Property taxes calculated on Page 28 of 35 through Page 30 of 35 for all vintage years commencing with FY 14 and reflected in total on Page 1 of 35 at Line 11

The Narragansett Electric Company
d/b/a National Grid

FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2018 Capital Investments

Line No.	Description	Fiscal Year 2018 (a)	(b)	(c)	(d)	(e)
Capital Repairs Deduction						
1	Plant Additions	\$97,809,718				
2	Capital Repairs Deduction Rate	1/ 85.43%				
3	Capital Repairs Deduction	\$83,558,842				
Bonus Depreciation						
4	Plant Additions	\$97,809,718				
5	Less Capital Repairs Deduction	\$83,558,842				
6	Plant Additions Net of Capital Repairs Deduction	\$14,250,876				
7	Percent of Plant Eligible for Bonus Depreciation	100.00%				
8	Plant Eligible for Bonus Depreciation	\$14,250,876				
9	Bonus depreciation 100% category	15.86%				
10	Bonus depreciation 50% category	29.03%				
11	Bonus depreciation 40% category	10.54%				
12	Bonus depreciation 0% category	0.00%				
13	Total Bonus Depreciation Rate	55.43%				
14	Bonus Depreciation	\$7,898,548				
Remaining Tax Depreciation						
15	Plant Additions	\$97,809,718				
16	Less Capital Repairs Deduction	\$83,558,842				
17	Less Bonus Depreciation	\$7,898,548				
18	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$6,352,328				
19	20 YR MACRS Tax Depreciation Rates	3.750%				
20	Remaining Tax Depreciation	\$238,212				
21	FY18 tax (gain)/loss on retirements	\$1,536,434				
22	Cost of Removal	\$8,603,224				
23	Total Tax Depreciation and Repairs Deduction	\$101,835,260				

MACRS basis:		20 Year MACRS Depreciation		
Fiscal Year	Annual	Cumulative		
2018	\$238,212	\$101,835,260		
2019	\$458,575	\$102,293,835		
2020	\$424,145	\$102,717,979		
2021	\$392,383	\$103,110,363		
2022	\$362,908	\$103,473,271		
2023	\$335,721	\$103,808,992		
2024	\$310,502	\$104,119,494		
2025	\$287,252	\$104,406,746		
2026	\$283,441	\$104,690,187		
2027	\$283,377	\$104,973,564		
2028	\$283,441	\$105,257,005		
2029	\$283,377	\$105,540,382		
2030	\$283,441	\$105,823,823		
2031	\$283,377	\$106,107,201		
2032	\$283,441	\$106,390,641		
2033	\$283,377	\$106,674,019		
2034	\$283,441	\$106,957,460		
2035	\$283,377	\$107,240,837		
2036	\$283,441	\$107,524,278		
2037	\$283,377	\$107,807,655		
2038	\$141,720	\$107,949,376		
	100.000%	\$6,352,328		

1/ Capital Repairs percentage is based on the actual results of the FY 2018 tax return.
2/ Actual Loss for FY2018

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on FY 2018 Capital Investment

Line No.		(a) FY 18	(b) FY 19
	Deferred Tax Subject to Proration		
1	Book Depreciation	\$1,519,105	\$3,054,949
2	Bonus Depreciation	(\$13,764,576)	\$0
3	Remaining MACRS Tax Depreciation	(\$570,505)	(\$1,567,260)
4	FY 19 tax (gain)/loss on retirements	(\$238,628)	\$0
5	Cumulative Book / Tax Time	(\$13,054,604)	\$1,467,688
6	Effective Tax Rate	35.00%	21.00%
7	Deferred Tax Reserve	(\$4,569,111)	\$308,215
	Deferred Tax Not Subject to Proration		
8	Capital Repairs Deduction	(\$64,198,946)	
9	Cost of Removal	(\$8,008,000)	
10	Book/Tax Depreciation Timing Difference at 3/31/2011	\$0	
11	Cumulative Book / Tax Time	(\$72,206,946)	
12	Effective Tax Rate	35.00%	
13	Deferred Tax Reserve	(\$25,272,431)	
14	Total Deferred Tax Reserve	(\$29,841,543)	\$308,215
15	Net Operating Loss	\$0	
16	Net Deferred Tax Reserve	(\$29,841,543)	\$308,215
	Allocation of FY 2019 Estimated Federal NOL		
17	Cumulative Book/Tax Timer Subject to Proratio	(\$13,054,604)	\$1,467,688
18	Cumulative Book/Tax Timer Not Subject to Proratio	(\$72,206,946)	\$0
19	Total Cumulative Book/Tax Time	(\$85,261,550)	\$1,467,688
	Total FY 2019 Federal NOL (Utilization)		
20	Allocated FY 2019 Federal NOL Not Subject to Proratio	\$0	
21	Allocated FY 2019 Federal NOL Subject to Proratio	\$0	
22	Effective Tax Rate	35.00%	
23	Deferred Tax Benefit subject to proratio	\$0	
24	Deferred Tax Reserve subject to proratio	\$0	
25	Net Deferred Tax Reserve subject to proratio	(\$4,569,111)	\$308,215
	Proration Calculation		
26	Apr-2018	(\$349,464)	\$23,573
27	May-2018	(\$317,126)	\$21,392
28	Jun-2018	(\$285,830)	\$19,281
29	Jul-2018	(\$253,492)	\$17,100
30	Aug-2018	(\$221,153)	\$14,918
31	Sep-2018	(\$189,858)	\$12,807
32	Oct-2018	(\$157,520)	\$10,626
33	Nov-2018	(\$126,224)	\$8,515
34	Dec-2018	(\$93,886)	\$6,333
35	Jan-2019	(\$61,547)	\$4,152
36	Feb-2019	(\$32,338)	\$2,181
37	Mar-2019	\$0	\$0
38	Total	(\$2,088,439)	\$140,878
39	Deferred Tax Without Proratio	(\$4,569,111)	\$308,215
40	Average Deferred Tax without Proratio	(\$2,284,556)	\$154,107
41	Proratio Adjustment	\$196,117	(\$13,229)

Column Notes:
(i) Sum of remaining days in the year (Col (h)) = 36;
(j) & (k) Current Year Line 25 = 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2017 Actual Incremental Gas Capital Investment

Line No.	Fiscal Year 2017 (a)	Fiscal Year 2018 (b)	Fiscal Year 2019 (c)
1	\$79,960,614	\$0	\$0
2	\$8,094,426	\$0	\$0
3	\$71,866,188	\$71,866,188	\$71,866,188
4	\$79,960,614	\$0	\$0
5	\$24,356,183	\$0	\$0
6	\$55,604,431	\$55,604,431	\$55,604,431
7	\$6,100,390	\$6,100,390	\$6,100,390
8	\$61,704,821	\$61,704,821	\$61,704,821
9	3.38%	3.38%	3.38%
10	\$76,203,904	\$774,265	\$716,133
11	\$76,203,904	\$76,978,169	\$77,694,302
12	\$1,214,539	\$2,429,077	\$2,429,077
13	\$1,214,539	\$3,643,616	\$6,072,693
14	\$74,989,365	\$73,334,553	\$71,621,609
15	\$26,246,278	\$15,400,256	\$15,040,538
16	\$0	\$0	\$0
17	\$0	\$0	\$0
18	\$26,246,278	\$10,324,756	\$10,324,756
19	\$0	\$25,725,012	\$25,365,294
20	\$61,704,821	\$61,704,821	\$61,704,821
21	(\$1,214,539)	(\$3,643,616)	(\$6,072,693)
22	(\$26,246,278)	(\$25,725,012)	(\$25,365,294)
23	\$34,244,004	\$32,336,193	\$30,266,834
24	\$17,122,002	\$33,290,099	\$31,301,513
25	\$17,122,002	(\$25,412)	(\$14,703)
26	10.05%	9.73%	8.78%
27	\$1,720,761	\$3,237,486	\$2,746,982
28	\$1,214,539	\$2,429,077	\$2,429,077
29	\$0	\$0	\$0
30	\$0	\$0	\$0
31	\$2,935,300	\$5,666,563	\$5,176,059
32	\$2,960,033	\$5,652,566	
33	(\$24,733)	\$13,997	
34	\$3,021,881		
35	(\$61,849)		
36			\$2,156,691

1/ Property taxes calculated on Page 28 of 35 through Page 30 of 35 for all vintage years commencing with FY14 and reflected in total on Page 1 of 35 at Line 1.

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2017 Capital Investments

Line No.		Fiscal Year 2017 (a)	(b)	(c)	(d)	(e)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	\$79,960,614				
2	Capital Repairs Deduction Rate	73.82%				
3	Capital Repairs Deduction	\$59,026,925				
	<u>Bonus Depreciation</u>					
4	Plant Additions	\$79,960,614				
5	Less Capital Repairs Deduction	\$59,026,925				
6	Plant Additions Net of Capital Repairs Deduction	\$20,933,689				
7	Percent of Plant Eligible for Bonus Depreciation	97.53%				
8	Plant Eligible for Bonus Depreciation	\$20,416,627				
9	Bonus Depreciation Rate (April 2016 - December 2016)	37.50%				
10	Bonus Depreciation Rate (January 2017 - March 2017)	12.50%				
11	Total Bonus Depreciation Rate	50.00%				
12	Bonus Depreciation	\$10,208,313				
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	\$79,960,614				
14	Less Capital Repairs Deduction	\$59,026,925				
15	Less Bonus Depreciation	\$10,208,313				
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$10,725,376				
17	20 YR MACRS Tax Depreciation Rates	3.750%				
18	Remaining Tax Depreciation	\$402,202				
19	FY17 tax (gain)/loss on retirements	\$466,074				
20	Cost of Removal	\$6,100,390				
21	Total Tax Depreciation and Repairs Deduction	\$76,203,904				

20 Year MACRS Depreciation		(b)	(c)	(d)	(e)
MACRS basis:	Fiscal Year	Annual	Cumulative		
	2017	\$402,202	\$402,202		\$76,203,904
	2018	\$774,265	\$774,265		\$76,978,169
	2019	\$716,133	\$777,694,302		\$77,694,302
	2020	\$662,506	\$662,506		\$78,356,809
	2021	\$612,741	\$612,741		\$78,969,549
	2022	\$566,836	\$566,836		\$79,536,386
	2023	\$524,256	\$524,256		\$80,060,642
	2024	\$485,002	\$485,002		\$80,545,643
	2025	\$446,290	\$446,290		\$81,024,210
	2026	\$407,578	\$407,578		\$81,502,669
	2027	\$368,866	\$368,866		\$81,981,235
	2028	\$330,154	\$330,154		\$82,459,694
	2029	\$291,442	\$291,442		\$82,938,260
	2030	\$252,730	\$252,730		\$83,416,719
	2031	\$214,018	\$214,018		\$83,895,286
	2032	\$175,306	\$175,306		\$84,373,745
	2033	\$136,594	\$136,594		\$84,852,311
	2034	\$97,882	\$97,882		\$85,330,770
	2035	\$59,170	\$59,170		\$85,809,336
	2036	\$20,458	\$20,458		\$86,287,795
	2037	\$11,746	\$11,746		\$86,527,078
				100.0000%	\$10,725,376
					\$86,527,078

1/ Capital Repairs percentage is based on the actual results of the FY 2017 tax return.

2/ FY 2017 actual tax loss on retirements

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on FY 2017 Capital Investment

Line No.	Deferred Tax Subject to Proration		(a)	(b)	
			FY 18	FY 19	
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L1, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L1, C(d)			
1	Book Depreciation		\$2,581,784	\$2,429,077	
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L2, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L2, C(d)			
2	Bonus Depreciation		\$0	\$0	
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L3, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L3, C(d)			
3	Remaining MACRS Tax Depreciation		(\$890,237)	(\$797,909)	
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L4, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L4, C(d)			
4	FY19 tax (gain)/loss on retirements		\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$1,691,547	\$1,631,168	
6	Effective Tax Rate		35.00%	21.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	\$592,041	\$342,545	
	Deferred Tax Not Subject to Proration				
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L8, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L8, C(d)			
8	Capital Repairs Deduction				
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L9, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L9, C(d)			
9	Cost of Removal				
10	Book/Tax Depreciation Timing Difference at 3/31/2015				
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0	\$0	
12	Effective Tax Rate				
13	Deferred Tax Reserve	Line 11 * Line 12	\$0	\$0	
14	Total Deferred Tax Reserve	Line 7 + Line 13	\$592,041	\$342,545	
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L15, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L15, C(d)			
15	Net Operating Loss				
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$592,041	\$342,545	
	Allocation of FY 2019 Estimated Federal NOL				
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	\$1,691,547	\$1,631,168	
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11			
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	\$1,691,547	\$1,631,168	
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L20, C (c); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L20, C(d)			
20	Total FY 2019 Federal NOL (Utilization)				
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0	\$0	
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0	\$0	
23	Effective Tax Rate				
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0	
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$592,041	\$342,545	
		(h)	(i)		
	Proration Calculation	Number of Days in Month	Proration Percentage	(j)	(k)
26	Apr-2018	30	91.78%	\$45,282	\$26,199
27	May-2018	31	83.29%	\$41,091	\$23,775
28	Jun-2018	30	75.07%	\$37,036	\$21,429
29	Jul-2018	31	66.58%	\$32,846	\$19,004
30	Aug-2018	31	58.08%	\$28,656	\$16,580
31	Sep-2018	30	49.86%	\$24,601	\$14,234
32	Oct-2018	31	41.37%	\$20,411	\$11,809
33	Nov-2018	30	33.15%	\$16,355	\$9,463
34	Dec-2018	31	24.66%	\$12,165	\$7,039
35	Jan-2019	31	16.16%	\$7,975	\$4,614
36	Feb-2019	28	8.49%	\$4,190	\$2,424
37	Mar-2019	31	0.00%	\$0	\$0
38	Total	365		\$270,609	\$156,570
39	Deferred Tax Without Proration	Line 25		\$592,041	\$342,545
40	Average Deferred Tax without Proration	Line 39 ÷ 2		\$296,021	\$171,273
41	Proration Adjustment	Line 38 - Line 40		(\$25,412)	(\$14,703)

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j)&(k) Current Year Line 25 ÷ 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas Infrastructure, Safety, and Reliability Plan Reconciliation
Computation of Revenue Requirement on FY 2016 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2016 (a)	Fiscal Year 2017 (b)	Fiscal Year 2018 (c)	Fiscal Year 2019 (d)
1	Depreciable Net Capital Included in ISR Rate Base				
1a	Total Allowed Capital Included in ISR Rate Base in Current Year	\$90,072,473	\$0	\$0	\$0
1b	Work Order Write Off Adjustment	\$597,976	\$0	\$0	\$0
2	New Service Installation and Service Relocations, Growth (per informal Request Division 1-2)	\$151,092	\$0	\$0	\$0
	Retirements	\$3,177,067	\$0	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	\$86,146,338	\$86,146,338	\$86,146,338	\$86,146,338
4	Change in Net Capital Included in ISR Rate Base				
5	Capital Included in ISR Rate Base	\$89,323,405	\$0	\$0	\$0
6	Depreciation Expense	\$24,356,183	\$0	\$0	\$0
7	Incremental Capital Amount	\$64,967,222	\$64,967,222	\$64,967,222	\$64,967,222
7a	Cost of Removal	\$3,796,440	\$3,796,440	\$3,796,440	\$3,796,440
7b	Work Order Write Off Adjustment	\$94,829	\$0	\$0	\$0
	New Service Installation and Service Relocations, Growth (per informal Request Division 1-2)	\$17,740	\$0	\$0	\$0
8	Net Plant Amount	\$68,651,094	\$68,651,094	\$68,651,094	\$68,651,094
9	Deferred Tax Calculation:				
	Composite Book Depreciation Rate	3.38%	3.38%	3.38%	3.38%
10	Tax Depreciation	\$82,938,193	\$786,495	\$727,445	\$672,971
11	Cumulative Tax Depreciation	\$82,938,193	\$83,724,688	\$84,452,133	\$85,125,105
12	Book Depreciation	\$1,455,873	\$2,911,746	\$2,911,746	\$2,911,746
13	Cumulative Book Depreciation	\$1,455,873	\$4,367,619	\$7,279,366	\$10,191,112
14	Cumulative Book / Tax Timer	\$81,482,320	\$79,357,069	\$77,172,768	\$74,933,993
15	Effective Tax Rate	35.00%	35.00%	21.000%	21.000%
16	Deferred Tax Reserve	\$28,318,812	\$27,749,974	\$16,206,281	\$15,736,138
17	Less: FY 2016 Federal NOL	(\$11,594,940)	(\$11,594,940)	(\$11,594,940)	(\$11,594,940)
18	Excess Deferred Tax	\$0	\$0	\$10,880,658	\$10,880,658
19	Net Deferred Tax Reserve	\$16,923,872	\$16,180,034	\$15,491,919	\$15,021,856
20	ISR Rate Base Calculation:				
21	Cumulative Incremental Capital Included in ISR Rate Base	\$68,651,094	\$68,651,094	\$68,651,094	\$68,651,094
22	Accumulated Depreciation	(\$1,455,873)	(\$4,367,619)	(\$7,279,366)	(\$10,191,112)
23	Deferred Tax Reserve	(\$16,923,872)	(\$16,180,034)	(\$15,491,919)	(\$15,021,856)
	Year End Rate Base before Deferred Tax Proration	\$50,271,349	\$48,103,440	\$45,879,749	\$43,438,145
24	Revenue Requirement Calculation:				
	Average ISR Rate Base before Deferred Tax Proration Adjustment	\$25,135,674	\$49,187,394	\$46,991,595	\$44,658,947
25	Proration Adjustment				
26	Average ISR Rate Base after Deferred Tax Proration	\$25,135,674	\$49,187,394	(\$30,406)	(\$20,180)
27	Pre-tax ROR	10.05%	10.05%	9.73%	8.78%
28	Return and Taxes	\$2,526,135	\$4,943,333	\$4,570,498	\$3,919,284
29	Book Depreciation	\$1,455,873	\$2,911,746	\$2,911,746	\$2,911,746
30	Property Taxes	\$0	\$0	\$0	\$0
31	Annual Revenue Requirement	\$3,982,008	\$7,855,079	\$7,482,244	\$6,831,030
32	As Approved in RIPUC Docket No. 4540, 4678	\$4,218,540	\$7,465,317	\$7,465,317	\$7,465,317
33	Add Back: Revenue Requirement Impact of NOL True-Up	(\$149,557)			
34	Work Order Write Off Adjustment	(\$86,975)			
35	Proration Adjustment	\$0	\$16,927	\$16,927	\$16,927
36	5 months Revenue Requirement (April 1, 2018-August 31, 2018)				\$2,846,263

1/ Actual FY 2016 retirements per Company's books
2/ Actual FY 2016 Cost of Removal per Company's books
3/ Property taxes calculated on Page 28 of 35 through Page 30 of 35 for all vintage years commencing with FY 14 and reflected in total on Page 1 of 35 at Line 11

The Narragansett Electric Company

d/b/a National Grid

FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
 Calculation of Tax Depreciation and Repairs Deduction on FY 2016 Capital Investments

Line No.		Fiscal Year 2016 (a)	(b)	(c)	(d)	(e)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	\$89,474,497				\$10,894,791
2	Capital Repairs Deduction Rate	75.72%				Cumulative
3	Capital Repairs Deduction	\$67,750,089				
	<u>Bonus Depreciation</u>					
4	Plant Additions	\$89,474,497				\$82,938,193
5	Less Capital Repairs Deduction	\$67,750,089				\$83,724,688
6	Plant Additions Net of Capital Repairs Deduction	\$21,724,408				\$84,452,133
7	Percent of Plant Eligible for Bonus Depreciation	99.70%				\$85,125,105
8	Plant Eligible for Bonus Depreciation	\$21,659,235				\$85,747,524
9	Bonus Depreciation Rate (April 2015 - December 2015)	37.50%				\$86,323,314
10	Bonus Depreciation Rate (January 2016 - March 2016)	12.50%				\$86,855,851
11	Total Bonus Depreciation Rate	50.00%				\$87,348,513
12	Bonus Depreciation	\$10,829,617				\$87,834,639
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	\$89,474,497				\$88,320,656
14	Less Capital Repairs Deduction	\$67,750,089				\$88,806,781
15	Less Bonus Depreciation	\$10,829,617				\$89,292,798
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$10,894,791				\$89,778,923
17	20 YR MACRS Tax Depreciation Rates	3.750%				\$90,264,940
18	Remaining Tax Depreciation	\$408,555				\$90,751,066
19	FY16 tax (gain)/loss on retirements	\$248,321				\$91,237,082
20	Cost of Removal	\$3,701,611				\$91,723,208
21	Total Tax Depreciation and Repairs Deduction	\$82,938,193				\$92,209,224

1/ Capital Repairs percentage is based on the actual results of the FY 2016 tax return.

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on FY 2016 Capital Investment

Line No.		(a) FY 18	(b) FY 19
	Deferred Tax Subject to Proration		
1	Book Depreciation		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L1, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L1, C(e)	
		\$2,916,853	\$2,911,746
2	Bonus Depreciation		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L2, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L2, C(e)	
		\$0	\$0
3	Remaining MACRS Tax Depreciation		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L3, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L3, C(e)	
		(\$892,846)	(\$672,971)
4	FY19 tax (gain)/loss on retirements		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L4, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L4, C(e)	
		\$0	\$0
5	Cumulative Book / Tax Timer	\$2,024,007	\$2,238,775
6	Effective Tax Rate	35.00%	21.00%
7	Deferred Tax Reserve	\$708,402	\$470,143
		Line 5 * Line 6	
	Deferred Tax Not Subject to Proration		
8	Capital Repairs Deduction		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L8, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L8, C(e)	
9	Cost of Removal		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L9, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L9, C(e)	
10	Book/Tax Depreciation Timing Difference at 3/31/2019		
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	\$708,402	\$470,143
		Line 7 + Line 13	
15	Net Operating Loss		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L15, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L15, C(e)	
16	Net Deferred Tax Reserve	\$708,402	\$470,143
		Line 14 + Line 15	
	Allocation of FY 2019 Estimated Federal NOL		
17	Cumulative Book/Tax Timer Subject to Proration		
		Col (b) = Line 5	
18	Cumulative Book/Tax Timer Not Subject to Proration		
		Line 11	
19	Total Cumulative Book/Tax Timer		
		Line 17 + Line 18	
20	Total FY 2019 Federal NOL (Utilization)		
		C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L20, C (d); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26a of 31, L20, C(e)	
21	Allocated FY 2019 Federal NOL Not Subject to Proration		
		(Line 18 / Line 19) * Line 20	
22	Allocated FY 2019 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	Net Deferred Tax Reserve subject to proration	\$708,402	\$470,143
		Line 7 + Line 24	
		(h)	(i)
	Proration Calculation	<u>Number of Days in Month</u>	<u>Proration Percentage</u>
26	Apr-2018	30	91.78%
27	May-2018	31	83.29%
28	Jun-2018	30	75.07%
29	Jul-2018	31	66.58%
30	Aug-2018	31	58.08%
31	Sep-2018	30	49.86%
32	Oct-2018	31	41.37%
33	Nov-2018	30	33.15%
34	Dec-2018	31	24.66%
35	Jan-2019	31	16.16%
36	Feb-2019	28	8.49%
37	Mar-2019	31	0.00%
38	Total	365	
			(j)
			\$54,181
			\$49,168
			\$44,316
			\$39,302
			\$34,288
			\$29,436
			\$24,422
			\$19,570
			\$14,556
			\$9,542
			\$5,014
			\$0
			\$0
			\$323,795
			\$214,892
39	Deferred Tax Without Proration	Line 25	\$708,402
40	Average Deferred Tax without Proration	Line 39 ÷ 2	\$354,201
41	Proration Adjustment	Line 38 - Line 40	(\$30,406)
			(\$20,180)

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j)&(k) Current Year Line 25 ÷ 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2015 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2015 (a)	Fiscal Year 2016 (b)	Fiscal Year 2017 (c)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)
1	Depreciable Net Capital Included in ISR Rate Base					
1a	Total Allowed Capital Included in ISR Rate Base in Current Year	\$74,915,000	\$0	\$0	\$0	\$0
1b	Work Order Write Off Adjustment	\$323,217	\$0	\$0	\$0	\$0
2	New Service Installation and Service Relocations, Growth (per informal Request Division 1-2)	\$87,115	\$0	\$0	\$0	\$0
2	Retirements	\$5,566,546	\$0	\$0	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	\$68,938,122	\$68,938,122	\$68,938,122	\$68,938,122	\$68,938,122
4	Change in Net Capital Included in ISR Rate Base					
5	Capital Included in ISR Rate Base	\$74,504,668	\$0	\$0	\$0	\$0
6	Depreciation Expense	\$24,356,183	\$0	\$0	\$0	\$0
7	Incremental Capital Amount	\$50,148,485	\$50,148,485	\$50,148,485	\$50,148,485	\$50,148,485
7a	Cost of Removal	\$2,425,000	\$2,425,000	\$2,425,000	\$2,425,000	\$2,425,000
7b	Work Order Write Off Adjustment	\$253,782	\$0	\$0	\$0	\$0
7b	New Service Installation and Service Relocations, Growth (per informal Request Division 1-2)	\$6,782	\$0	\$0	\$0	\$0
8	Net Plant Amount	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921
9	Deferred Tax Calculation:					
10	Composite Book Depreciation Rate	3.38%	3.38%	3.38%	3.38%	3.38%
11	Tax Depreciation	\$68,843,570	\$979,151	\$905,637	\$837,819	\$774,884
11	Cumulative Tax Depreciator	\$68,843,570	\$69,822,721	\$70,728,358	\$71,566,177	\$72,341,061
12	Book Depreciation	\$1,165,054	\$2,330,109	\$2,330,109	\$2,330,109	\$2,330,109
13	Cumulative Book Depreciation	\$1,165,054	\$3,495,163	\$5,825,271	\$8,155,380	\$10,485,488
14	Cumulative Book / Tax Time	\$67,678,516	\$66,327,558	\$64,903,087	\$63,410,797	\$61,855,573
15	Effective Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
16	Deferred Tax Reserve	\$23,687,481	\$23,214,645	\$22,716,080	\$13,316,267	\$12,989,670
17	Less: FY 2015 NOL	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)
18	Excess Deferred Tax	\$4,481,943	\$4,009,108	\$3,510,543	\$3,040,471	\$2,713,874
19	Net Deferred Tax Reserve	\$4,481,943	\$4,009,108	\$3,510,543	\$3,040,471	\$2,713,874
20	ISR Rate Base Calculation:					
21	Cumulative Incremental Capital Included in ISR Rate Base	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921
22	Accumulated Depreciator	(\$1,165,054)	(\$3,495,163)	(\$5,825,271)	(\$8,155,380)	(\$10,485,488)
23	Deferred Tax Reserve	(\$4,481,943)	(\$4,009,108)	(\$3,510,543)	(\$3,040,471)	(\$2,713,874)
23	Year End Rate Base before Deferred Tax Promitor	\$46,665,924	\$44,808,651	\$42,977,108	\$41,117,070	\$39,113,559
24	Revenue Requirement Calculation:					
25	Average ISR Rate Base before Deferred Tax Promotion Adjustment	\$23,332,962	\$45,737,288	\$43,892,879	\$42,047,089	\$40,115,314
26	Promotion Adjustment	\$0	\$0	\$0	(\$22,463)	(\$14,018)
27	Average ISR Rate Base after Deferred Tax Promitor	\$23,332,962	\$45,737,288	\$43,892,879	\$42,024,626	\$40,101,296
28	Pre-Tax ROR	10.05%	10.05%	10.05%	9.73%	8.78%
29	Return and Taxes	\$2,344,963	\$4,596,597	\$4,411,234	\$4,090,047	\$3,570,894
30	Book Depreciator	\$1,165,054	\$2,330,109	\$2,330,109	\$2,330,109	\$2,330,109
30	Property taxes	\$0	\$0	\$0	\$0	\$0
31	Annual Revenue Requirement	\$3,510,017	\$6,926,706	\$6,741,343	\$6,420,155	\$5,851,002
32	As Approved in RIPUC Docket No. 4540, 4671	\$3,541,285	\$6,988,713	\$6,407,467	\$6,407,467	\$6,407,467
33	Work Order Write Off Adjustment	(\$31,268)	(\$0)	(\$0)	(\$0)	(\$0)
34	Promotion Adjustment	\$0	\$0	\$0	\$12,688	\$12,688
35	5 months Revenue Requirement (April 1, 2018-August 31, 2018)					\$2,437,918

1/ Actual FY 2015 retirements per Company's book
2/ Actual FY 2015 Cost of Removal per Company's book
3/ Property taxes calculated on Page 28 of 35 through Page 30 of 35 for all vintage years commencing with FY14 and reflected in total on Page 1 of 35 at Line

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2015 Capital Investments

Line No.		Fiscal Year 2015 (a)	(b)	(c)	(d)	(e)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	\$74,591,783				
2	Capital Repairs Deduction Rate	63.81%				
3	Capital Repairs Deduction	\$47,597,001				\$13,563,528
	<u>Bonus Depreciation</u>					
4	Plant Additions					\$68,843,570
5	Less Capital Repairs Deduction	\$74,591,783				\$69,822,721
6	Plant Additions Net of Capital Repairs Deduction	\$47,597,001				\$70,728,358
7	Percent of Plant Eligible for Bonus Depreciation	\$26,994,782				\$71,566,177
8	Plant Eligible for Bonus Depreciation	99.51%				\$72,341,061
9	Bonus Depreciation Rate (April 2014 - December 2014)	\$26,862,508				\$73,057,894
10	Bonus Depreciation Rate (January 2015 - March 2015)	37.50%				\$73,720,879
11	Total Bonus Depreciation Rate	12.50%				\$74,334,222
12	Bonus Depreciation	\$13,431,254				\$74,939,426
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions					\$75,544,495
14	Less Capital Repairs Deduction	\$74,591,783				\$76,149,700
15	Less Bonus Depreciation	\$47,597,001				\$76,754,769
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$13,431,254				\$77,359,974
17	20 YR MACRS Tax Depreciation Rates	\$13,563,528				\$77,965,042
18	Remaining Tax Depreciation	3.750%				\$78,570,247
19	§481(a) FY09- FY14 adjustment for tax (gain)/loss on retirements	\$508,632				\$79,175,316
20	FY15 tax (gain)/loss on retirements	\$4,311,849				\$79,787,165
21	Cost of Removal	\$823,616				\$80,390,794
22	Total Tax Depreciation and Repairs Deduction	\$2,171,218				\$81,594,863
				100.000%	\$13,563,528	\$81,898,466

1/ Capital Repairs percentage is based on the actual results of the FY 2015 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on FY 2015 Capital Investment

Line No.		(a) FY 18	(b) FY 19
	Deferred Tax Subject to Proration		
1	Book Depreciation C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L1, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L1, C(f)	\$2,333,053	\$2,330,109
2	Bonus Depreciation C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L2, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L2, C(f)	\$0	\$0
3	Remaining MACRS Tax Depreciation C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L3, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L3, C(f)	(\$837,819)	(\$774,884)
4	FY19 tax (gain)/loss on retirements C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L4, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L4, C(f)	\$0	\$0
5	Cumulative Book / Tax Timer Sum of Lines 1 through 4	\$1,495,234	\$1,555,224
6	Effective Tax Rate	35.00%	21.00%
7	Deferred Tax Reserve Line 5 * Line 6	\$523,332	\$326,597
	Deferred Tax Not Subject to Proration		
8	Capital Repairs Deduction C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L8, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L8, C(f)		
9	Cost of Removal C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L9, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L9, C(f)		
10	Book/Tax Depreciation Timing Difference at 3/31/2019		
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 + Line 13	\$523,332	\$326,597
15	Net Operating Loss C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L15, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L15, C(f)		
16	Net Deferred Tax Reserve Line 14 + Line 15	\$523,332	\$326,597
17	Allocation of FY 2019 Estimated Federal NOL		
18	Cumulative Book/Tax Timer Subject to Proration Col (b) = Line 5	\$1,495,234	\$1,555,224
19	Cumulative Book/Tax Timer Not Subject to Proration Line 11		
	Total Cumulative Book/Tax Timer Line 17 + Line 18	\$1,495,234	\$1,555,224
20	Total FY 2019 Federal NOL (Utilization) C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L20, C (e); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L20, C(f)		
21	Allocated FY 2019 Federal NOL Not Subject to Proration (Line 18 / Line 19) * Line 20	\$0	\$0
22	Allocated FY 2019 Federal NOL Subject to Proration (Line 17 / Line 19) * Line 20	\$0	\$0
23	Effective Tax Rate		
24	Deferred Tax Benefit subject to proration Line 22 * Line 23		
25	Net Deferred Tax Reserve subject to proration Line 7 + Line 24	\$523,332	\$326,597
	(h)	(i)	
26	Proration Calculation		
	<u>Number of Days in Month</u>	<u>Proration Percentage</u>	(j)
27	Apr-2018	30	91.78%
28	May-2018	31	83.29%
29	Jun-2018	30	75.07%
30	Jul-2018	31	66.58%
31	Aug-2018	31	58.08%
32	Sep-2018	30	49.86%
33	Oct-2018	31	41.37%
34	Nov-2018	30	33.15%
35	Dec-2018	31	24.66%
36	Jan-2019	31	16.16%
37	Feb-2019	28	8.49%
38	Mar-2019	31	0.00%
	Total	365	
			(k)
			\$40,027
			\$36,323
			\$32,738
			\$29,034
			\$25,330
			\$21,746
			\$18,042
			\$14,457
			\$10,753
			\$7,049
			\$3,704
			\$0
			\$0
			\$239,203
			\$149,280
39	Deferred Tax Without Proration Line 25	\$523,332	\$326,597
40	Average Deferred Tax without Proration Line 39 ÷ 2	\$261,666	\$163,299
41	Proration Adjustment Line 38 - Line 40	(\$22,463)	(\$14,018)

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j)&(k) Current Year Line 25 ÷ 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2014 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2014 (a)	Cumulative FY15-FY16 (b)	Fiscal Year 2017 (c)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)
1	Depreciable Net Capital Included in Rate Base					
2	Total Allowed Capital Included in Rate Base in Current Year Retirements	\$21,360,998		\$0	\$0	\$0
3	Net Depreciable Capital Included in Rate Base	1,615,155		\$0	\$0	\$0
4	Change in Net Capital Included in Rate Base	\$19,745,842		\$19,745,842	\$19,745,842	\$19,745,842
5	Depreciation expense		\$4,060,176			
6	Incremental Capital Amount		\$17,300,822	\$17,300,822	\$17,300,822	\$17,300,822
7	Cost of Removal					
8	Net Plant Amount		\$15,981,069	\$15,981,069	\$15,981,069	\$15,981,069
9	Deferred Tax Calculation:					
10	Composite Book Depreciation Rate		3.38%	3.38%	3.38%	3.38%
11	Tax Depreciation		\$17,439,322	\$66,983	\$154,439	\$142,869
12	Cumulative Tax Depreciation		\$17,439,322	\$17,981,955	\$18,136,394	\$18,279,263
13	Book Depreciation		\$333,705	\$667,409	\$667,409	\$667,409
14	Cumulative Book/Tax Timer		\$333,705	\$2,335,933	\$3,003,343	\$3,670,752
15	Effective Tax Rate		\$17,105,617	\$15,646,021	\$15,133,051	\$14,608,511
16	Deferred Tax Reserve		\$5,886,966	\$5,900,108	\$5,913,250	\$5,926,400
17	Federal NOL					
18	Excess Deferred Tax					
19	Net Deferred Tax Reserve before Proration Adjustment					
20	Rate Base Calculation:					
21	Cumulative Incremental Capital Included in Rate Base		\$15,981,069	\$15,981,069	\$15,981,069	\$15,981,069
22	Accumulated Depreciation					
23	Deferred Tax Reserve					
24	Year End Rate Base		\$0	\$0	\$0	\$0
25	Revenue Requirement Calculation:					
26	Average ISR Rate Base before Deferred Tax Proration Adjustment		\$15,647,365	\$13,645,136	\$12,977,727	\$12,310,317
27	Proration Adjustment		\$4,914,753	\$13,978,841	\$13,311,432	\$12,644,022
28	Pre-Tax ROR		\$4,914,753	\$13,978,841	\$13,311,432	\$12,644,022
29	Return and Taxes		\$493,933	\$1,404,874	\$1,294,771	\$1,109,730
30	Book Depreciation		\$333,705	\$667,409	\$667,409	\$667,409
31	Property Taxes		\$0	\$0	\$0	\$0
32	Annual Revenue Requirement on Incremental FY14 Investment		\$827,637	\$2,072,283	\$1,962,181	\$1,777,139
33	Remaining FY14 NOL attributable to embedded rate base in RIPUC Docket 432:					
34	Average Rate Base		\$12,037,252	\$12,548,111	\$12,709,696	\$12,819,850
35	Pre-Tax ROR		\$7,021,730	\$12,460,536	\$12,628,903	\$12,764,773
36	Return and Taxes		\$705,684	\$1,252,284	\$1,229,108	\$1,120,747
37	Annual Revenue Requirement adjustment to base rates related to NOI		\$705,684	\$1,252,284	\$1,229,108	\$1,120,747
38	Total Annual Revenue Requirement		\$1,533,321	\$3,324,567	\$3,191,289	\$2,897,887
39	As Approved in RIPUC Docket No. 4540, 4678		\$1,584,245	\$3,295,349		
40	Work Order Write Off Adjustment					
41	Proration Adjustment					
42	5 months Revenue Requirement (April 1, 2018-August 31, 2018)					
43	1/ Actual Incremental Retirements					
44	2/ Depreciation expense has been prorated for two months (February - March 2014).					
45	3/ Actual Incremental Cost of Removal					
46	4/ 31.41% per Page 32 of 35					
47	5/ Property taxes calculated on Page 28 of 35 through Page 30 of 35 for all vintage years commencing with FY14 and reflected in total on Page 1 of 35 at Line 11					
48	6/ 58.33% per Docket No. 4474					

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2014 Capital Investment

Line No.		Fiscal Year 2014	(b)	(c)	(d)	(e)
		(a)	20 Year MACRS Depreciation			
Capital Repairs Deduction						
1	Plant Additions	Per Page 18 of 35, Line 1				
		\$21,360,998				
2	Capital Repairs Deduction Rate	Per Tax Department	1/			
		74.94%				
3	Capital Repairs Deduction	Line 1 * Line 2				
		\$16,007,932				
Bonus Depreciation						
4	Plant Additions	Line 1				
		\$21,360,998				
5	Less Capital Repairs Deduction	Line 3				
		\$16,007,932				
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5				
		\$5,353,066				
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department				
		99.00%				
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7				
		\$5,299,535				
9	Bonus Depreciation Rate (April 2013 - December 2013)	1 * 75% * 50%				
		37.50%				
10	Bonus Depreciation Rate (January 2014 - March 2014)	1 * 25% * 50%				
		12.50%				
11	Total Bonus Depreciation Rate	Line 9 + Line 10				
		50.00%				
12	Bonus Depreciation	Line 8 * Line 11				
		\$2,649,768				
Remaining Tax Depreciation						
13	Plant Additions	Line 1				
		\$21,360,998				
14	Less Capital Repairs Deduction	Line 3				
		\$16,007,932				
15	Less Bonus Depreciation	Line 12				
		\$2,649,768				
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - 14 - 15				
		\$2,703,298				
17	20 YR MACRS Tax Depreciation Rates	Per IRS Pub. 946				
		3.750%				
18	Remaining Tax Depreciation	Line 16 * Line 17				
		\$101,374				
19	Cost of Removal	Per Page 18 of 35, Line 7				
		(\$1,319,752)				
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19				
		\$17,439,322				

1/ Capital Repairs percentage is based on the actual results of the FY 2014 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on FY 2014 Incremental Capital Investment

Line No.	Deferred Tax Subject to Proration		(a)	(b)	
			FY 18	FY 19	
1	Book Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L1, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L1, C(g)	\$679,280	\$667,409	
2	Bonus Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L2, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L2, C(g)	\$0	\$0	
3	Remaining MACRS Tax Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L3, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L3, C(g)	(\$156,979)	(\$142,869)	
4	FY19 tax (gain)/loss on retirements	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L4, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L4, C(g)	\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$522,301	\$524,540	
6	Effective Tax Rate		35.00%	21.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	\$182,805	\$110,153	
Deferred Tax Not Subject to Proration					
8	Capital Repairs Deduction	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L8, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L8, C(g)			
9	Cost of Removal	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L9, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L9, C(g)			
10	Book/Tax Depreciation Timing Difference at 3/31/2019				
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 + Line 13	\$182,805	\$110,153	
15	Net Operating Loss	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L15, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L15, C(g)			
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$182,805	\$110,153	
Allocation of FY 2019 Estimated Federal NOL					
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5			
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11			
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18			
20	Total FY 2019 Federal NOL (Utilization)	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L20, C (f); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L20, C(g)			
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20			
22	Allocated FY 2019 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	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$182,805	\$110,153	
			(h)	(i)	
Proration Calculation					
		<u>Number of Days in Month</u>	<u>Proration Percentage</u>	(j)	(k)
26	Apr-2018	30	91.78%	\$13,982	\$8,425
27	May-2018	31	83.29%	\$12,688	\$7,645
28	Jun-2018	30	75.07%	\$11,436	\$6,891
29	Jul-2018	31	66.58%	\$10,142	\$6,111
30	Aug-2018	31	58.08%	\$8,848	\$5,332
31	Sep-2018	30	49.86%	\$7,596	\$4,577
32	Oct-2018	31	41.37%	\$6,302	\$3,798
33	Nov-2018	30	33.15%	\$5,050	\$3,043
34	Dec-2018	31	24.66%	\$3,756	\$2,263
35	Jan-2019	31	16.16%	\$2,462	\$1,484
36	Feb-2019	28	8.49%	\$1,294	\$780
37	Mar-2019	31	0.00%	\$0	\$0
38	Total	365		\$83,556	\$50,349
39	Deferred Tax Without Proration	Line 25		\$182,805	\$110,153
40	Average Deferred Tax without Proration	Line 39 ÷ 2		\$91,403	\$55,077
41	Proration Adjustment	Line 38 - Line 40		(\$7,846)	(\$4,728)

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j)&(k) Current Year Line 25 ÷ 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY2013 Actual Incremental Capital Investment

Line No.	Fiscal Year 2013 (a)	Fiscal Year 2017 (c)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)
1	(\$1,197,129)	(\$1,197,129)	(\$1,197,129)	(\$1,197,129)
2	3,276,842	3,276,842	3,276,842	3,276,842
3	(\$4,473,971)	(\$4,473,971)	(\$4,473,971)	(\$4,473,971)
4	(\$1,197,129)	(\$1,197,129)	(\$1,197,129)	(\$1,197,129)
5	(\$1,701,046)	(\$1,701,046)	(\$1,701,046)	(\$1,701,046)
6	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)
7	3.38%	3.38%	3.38%	3.38%
8	(\$2,724,002)	(\$10,338)	(\$9,564)	(\$8,845)
9	(\$2,724,002)	(\$2,770,664)	(\$2,780,228)	(\$2,789,073)
10	(\$75,610)	(\$151,220)	(\$151,220)	(\$151,220)
11	(\$75,610)	(\$680,491)	(\$831,711)	(\$982,931)
12	(\$2,648,392)	(\$3,289,597)	(\$1,948,517)	(\$1,806,142)
13	35.00%	35.000%	21.00%	21.00%
14	(\$926,937)	(\$1,151,359)	(\$509,189)	(\$379,290)
15	\$0	\$0	\$0	\$0
16	(\$926,937)	(\$1,151,359)	(\$509,189)	(\$379,290)
17	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)
18	(\$75,610)	(\$680,491)	(\$831,711)	(\$982,931)
19	\$926,937	\$1,151,359	\$731,561	\$657,040
20	(\$1,895,627)	(\$1,217,845)	(\$1,486,123)	(\$1,238,203)
21	(\$947,814)	(\$1,537,079)	(\$1,432,824)	(\$1,318,864)
22	(\$947,814)	(\$1,537,079)	(\$1,432,824)	(\$1,318,864)
23	(\$947,814)	(\$1,537,079)	(\$1,432,824)	(\$1,318,864)
24	(\$108,966)	(\$154,476)	(\$139,244)	(\$115,684)
25	(\$75,610)	(\$151,220)	(\$151,220)	(\$151,220)
26	\$0	(\$72,993)	(\$64,396)	(\$55,728)
27	(\$181,576)	(\$378,689)	(\$354,860)	(\$322,631)
28	\$6,136,520	\$6,136,520	\$6,136,520	\$6,136,520
29	\$3,068,260	\$6,136,520	\$6,136,520	\$6,136,520
30	\$343,031	\$6,167,20	\$597,237	\$538,786
31	\$343,031	\$6,167,20	\$597,237	\$538,786
32	\$109,784	\$29,328	\$34,183	\$27,655
33	(\$29,328)	(\$806)		
34	\$0	\$0		
35	\$161,456	\$238,031	\$242,377	\$216,055
36	\$109,784	\$29,328	\$34,183	\$27,655
37	(\$29,328)	(\$806)		
38	\$0	\$0		
39	\$90,065			

1/ Actual Incremental Retirements
2/ Actual Incremental Cost of Removal
3/ \$0 in Year 1, effective property tax rate of 0.7% per Page 29 of 35 of Line 81(b)
4/ Property Tax Rate Calculation based on 2011 actual net plant in service and property tax expense applicable to distribution
5/ \$661,504,504
6/ \$680,565,745
7/ \$681,916,203
8/ \$28,649,542
9/ \$19,061,241
10/ \$14,530,902
11/ \$19,914,665
12/ \$357,479,965

The Narragansett Electric Company

db/a National Grid

FY 2019 Gas ISR Plan Revenue Requirement Reconciliation

Calculation of Tax Depreciation and Repairs Deduction on FY 2013 Capital Investments

Line No.	Description	Fiscal Year 2013 (e)	(b)	(c)	(d)	(e)
Capital Repairs Deduction						
1	Plant Additions	(\$1,197,129)				
2	Capital Repairs Deduction Rate	67.95%				
3	Capital Repairs Deduction	(\$813,449)				
Bonus Depreciation						
4	Plant Additions	(\$1,197,129)				
5	Less Capital Repairs Deduction	(\$813,449)				
6	Plant Additions Net of Capital Repairs Deduction	(\$383,680)				
7	Percent of Plant Eligible for 100% Bonus Depreciation	5.67%				
8	Plant Eligible for 100% Bonus Depreciation	(\$21,763)				
9	Bonus Depreciation Rate (April 2012 - December 2012)	75.00%				
10	Bonus Depreciation Rate (January 2013 - March 2013)	25.00%				
11	Total Bonus Depreciation Rate	100.00%				
12	100% Bonus Depreciation	(\$21,763)				
13	Plant Additions Net of Capital Repairs Deduction and 100% Bonus Depreciation	(\$361,917)				
14	Plant Eligible for 50% Bonus Depreciation	100.00%				
15	Bonus Depreciation Rate (April 2012 - December 2012)	37.50%				
16	Bonus Depreciation Rate (January 2013 - March 2013)	12.50%				
17	Total Bonus Depreciation Rate	50.00%				
18	50% Bonus Depreciation	(\$180,958)				
Remaining Tax Depreciation						
19	Plant Additions	(\$1,197,129)				
20	Less Capital Repairs Deduction	(\$813,449)				
21	Less Bonus Depreciation	(\$202,721)				
22	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	(\$180,958)				
23	20 YR MACRS Tax Depreciation Rates	3.750%				
24	Remaining Tax Depreciation	(\$6,786)				
25	Cost of Removal	(\$1,701,046)				
26	Total Tax Depreciation and Repairs Deduction	(\$2,724,002)				

Fiscal Year	(b)	(c)	(d)	(e)
2013				
1/	(\$1,197,129)			
	67.95%			
	(\$813,449)			
2/	(\$1,197,129)			
	(\$813,449)			
	(\$383,680)			
	5.67%			
	(\$21,763)			
	75.00%			
	25.00%			
	100.00%			
	(\$21,763)			
	(\$361,917)			
	100.00%			
	37.50%			
	12.50%			
	50.00%			
	(\$180,958)			
	(\$1,197,129)			
	(\$813,449)			
	(\$202,721)			
	(\$180,958)			
	3.750%			
	(\$6,786)			
	(\$1,701,046)			
	(\$2,724,002)			

1/ Capital Repairs percentage is based on the actual results of the FY 2013 tax return.

2/ Long period production assets qualifying for 100% bonus depreciation in FY 2013 totaled \$3.2 million, taken over total FY13 ISR-eligible capital investment of \$56.4 million equals 5.67%.

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on FY 2013 Incremental Capital Investment

Line No.	Description	Reference	(a)	(b)	
			FY 18	FY 19	
Deferred Tax Subject to Proration					
1	Book Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L1, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L1, C(h)	(\$150,012)	(\$151,220)	
2	Bonus Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L2, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L2, C(h)	\$0	\$0	
3	Remaining MACRS Tax Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L3, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L3, C(h)	\$9,278	\$8,845	
4	FY19 tax (gain)/loss on retirements	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L4, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L4, C(h)	\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$140,734)	(\$142,375)	
6	Effective Tax Rate		35.00%	21.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	(\$49,257)	(\$29,899)	
Deferred Tax Not Subject to Proration					
8	Capital Repairs Deduction	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L8, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L8, C(h)			
9	Cost of Removal	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L9, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L9, C(h)			
10	Book/Tax Depreciation Timing Difference at 3/31/2019				
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 + Line 13	(\$49,257)	(\$29,899)	
15	Net Operating Loss	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L15, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L15, C(h)			
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$49,257)	(\$29,899)	
Allocation of FY 2019 Estimated Federal NOL					
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5			
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11			
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18			
20	Total FY 2019 Federal NOL (Utilization)	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L20, C (g); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L20, C(h)			
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20			
22	Allocated FY 2019 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	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$49,257)	(\$29,899)	
		(h)	(i)		
Proration Calculation					
		<u>Number of Days in Month</u>	<u>Proration Percentage</u>	(j)	(k)
26	Apr-2018	30	91.78%	(\$3,767)	(\$2,287)
27	May-2018	31	83.29%	(\$3,419)	(\$2,075)
28	Jun-2018	30	75.07%	(\$3,081)	(\$1,870)
29	Jul-2018	31	66.58%	(\$2,733)	(\$1,659)
30	Aug-2018	31	58.08%	(\$2,384)	(\$1,447)
31	Sep-2018	30	49.86%	(\$2,047)	(\$1,242)
32	Oct-2018	31	41.37%	(\$1,698)	(\$1,031)
33	Nov-2018	30	33.15%	(\$1,361)	(\$826)
34	Dec-2018	31	24.66%	(\$1,012)	(\$614)
35	Jan-2019	31	16.16%	(\$664)	(\$403)
36	Feb-2019	28	8.49%	(\$349)	(\$212)
37	Mar-2019	31	0.00%	\$0	\$0
38	Total	365		(\$22,514)	(\$13,666)
39	Deferred Tax Without Proration	Line 25		(\$49,257)	(\$29,899)
40	Average Deferred Tax without Proration	Line 39 ÷ 2		(\$24,628)	(\$14,949)
41	Proration Adjustment	Line 38 - Line 40		\$2,114	\$1,283

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j)&(k) Current Year Line 25 ÷ 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2012 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2012 (a)	Cumulative FY13-FY16 (b)	Fiscal Year 2017 (c)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)
1	Depreciable Net Capital Included in Rate Base	\$6,721,626	\$0	\$0	\$0	\$0
2	Total Allowed Capital Included in Rate Base in Current Year Retirements	2,292,446	\$0	\$0	\$0	\$0
3	Net Depreciable Capital Included in Rate Base	\$4,429,180	\$4,429,180	\$4,429,180	\$4,429,180	\$4,429,180
4	Change in Net Capital Included in Rate Base	\$6,721,626	\$6,721,626	\$6,721,626	\$6,721,626	\$6,721,626
5	Capital Included in Rate Base	(\$3,180,470)	(\$3,180,470)	(\$3,180,470)	(\$3,180,470)	(\$3,180,470)
6	Net Plant Amount	\$3,541,156	\$3,541,156	\$3,541,156	\$3,541,156	\$3,541,156
7	Deferred Tax Calculation:					
8	Composite Book Depreciation Rate	3.38%	3.38%	3.38%	3.38%	3.38%
9	Tax Depreciation	\$3,001,202	\$29,648	\$29,648	\$27,421	\$25,368
10	Cumulative Tax Depreciation	\$3,001,202	\$3,145,859	\$3,175,507	\$3,202,929	\$3,228,297
11	Book Depreciation	\$74,853	\$673,678	\$149,706	\$149,706	\$149,706
12	Cumulative Book Depreciation	\$74,853	\$673,678	\$823,385	\$973,091	\$1,122,797
13	Effective Book / Tax Timer	\$2,026,349	\$2,472,181	\$3,252,131	\$2,229,838	\$2,105,500
14	Deferred Tax Reserve	\$5,000%	\$5,000%	\$5,000%	\$5,000%	\$5,000%
15	Less: FY 2012 Federal NOL	\$1,024,222	\$865,263	\$823,243	\$468,266	\$442,155
16	Excess Deferred Tax	(\$1,024,222)	(\$865,263)	(\$823,243)	(\$784,723)	(\$758,612)
17	Net Deferred Tax Reserve	\$0	\$0	\$0	\$316,457	\$316,457
18	Rate Base Calculation:					
19	Cumulative Incremental Capital Included in Rate Base	\$3,541,156	\$3,541,156	\$3,541,156	\$3,541,156	\$3,541,156
20	Accumulated Depreciation	(\$74,853)	(\$673,678)	(\$823,385)	(\$973,091)	(\$1,122,797)
21	Deferred Tax Reserve	\$0	\$0	\$0	\$0	\$0
22	Year End Rate Base	\$3,466,303	\$2,867,477	\$2,717,771	\$2,568,065	\$2,418,359
23	Revenue Requirement Calculation:					
24	Average ISR Rate Base before Deferred Tax Promotion Adjustment	\$1,733,151.27	\$2,792,624	\$2,792,624	\$2,642,918	\$2,493,212
25	Promotion Adjustment				(\$1,880)	(\$1,121)
26	Average ISR Rate Base after Deferred Tax Promotion	\$1,733,151	\$2,792,624	\$2,792,624	\$2,641,039	\$2,492,091
27	Return and Taxes	11.41%	10.05%	9.73%	8.78%	8.78%
28	Book Depreciation	\$197,753	\$280,659	\$257,039	\$218,806	\$218,806
29	Property Taxes	\$74,853	\$149,706	\$149,706	\$149,706	\$149,706
30	Annual Revenue Requirement	\$0	\$88,355	\$78,917	\$69,255	\$69,255
31	Remaining FY12 NOL attributable to embedded rate base in RIPUC Docket 4333	\$272,606	\$518,720	\$485,662	\$437,766	\$437,766
32	Average Rate Base	\$5,243,839	\$5,444,818	\$5,483,338	\$5,509,449	\$5,509,449
33	Return and Taxes	\$2,621,920	\$5,464,078	\$5,464,078	\$5,496,394	\$5,496,394
34	NOI	\$2,991,161	\$545,093	\$531,791	\$482,583	\$482,583
35	Total Annual Revenue Requirement	\$2,991,161	\$545,093	\$531,791	\$482,583	\$482,583
36	As Approved in RIPUC Docket No. 4540, 4678	\$577,327	\$1,033,040	\$1,033,040	\$1,033,040	\$1,033,040
37	Working Allowance Adjustment	(\$5,560)	(\$5,560)	(\$5,560)	(\$5,560)	(\$5,560)
38	Promotion Adjustment	\$0	\$0	\$0	\$0	\$0
39	5 months Revenue Requirement (April 1, 2018-August 31, 2018)	\$383,479	\$383,479	\$383,479	\$383,479	\$383,479

1/ Actual Incremental Retirements
2/ Actual Incremental Cost of Removal
3/ FY 2019 effective property tax rate of 2.7% per Page 29 of 35 at Line 81(b).

The Narragansett Electric Company

d/b/a National Grid

FY 2019 Gas ISR Plan Revenue Requirement Reconciliation

Calculation of Tax Depreciation and Repairs Deduction on FY 2012 Capital Investments

Line No.		Fiscal Year 2012 (a)	(b)	(c)	(d)	(e)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	\$6,721,626				
2	Capital Repairs Deduction Rate	1/ 67.43%				
3	Capital Repairs Deduction	\$4,532,392				
	<u>Bonus Depreciation</u>					
4	Plant Additions	\$6,721,626				
5	Less Capital Repairs Deduction	\$4,532,392				
6	Plant Additions Net of Capital Repairs Deduction	\$2,189,234				
7	Percent of Plant Eligible for Bonus Depreciation	2/ 85.00%				
8	Plant Eligible for Bonus Depreciation	\$1,860,849				
9	Bonus Depreciation Rate (April 2011 - December 2011)	75.00%				
10	Bonus Depreciation Rate (January 2012 - March 2012)	12.50%				
11	Total Bonus Depreciation Rate	87.50%				
12	Bonus Depreciation	\$1,628,243				
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	\$6,721,626				
14	Less Capital Repairs Deduction	\$4,532,392				
15	Less Bonus Depreciation	\$1,628,243				
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$560,991				
17	20 YR MACRS Tax Depreciation Rates	3.750%				
18	Remaining Tax Depreciation	\$21,037				
19	Cost of Removal	(\$3,180,470)				
20	Total Tax Depreciation and Repairs Deduction	\$3,001,202				

MACRS basis:	Fiscal Year	20 Year MACRS Depreciation	Annual	Cummulative
	2012	3.750%	\$21,037	\$3,001,202
	2013	7.219%	\$40,498	\$3,041,700
	2014	6.677%	\$37,457	\$3,079,157
	2015	6.177%	\$34,652	\$3,113,810
	2016	5.713%	\$32,049	\$3,145,859
	2017	5.285%	\$29,648	\$3,175,507
	2018	4.888%	\$27,421	\$3,202,929
	2019	4.522%	\$25,368	\$3,228,297
	2020	4.462%	\$25,031	\$3,253,328
	2021	4.461%	\$25,026	\$3,278,354
	2022	4.462%	\$25,031	\$3,303,385
	2023	4.461%	\$25,026	\$3,328,411
	2024	4.462%	\$25,031	\$3,353,442
	2025	4.461%	\$25,026	\$3,378,468
	2026	4.462%	\$25,031	\$3,403,500
	2027	4.461%	\$25,026	\$3,428,525
	2028	4.462%	\$25,031	\$3,453,557
	2029	4.461%	\$25,026	\$3,478,583
	2030	4.462%	\$25,031	\$3,503,614
	2031	4.461%	\$25,026	\$3,528,640
	2032	2.231%	\$12,516	\$3,541,156
		100.000%	\$560,991	\$3,541,156

1/ Capital Repairs percentage is based on the actual results of the FY 2012 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

2/ Since not all property additions qualify for bonus depreciation and because a project must be started after the beginning of the bonus period, January 1, 2008, an estimate of 85% is used rather than 100%.

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement
Calculation of Net Deferred Tax Reserve Proration on FY 2012 Incremental Capital Investment

Line No.	Deferred Tax Subject to Proration		(a)	(b)				
			FY 18	FY 19				
1	Book Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L1, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L1, C(i)	\$152,921	\$149,706				
2	Bonus Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L2, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L2, C(i)	\$0	\$0				
3	Remaining MACRS Tax Depreciation	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L3, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L3, C(i)	(\$27,809)	(\$25,368)				
4	FY19 tax (gain)/loss on retirements	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L4, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L4, C(i)	\$0	\$0				
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$125,112	\$124,338				
6	Effective Tax Rate		35.00%	21.00%				
7	Deferred Tax Reserve	Line 5 * Line 6	\$43,789	\$26,111				
Deferred Tax Not Subject to Proration								
8	Capital Repairs Deduction	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L8, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L8, C(i)						
9	Cost of Removal	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L9, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L9, C(i)						
10	Book/Tax Depreciation Timing Difference at 3/31/2019							
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 + Line 13	\$43,789	\$26,111				
15	Net Operating Loss	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L15, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L15, C(i)						
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$43,789	\$26,111				
Allocation of FY 2019 Estimated Federal NOL								
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5						
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11						
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18						
20	Total FY 2019 Federal NOL (Utilization)	C (a) = RIPUC Docket No. 4678, Reconciliation Filing, Attachment MAL-1, P 21 of 25, L20, C (h); C (b) = RIPUC Docket No. 4781, Section 3, Attachment 1-Supp2, P 26b of 31, L20, C(i)						
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20						
22	Allocated FY 2019 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	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$43,789	\$26,111				
			(h)	(i)				
Proration Calculation								
26	Apr-2018	Number of Days in Month	30	Proration Percentage	(j)	\$3,349	(k)	\$1,997
27	May-2018		31	91.78%		\$3,039		\$1,812
28	Jun-2018		30	83.29%		\$2,739		\$1,633
29	Jul-2018		31	75.07%		\$2,429		\$1,449
30	Aug-2018		31	66.58%		\$2,119		\$1,264
31	Sep-2018		30	58.08%		\$1,820		\$1,085
32	Oct-2018		31	49.86%		\$1,510		\$900
33	Nov-2018		30	41.37%		\$1,210		\$721
34	Dec-2018		31	33.15%		\$900		\$537
35	Jan-2019		31	24.66%		\$590		\$352
36	Feb-2019		28	16.16%		\$310		\$185
37	Mar-2019		31	8.49%		\$0		\$0
38	Total		365	0.00%		\$20,015		\$11,935
39	Deferred Tax Without Proration	Line 25				\$43,789		\$26,111
40	Average Deferred Tax without Proration	Line 39 ÷ 2				\$21,895		\$13,056
41	Proration Adjustment	Line 38 - Line 40				(\$1,880)		(\$1,121)

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j)&(k) Current Year Line 25 ÷ 12 * Current Month Col (i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
FY 2012 - FY 2014 Incremental Capital Investment Summary

Line No.		Actual Fiscal Year 2012 (a)	Actual Fiscal Year 2013 (b)	Actual Fiscal Year 2014 (c)
<u>Capital Investment</u>				
1	ISR-eligible Capital Investment	\$ 54,477,445	\$56,416,101	\$70,137,361
Col (a) Docket No. 4219 FY 2012 ISR Reconciliation Filing less audit adjustment of \$203,902; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation Filing less audit adjustment of \$44,855; Col (c) Docket No. 4380 FY 2014 ISR Reconciliation Filing less audit adjustment of \$266,685				
1a	Work Order Write Off Adjustment	\$0	\$393,288	\$771,673
1b	Growth (per Informal Request Division 1-2)	\$95,103	\$35,750	\$351,197
2	ISR-eligible Capital Additions included in Rate Base per R.I.P.U.C. Docket No. 4323	\$47,660,716	\$57,184,191	\$47,653,493
Docket No. 4323 Schedule MDL-3-Gas Page 51, Line Notes 1(a), 2(b) and 3(e)				
3	Incremental ISR Capital Investment	\$6,721,626	(\$1,197,129)	\$21,360,998
Line 1 - Line 1a - Line 1b - Line 2				
<u>Cost of Removal</u>				
4	ISR-eligible Cost of Removal	\$2,583,612	\$3,152,565	\$2,707,824
Col (a) Docket No. 4219 FY 2012 ISR Reconciliation Filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation Filing; Col (c) Actual FY 2014 ISR Gas Cost of Removal per Company's Books				
4a	Work Order Write Off Adjustment	\$0	\$141,414	105,654.38
4b	Growth (per Informal Request Division 1-2)	\$8,994	\$10,801	4,092
5	ISR-eligible Cost of Removal in Rate Base per R.I.P.U.C. Docket No. 4323	\$5,755,088	\$4,701,396	\$3,917,830
Docket No. 4323, Workpaper MDL-19-GAS, Page 3				
6	Incremental Cost of Removal	(\$3,180,470)	(\$1,701,046)	(\$1,319,752)
Line 4 - Line 4a - Line 4b - Line 5				
<u>Retirements</u>				
7	ISR-eligible Retirements	\$5,366,562	5,775,791	\$5,274,944
Col (a) Docket No. 4219 FY 2012 ISR Reconciliation filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation filing; Col (c) Actual FY 2014 ISR Gas Retirements				
8	ISR-eligible Retirements per R.I.P.U.C. Docket No. 4323	\$3,074,116	\$2,498,949	\$3,659,788
Col (a) Docket No. 4219 Supplemental Testimony 2-17-2011; Col (b) Docket No. 4306 FY 2013 ISR Proposal Filing; Col (c) = Line 2(c) * 7.68% Retirement rate per Docket No. 4323 (Workpaper MDL-19-GAS p 4)				
9	Incremental Retirements	\$2,292,446	\$3,276,842	\$1,615,155
Line 7 - Line 8				

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Actual FY 2019 Property Tax Recovery Adjustment
(\$000s)

Line	Effective Tax Rate Calculation	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		RY End	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	End of FY14 As filed	Cumulative Incremental ISR Property Tax for FY14	Cumulative Incremental ISR Property Tax for FY15	Cumulative Incremental ISR Property Tax for FY16
1	Plant In Service	\$805,721	\$11,502	\$994	\$12,496		(\$879)					
2	Accumulated Depr	\$347,664				\$4,690	(\$879)	(\$434)	\$351,041			
3	Net Plant	\$458,057							\$466,296			
4	Property Tax Expense	\$13,995							\$15,624			
5	Effective Prop tax Rate	3.06%							3.35%			
6												
7												
8												
9												
10												
11												
12												
13												
14	Plant In Service	\$817,569	\$74,505	\$22,014	\$96,519		(\$7,969)		\$906,119			
15	Accumulated Depr	\$351,041				\$30,019	(\$7,969)	(\$2,164)	\$370,926			
16	Net Plant	\$466,528							\$535,192			
17	Property Tax Expense	\$15,624							\$16,221			
18	Effective Prop tax Rate	3.35%							3.03%			
19												
20												
21												
22												
23												
24												
25												
26												
27	Plant In Service	\$906,119	\$89,323	\$27,286	\$116,610		(\$3,178)		\$1,019,550			
28	Accumulated Depr	\$370,926				\$33,433	(\$3,178)	(\$3,684)	\$397,497			
29	Net Plant	\$535,192							\$622,053			
30	Property Tax Expense	\$16,221							\$19,316			
31	Effective Prop tax Rate	3.03%							3.11%			
32												
33												
34												
35												
36												
37												
38	Property Tax Recovery Calculation											
39												
40	ISR Additions		\$11,502				\$74,505			\$89,323		
41	Book Depreciation: base allowance on ISR eligible plan		(\$4,060)				(\$24,356)			(\$24,356)		
42	Book Depreciation: current year ISR addition		(\$631)				(\$1,165)			(\$1,456)		
43	COR		\$434				\$2,164			\$3,684		
44												
45	Net Plant Additions		\$7,245				\$51,148			\$67,195		
46												
47	Rate Year Effective Tax Rate											
48	Property Tax Recovery on 2 mos FY14 vintage investmen						3.06%			3.06%		
49	Property Tax Recovery on FY15 vintage investmer							\$229		\$218		
50	Property Tax Recovery on FY16 vintage investmer							\$1,563		\$1,494		
51	Property Tax Recovery on FY16 vintage investmer									\$2,053		
52	ISR Year Effective Tax Rate											
53	RY Effective Tax Rate & differential		3.35%				3.03%			3.11%		
54	RY Effective Tax Rate differential for 2 months FY 2011:		3.06%				3.06%			3.06%		
55	RY Net Plant times Tax Rate differential		0.29%				-0.03%					
56	RY Net Plant times Tax Rate differential		0.05%									
57	2 mos FY14 Net Adds times ISR Year Effective Tax rate		\$458,057 * 0.05%	\$225			\$458,057 * -0.03%	(\$116)		\$458,057 * 0.05%	\$229	
58	FY15 Net Adds times ISR Year Effective Tax rate		\$7,245 * 0.29%	\$21			\$7,487 * -0.03%	(\$2)		\$7,128 * 0.05%	\$4	
59	FY16 Net Adds times ISR Year Effective Tax rate						\$51,148 * -0.03%	(\$13)		\$48,899 * 0.05%	\$24	
60	Total Property Tax related to rate differential							(\$131)		\$67,195 * 0.05%	\$34	
61	Total ISR Property Tax Recovery										\$290	
62												
63	As Approved in RIPUC Docket No. 4540										\$4,055	
64	True up made in FY17 Reconciliation Docket No. 4590										\$4,071	
65	Adjusted Property Tax											(\$10)
66	True up made in FY18 Rec Docket No. 4678											(\$6)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Actual FY 2019 Property Tax Recovery Adjustment (continued) 1
(\$000s)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>End of FY16</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk. Depr.</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY17</u>
67 Plant In Service	\$1,019,580	\$81,161	\$22,407	\$1,03,568		(\$20,507)	(\$6,100)	\$1,102,611
68 Accumulated Depr	\$397,497				\$56,753	(\$20,507)		\$407,643
69 Net Plant	\$622,083							\$694,968
70 Property Tax Expense	\$19,316							\$21,414
71 Effective Prop. tax Rate	3.11%							3.08%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>End of FY17</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk. Depr.</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY18</u>
72 Plant In Service	\$1,102,611	\$97,810	\$19,341	\$117,151	\$39,730	(\$24,057)	(\$8,603)	\$1,195,705
73 Accumulated Depr	\$407,643				\$780,992			\$414,713
74 Net Plant	\$694,968							\$780,992
75 Property Tax Expense	\$21,414							\$22,678
76 Effective Prop. tax Rate	3.08%							2.90%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>End of FY18</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk. Depr.</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY19</u>
77 Plant In Service	\$1,195,705	\$92,263	\$24,845	\$117,108		(\$6,844)	(\$6,123)	\$1,305,969
78 Accumulated Depr	\$414,713				\$40,858	(\$6,844)	(\$6,123)	\$442,604
79 Net Plant	\$780,992							\$863,364
80 Property Tax Expense	\$22,678							\$23,283
81 Effective Prop. tax Rate	2.90%							2.70%
Property Tax Recovery Calculation								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>Cumulative Incremental ISR Property Tax for FY17</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk. Depr.</u>	<u>Retirements</u>	<u>Cumulative Incremental ISR Property Tax for FY18</u>	<u>Cumulative Inerm. ISR Prop. Tax for FY2019 Ist 5 month</u>
82 ISR Additions	\$81,161						\$97,810	\$92,263
83 Book Depreciation: base allowance on ISR eligible plant	(\$24,356)						(\$24,356)	(\$24,356)
84 Book Depreciation: current year ISR additions	(\$1,213)						(\$1,213)	(\$1,469)
85 COR	\$6,100						(\$6,003)	\$1,583
86 Net Plant Additions	\$61,691						\$80,810	\$78,041
87 Rate Year Effective Tax Rate	3.06%						3.06%	3.06%
88 Property Tax Recovery on 2 mos FY14 vintage investment			\$206					\$76
89 Property Tax Recovery on FY15 vintage investment			\$1,403					\$508
90 Property Tax Recovery on FY16 investment			\$1,956					\$709
91 Property Tax Recovery on FY17 investment			\$1,885					\$714
92 Property Tax Recovery on FY18 investment								\$989
93 Property Tax Recovery on FY19 investment								\$993
94 RY Net Plant times Tax Rate differential								
95 RY Effective Tax Rate	3.08%							
96 RY Effective Tax Rate & differential	3.06%	0.03%						
97 RY Net Plant times Tax Rate differential			\$119					
98 2 mos FY14 Net Adds times ISR Year Effective Tax rate	\$458,057 * 0.03%		\$2					
99 FY15 Net Adds times ISR Year Effective Tax rate	\$6,735 * 0.03%		\$2					
100 FY16 Net Adds times ISR Year Effective Tax rate	\$45,906 * 0.03%		\$12					
101 FY17 Net Adds times ISR Year Effective Tax rate	\$63,361 * 0.03%		\$16					
102 FY18 Net Adds times ISR Year Effective Tax rate	\$61,691 * 0.03%		\$16					
103 FY19 Net Adds times ISR Year Effective Tax rate								
104 Total Property Tax related to rate differential			\$165					
105 Total ISR Property Tax Recovery			\$5,594					
106 Total Property Tax Recovery approved in Docket 4678			\$5,614					
107 True up required in this filing			(\$20)					
108								
109								

The Narragansett Electric Company
 d/b/a National Grid
 RIPUC Docket No. 4781
 FY 2019 Gas Infrastructure, Safety,
 and Reliability Plan Reconciliation Filing
 Attachment MAL-1
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The Narragansett Electric Company
 d/b/a National Grid
 FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
 Actual FY 2019 Property Tax Recovery Adjustment (continued) 2
 (\$000s)

Cumulative Incom. ISR Prop. Tax for FY2019		7 months	
110	Incremental ISR Additions		(\$91.4)
111	Book Depreciation: base allowance on ISR eligible plant		\$0
112	Book Depreciation: current year ISR additions		(\$7)
113	COR		\$5,627
114	Net Plant Additions		\$4,705
115	RY Effective Tax Rate	2.92%	\$118
116	ISR Property Tax Recovery on FY 2018 Net Incremental	1.70%	\$80
117	ISR Property Tax Recovery on FY 2019 Net Incremental		
118	ISR Property Tax Recovery on FY 2020 Net Incremental		
119	ISR Property Tax Recovery on FY 2021 vintage investment		
120	ISR Year Effective Tax Rate	2.70%	
121	RY Effective Tax Rate	2.92%	
122	RY Effective Tax Rate 7 mos for FY 2019	-0.22%	
123	RY Net Plant times Rate Difference	-0.13%	7 mos
124	FY 2018 Net Incremental times 7 mo rate difference	\$	919,892 * -0.13%
125	FY 2019 Net Incremental times 7 mo rate difference		\$6,934 * -0.13%
126	FY 2020 Net Incremental times 7 mo rate difference		\$4,705 * -0.13%
127	FY 2021 Net Adds times rate difference		
128	Total Property Tax due to rate differential		(\$1,218)
129	Total ISR Property Tax Recovery		(\$1,020)

Line Notes	Line Notes
10(a) - 9(a)	82(f)
10(b) - 9(b)	83(f)
14(b)-22(b)	Page 2 of 35, Line 5(a) / 1000
27(b)-35(b)	Page 2 of 35, Line 12(a) / 1000
41(b) - 62(a)	Page 2 of 35 Line 7(a) / 1000
41(b)-62(b)	Sum of Line 82(j) - 85(f)
41(b)-62(c)	Line 9(a)
41(b)-62(d)	Line 9(a) * (5 months / 12)
63(a)-64(a)	Line 90(i) * Line 100(i) - 105(i)
63(a)-64(b)	Line 71(b)
65(a)-65(b)	Line 76(b)
66(a)	Line 81(b)
67(a)	Line 84(b)
67(b)	Line 96(i) - Line 97(i)
71(d)	Line 96(a) - 97(a)
72(b)-76(a)	Line 96(e) - 97(e)
72(b)-72(d)	Line 97(i) / (512/Months)
72(b)-73(b)	Per Docket 4678 FY 2018 Gas ISR Plan Reconciliation filing at Page 17 of 25
74(b)	Line 99(a) - 103(a) * 97(b)
75(b)	Per Docket 4678 FY 2018 Gas ISR Plan Reconciliation filing at Page 17 of 25
76(b)	Line 99(e) - 104(e) * 97(f)
77(b)	Line 5(a)
77(c)	Line 100(i) - (Line 100) + 100 * 3.38%
77(d)	Line 101(i) - (Line 14d) + 140 * 3.38%
77(e)	Line 102(i) - (Line 27(d) + 270) * 3.38%
77(f)	Line 103(i) - (Line 67(d) + 670) * 3.38%
77(g)	Line 104(i) - (Line 72(d) + 720) * 3.38%
77(h)	Line 87(i)
77(i)	Line 89(i)
77(j)	Line 90(i)
77(k)	Line 91(i)
77(l)	Line 92(i)
77(m)	Line 93(i)
77(n)	Line 94(i)
77(o)	Line 95(i)
77(p)	Line 96(i)
77(q)	Line 97(i)
77(r)	Line 98(i)
77(s)	Line 99(i)
77(t)	Line 100(i)
77(u)	Line 101(i)
77(v)	Line 102(i)
77(w)	Line 103(i)
77(x)	Line 104(i)
77(y)	Line 105(i)
77(z)	Line 106(i)
78(a)	Line 107(i)
78(b)	Line 108(i)
78(c)	Line 109(i)
78(d)	Line 110(i)
78(e)	Line 111(i)
78(f)	Line 112(i)
78(g)	Line 113(i)
78(h)	Line 114(i)
78(i)	Line 115(i)
78(j)	Line 116(i)
78(k)	Line 117(i)
78(l)	Line 118(i)
78(m)	Line 119(i)
78(n)	Line 120(i)
78(o)	Line 121(i)
78(p)	Line 122(i)
78(q)	Line 123(i)
78(r)	Line 124(i)
78(s)	Line 125(i)
78(t)	Line 126(i)
78(u)	Line 127(i)
78(v)	Line 128(i)
78(w)	Line 129(i)
78(x)	Line 130(i)
78(y)	Line 131(i)
78(z)	Line 132(i)
79(a)	Line 133(i)
79(b)	Line 134(i)
79(c)	Line 135(i)
79(d)	Line 136(i)
79(e)	Line 137(i)
79(f)	Line 138(i)
79(g)	Line 139(i)
79(h)	Line 140(i)
79(i)	Line 141(i)
79(j)	Line 142(i)
79(k)	Line 143(i)
79(l)	Line 144(i)
79(m)	Line 145(i)
79(n)	Line 146(i)
79(o)	Line 147(i)
79(p)	Line 148(i)
79(q)	Line 149(i)
79(r)	Line 150(i)
79(s)	Line 151(i)
79(t)	Line 152(i)
79(u)	Line 153(i)
79(v)	Line 154(i)
79(w)	Line 155(i)
79(x)	Line 156(i)
79(y)	Line 157(i)
79(z)	Line 158(i)
80(a)	Line 159(i)
80(b)	Line 160(i)
80(c)	Line 161(i)
80(d)	Line 162(i)
80(e)	Line 163(i)
80(f)	Line 164(i)
80(g)	Line 165(i)
80(h)	Line 166(i)
80(i)	Line 167(i)
80(j)	Line 168(i)
80(k)	Line 169(i)
80(l)	Line 170(i)
80(m)	Line 171(i)
80(n)	Line 172(i)
80(o)	Line 173(i)
80(p)	Line 174(i)
80(q)	Line 175(i)
80(r)	Line 176(i)
80(s)	Line 177(i)
80(t)	Line 178(i)
80(u)	Line 179(i)
80(v)	Line 180(i)
80(w)	Line 181(i)
80(x)	Line 182(i)
80(y)	Line 183(i)
80(z)	Line 184(i)
81(a)	Line 185(i)
81(b)	Line 186(i)
81(c)	Line 187(i)
81(d)	Line 188(i)
81(e)	Line 189(i)
81(f)	Line 190(i)
81(g)	Line 191(i)
81(h)	Line 192(i)
81(i)	Line 193(i)
81(j)	Line 194(i)
81(k)	Line 195(i)
81(l)	Line 196(i)
81(m)	Line 197(i)
81(n)	Line 198(i)
81(o)	Line 199(i)
81(p)	Line 200(i)
81(q)	Line 201(i)
81(r)	Line 202(i)
81(s)	Line 203(i)
81(t)	Line 204(i)
81(u)	Line 205(i)
81(v)	Line 206(i)
81(w)	Line 207(i)
81(x)	Line 208(i)
81(y)	Line 209(i)
81(z)	Line 210(i)
82(a)	Line 211(i)
82(b)	Line 212(i)
82(c)	Line 213(i)
82(d)	Line 214(i)
82(e)	Line 215(i)
82(f)	Line 216(i)
82(g)	Line 217(i)
82(h)	Line 218(i)
82(i)	Line 219(i)
82(j)	Line 220(i)
82(k)	Line 221(i)
82(l)	Line 222(i)
82(m)	Line 223(i)
82(n)	Line 224(i)
82(o)	Line 225(i)
82(p)	Line 226(i)
82(q)	Line 227(i)
82(r)	Line 228(i)
82(s)	Line 229(i)
82(t)	Line 230(i)
82(u)	Line 231(i)
82(v)	Line 232(i)
82(w)	Line 233(i)
82(x)	Line 234(i)
82(y)	Line 235(i)
82(z)	Line 236(i)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1 Total Base Rate Plant DIT Provision									\$ 16,572,023	\$ 19,038,494	\$ 17,003,343	\$ 13,893,167				
2 Total Base Rate Plant DIT Provision	\$1,121,846	\$1,080,717	\$1,038,476	\$906,443	\$865,263	\$823,243	\$784,723	\$758,612	\$17,193,641	\$18,309,741	\$11,577,639	\$0	\$0	\$0	\$0	\$0
3 Incremental FY 12	\$0	(\$734,732)	(\$690,174)	(\$829,884)	(\$780,869)	(\$731,561)	(\$686,939)	(\$657,040)	\$1,121,846	(\$41,129)	(\$42,241)	(\$132,033)	(\$41,180)	(\$42,020)	(\$38,520)	(\$26,111)
4 Incremental FY 13	\$0	\$0	\$6,444,262	\$5,821,675	\$5,651,257	\$5,476,108	\$5,314,522	\$5,204,369	\$0	(\$734,732)	\$44,558	(\$139,710)	\$49,015	\$49,309	\$44,622	\$29,899
5 Incremental FY 14	\$0	\$0	\$0	\$23,687,481	\$23,214,645	\$22,716,080	\$22,236,009	\$21,919,412	\$0	\$0	\$6,444,262	(\$622,387)	(\$170,419)	(\$175,149)	(\$161,586)	(\$110,153)
6 FY 2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 FY 2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 FY 2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 FY 2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10 FY 2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 TOTAL Plant DIT Provision	\$ 1,121,846	\$ 345,985	\$ 6,792,564	\$ 29,585,715	\$ 57,469,108	\$ 82,305,122	\$ 112,155,729	\$ 126,702,504	\$ 18,315,487	\$ 17,533,880	\$ 18,024,218	\$ 22,793,151	\$ 27,883,393	\$ 24,836,014	\$ 29,850,607	\$ 14,546,775
12 NOL									\$ 6,268,061	\$ 6,136,520	\$ 23,775,494	\$ 19,205,538	\$ 11,594,940	\$ -	\$ 6,051,855	\$ -
13 Lesser of NOL or DIT Provision									\$ 6,268,061	\$ 6,136,520	\$ 18,024,218	\$ 19,205,538	\$ 11,594,940	\$ -	\$ 6,051,855	\$ -

Line Notes:

- 10) Per DR 4223 Compliance filing Attachment 6, Page 59 of 65; Line 18(e) less Line 18(a)
- 10)-(16) Per DR 4223 Compliance filing Attachment 6, Page 64 of 65; Lines 32, 38, and 44
- 2 Col (l) = Line 1(i) * 75% + Line 1(j) * 25% ; Col (j) = Line 1(i) * 75% + Line 1(k) * 25% ; Col (k) = Line 1(i) * 10/12ths
- 3(a)-(100) Cumulative DIT and Excess DIT per vintage year ISR revenue requirement calculations (Page 10, Line 14; Page 8, Line 14; Page 6, Line 16; Page 4, Line 16+Line 18; Page 2, Line 16+Line 18)
- 30)-(100) Same as above, cumulative DIT shown in Cols (d) through (l)
- 11 Sum of Lines 2 through 9
- 12 Per Tax Dept
- 13 Lesser of Line 11 or Line 12

**The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Weighted ISR Additions FY 2014**

<u>Line No.</u>	<u>Month No.</u>	<u>Month</u>	<u>FY 2014 ISR Additions</u> (a)	<u>In Rates</u> (b)	<u>Not In Rates</u> (c) = (a) - (b)	<u>Weight</u> (d)	<u>Weighted Average</u> (e) = (d) * (c)
1				\$57,184,191			
2	1	Apr-13	\$5,751,208	4,765,349	\$985,858	0.958	\$944,781
3	2	May-13	5,751,208	4,765,349	985,858	0.875	862,626
4	3	Jun-13	5,751,208	4,765,349	985,858	0.792	780,471
5	4	Jul-13	5,751,208	4,765,349	985,858	0.708	698,316
6	5	Aug-13	5,751,208	4,765,349	985,858	0.625	616,161
7	6	Sep-13	5,751,208	4,765,349	985,858	0.542	534,007
8	7	Oct-13	5,751,208	4,765,349	985,858	0.458	451,852
9	8	Nov-13	5,751,208	4,765,349	985,858	0.375	369,697
10	9	Dec-13	5,751,208	4,765,349	985,858	0.292	287,542
11	10	Jan-14	5,751,208	4,765,349	985,858	0.208	205,387
12	11	Feb-14	5,751,208	-	5,751,208	0.125	718,901
13	12	Mar-14	5,751,208	-	5,751,208	0.042	239,634
14	Total FY 2014		\$69,014,490	\$47,653,493	\$21,360,998		\$6,709,374
15	Total Additions February & March 2014				\$11,502,415		
16	FY 2014 Weighted Average Incremental Rate Base Percentage						31.41%

Column (a) = Page 27 of 35, Line 1(c)
Column (b) = Page 27 of 35, Line 2(c)
Column (d) = (12.5 - Month No.) ÷ 12
Line 15 = Line 12(c) + Line 13(c)
Line 16 = Line 14(e)/Line 14(c)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Excess Deferred Taxes at 12/31/17

<u>Line No</u>		(a)	(b)	(c) = (b) - (a)	(d)	(e) = (a) + (d)	(g)
		Cumulative Book/Tax Difference at FY17 35%	Book/Tax Difference at FY18	Difference	Prorated Change as of 12/31/17	Cumulative Timing Difference through 12/31/17	Excess Deferred Taxes at 12/31/17
1							
2	Vintage Year						
3	2012	\$2,352,123	\$2,229,838	(\$122,285)	(\$91,714)	\$2,260,409	\$316,457
4	2013	(\$2,090,173)	(\$1,948,517)	\$141,657	\$106,242	(\$1,983,931)	(\$277,750)
5	2014	\$15,646,021	\$15,133,051	(\$512,970)	(\$384,728)	\$15,261,294	\$2,136,581
6	2015	\$64,903,087	\$63,410,797	(\$1,492,289)	(\$1,119,217)	\$63,783,870	\$8,929,742
7	2016	\$79,357,069	\$77,172,768	(\$2,184,301)	(\$1,638,226)	\$77,718,843	\$10,880,638
8	2017	\$74,989,365	\$73,334,553	(\$1,654,812)	(\$1,241,109)	\$73,748,256	\$10,324,756
9	2018	0	\$100,588,833	\$100,588,833	\$75,441,625	\$75,441,625	\$10,561,827

**The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Weighted Average Cost of Capital**

<u>Line No.</u>		(a)	(b)	(c)	(d)	(e)
1	Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 3942					
2		(a)	(b)	(c)	(d)	(e)
3				Weighted		
4	Long Term Debt	Ratio	Rate	Rate	Taxes	Return
5	Short Term Debt	40.63%	7.99%	3.25%		3.25%
6	Preferred Stock	11.66%	3.91%	0.45%		0.45%
7	Common Equity	0.00%	0.00%	0.00%	2.70%	0.00%
8		47.71%	10.50%	5.01%	2.70%	7.71%
9		100.00%		8.71%	2.70%	11.41%
10	(d) - Column (c) x 35% divided by (1 - 35%)					
11	Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 35% income tax rate					
12		(a)	(b)	(c)	(d)	(e)
13				Weighted		
14		Ratio	Rate	Rate	Taxes	Return
15	Long Term Debt	49.95%	5.70%	2.85%		2.85%
16	Short Term Debt	0.76%	0.80%	0.01%		0.01%
17	Preferred Stock	0.15%	4.50%	0.01%		0.01%
18	Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
19		100.00%		7.54%	2.51%	10.05%
20						
21	(d) - Column (c) x 35% divided by (1 - 35%)					
22						
23	Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 21% income tax rate					
24		(a)	(b)	(c)	(d)	(e)
25				Weighted		
26		Ratio	Rate	Rate	Taxes	Return
27	Long Term Debt	49.95%	5.70%	2.85%		2.85%
28	Short Term Debt	0.76%	0.80%	0.01%		0.01%
29	Preferred Stock	0.15%	4.50%	0.01%		0.01%
30	Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
31		100.00%		7.54%	1.24%	8.78%
32	(d) - Column (c) x 21% divided by (1 - 21%)					
33						
34					FY18 Blended Rate	
					Line 19(e) x 75% + Line 31(e) x 25%	9.73%

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment

		(a)	(b)	(c)	(d)
		<u>FY 2013</u>	<u>Vintage Capital Investment Year</u> <u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
1	Total Net Plant in Service				
2	Total Net Plant in Service (as previously filed)	(\$2,898,175)	\$15,981,069	\$52,312,921	\$68,651,094
3	Work Order Write Off Adjustment	(\$581,253)	\$17,213,686	\$52,983,817	\$69,512,731
			(\$1,232,617)	(\$670,896)	(\$861,637)
Revenue Requirement Decrease due to Work Order Write Off					
				Revenue Requirement Year	
	Vintage Capital Investment Year	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
4	FY 2012	0	0	0	(12,065)
5	FY 2013	(29,328)	(72,867)	(69,485)	(68,486)
6	FY 2014	0	(50,924)	(120,625)	(117,798)
7	FY 2015	0	0	(31,268)	(62,007)
8	FY 2016	0	0	0	(86,975)
9	TOTAL	(29,328)	(123,791)	(221,378)	(347,332)
10	Total FY 2013 through FY 2016 revenue requirement impact				(721,829)

Line Notes:

- 1 Col (a) = Page 21 of 35, Line 6; Col (b) = Page 18 of 35, Line 8; Col (c) = Page 15 of 35, Line 8; Col (d) = Page 12 of 35, Line 8
- 2 Col (a) through Col (d) = As approved in RIPUC Docket No. 4540
- 3 Col (a) through Col (d) = Line 1 - Line 2
- 4 Col (a) through Col (d) = Page 24 of 35, Line 38
- 5 Col (a) through Col (d) = Page 21 of 35, Line 37
- 6 Col (a) through Col (d) = Page 18 of 35, Line 40
- 7 Col (a) through Col (d) = Page 15 of 35, Line 33
- 8 Col (a) through Col (d) = Page 12 of 35, Line 34
- 9 Col (a) through Col (d) = Sum of Lines 4 through 8
- 10 Sum of Col (a) through Col (d)

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4781
FY 2019 GAS INFRASTRUCTURE, SAFETY,
AND RELIABILITY PLAN RECONCILIATION FILING
WITNESS: MELISSA A. LITTLE**

Attachment MAL-2

FY 2019 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement Calculation for
the seven months September 1, 2018 through March 31, 2019

**The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Revenue Requirement Summary
for the seven months September 1, 2018 through March 31, 2019**

Line No.		Fiscal Year Plan <u>2019</u> (a)	FY 2019 Sep-Mar <u>Actuals</u> (b)
	Operation and Maintenance Expenses		
1	Actual Gas Infrastructure, Safety, and Reliability O&M Expenses	\$0	\$0
	Capital Investment:		
2	Actual Revenue Requirement on FY 2018 Incremental Capital Included in ISR Rate Base	\$0	\$370,415
3	Actual Revenue Requirement on FY 2019 Incremental Capital Included in ISR Rate Base	\$0	(\$292,051)
4	Total Capital Investment Revenue Requirement	<u>\$0</u>	<u>\$78,364</u>
5	FY 2019 Property Tax Recovery Adjustment	\$0	(\$1,019,832)
6	Total Capital Investment Component of Revenue Requirement	<u>\$0</u>	<u>(\$941,469)</u>
7	Total Revenue Requirement (September 1, 2018-March 31, 2019)	<u>\$0</u>	<u>(\$941,469)</u>

Column Notes:

- (a) Pursuant to the Settlement Agreement filed in RIPUC Docket No. 4770, the Capital component of the FY 2019 ISR rate will be reduced to zero coincident with the effective date of new distribution base rates.

Line Notes:

- 2 Page 2 of 13, Line 30, Col. (b) x 7/12
3 Page 4 of 13, Line 29, Col. (a) x 7/12
4 Sum of Lines 2 through Line 3
5 Page 11 of 13, Line 50, Column (c) x 1,000
6 Sum of Line 4 through Line 5
7 Line 1 + Line 6

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2018 Actual Incremental Gas Capital Investment

Line No.			Fiscal Year 2018 (a)	Fiscal Year 2019 (b)
<u>Depreciable Net Capital Included in ISR Rate Base</u>				
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 6 of 13 , Line 3 ,Col (a)	\$4,632,718	\$0
2	Retirements	Page 6 of 13 , Line 9 ,Col (a)	\$12,059,428	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3	(\$7,426,710)	(\$7,426,710)
<u>Change in Net Capital Included in ISR Rate Base</u>				
4	Capital Included in ISR Rate Base	Line 1	\$4,632,718	\$0
5	Depreciation Expense		\$0	\$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6	\$4,632,718	\$4,632,718
7	Cost of Removal	Page 6 of 13 , Line 6 ,Col (a)	\$1,941,168	\$1,941,168
8	Net Plant Amount	Line 6 + Line 7	\$6,573,886	\$6,573,886
<u>Deferred Tax Calculation:</u>				
9	Composite Book Depreciation Rate		1/ 3.38%	3.15%
10	Tax Depreciation	Col (a)=Page 3 of 13, Line 24, Col (a); Col (b) & forward=Page 3 of 13, Col (d)	\$7,820,728	\$21,720
11	Cumulative Tax Depreciation	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10	\$7,820,728	\$7,842,448
12	Book Depreciation	Col (a) = Line 3 * Line 9 * 50%; Col (b) forward = Line 3 * Line 9	(\$125,511)	(\$234,127)
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	(\$125,511)	(\$359,638)
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$7,946,239	\$8,202,087
15	Effective Tax Rate		2/ 21.00%	21.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$1,668,710	\$1,722,438
17	Less: FY 2018 Federal NOL	Page 12 of 13, Line 8, Col (c)	(\$6,051,855)	(\$6,051,855)
18	Excess Deferred Tax	(Line 14 * 31.55% blended FY18 tax rate) - Line 16; then = Prior Year Line 18	\$838,328	\$838,328
19	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17 + Line 18	(\$3,544,817)	(\$3,491,089)
<u>ISR Rate Base Calculation:</u>				
20	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$6,573,886	\$6,573,886
21	Accumulated Depreciation	- Line 13	\$125,511	\$359,638
22	Deferred Tax Reserve	- Line 19	\$3,544,817	\$3,491,089
23	Year End Rate Base before Deferred Tax Proration	Sum of Lines 20 through 22	\$10,244,214	\$10,424,613
<u>Revenue Requirement Calculation:</u>				
24	Average Rate Base before Deferred Tax Proration Adjustment	Column (a) = Current Year Line 23 ÷ 2; Column (b) = (Prior Year Line 23 + Current Year Line 23) ÷ 2	\$5,122,107	\$10,334,414
25	Proration Adjustment		\$0	\$0
26	Average ISR Rate Base after Deferred Tax Proration	Line 24 + Line 25	\$5,122,107	\$10,334,414
27	Pre-Tax ROR	Page 13 of 13, Column (c), Line 33, Line 30	9.73%	8.41%
28	Return and Taxes	Line 26 * Line 27	\$498,381	\$869,124
29	Book Depreciation	Line 12	(\$125,511)	(\$234,127)
30	Annual Revenue Requirement Revised	Sum of Lines 28 through 29	N/A	\$634,997
31	7 months Revenue Requirement (September 1, 2018-March 31, 2019)	Line 30, Column (b) × 7 ÷ 12		\$370,415

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. 4770, effective on Sep 1, 2018

FY 19 Composite Book Depreciation Rate = 3.38% x 5 / 12 + 2.99% x 7 / 12

2/ The Federal Income Tax rate changed from 35% to 21% on January 1, 2018 per the Tax Cuts and Jobs Act of 2017

The Narragansett Electric Company
d/b/a National Grid

FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2018 Incremental Capital Investment

Line No.		Fiscal Year 2018 (a)	(b)	(c)	(d)	(e)
1	Capital Repairs Deduction					
2	Plant Additions	\$4,632,718				
3	Capital Repairs Deduction Rate	85.43%				
3	Capital Repairs Deduction	\$3,957,731				
4	Bonus Depreciation					
5	Plant Additions	\$4,632,718				
6	Less Capital Repairs Deduction	\$3,957,731				
7	Plant Additions Net of Capital Repairs Deduction	\$674,987				
8	Percent of Plant Eligible for Bonus Depreciation	100.00%				
9	Plant Eligible for Bonus Depreciation	\$674,987				
10	Bonus depreciation 100% category	15.86%				
11	Bonus depreciation 50% category	29.03%				
12	Bonus depreciation 40% category	10.54%				
13	Bonus Depreciation Rate (October 2017 - March 2018)	0.00%				
14	Total Bonus Depreciation Rate	55.43%				
15	Bonus Depreciation	\$374,112				
16	Remaining Tax Depreciation					
17	Plant Additions	\$4,632,718				
18	Less Capital Repairs Deduction	\$3,957,731				
18	Less Bonus Depreciation	\$374,112				
19	Remaining Plant Additions Subject to 20 YR MACRS Tax					
20	Depreciation	\$300,875				
20	20 YR MACRS Tax Depreciation Rates	3.75%				
21	Remaining Tax Depreciation	\$11,283				
22	FY18 tax (gain)/loss on retirements	\$1,536,434				
23	Cost of Removal	\$1,941,168				
24	Total Tax Depreciation and Repairs Deduction	\$7,820,728				

20 Year MACRS Depreciation		(d)	(e)
MACRS basis:	Annual		Cumulative
Fiscal Year			
2018	3.75%	\$11,283	\$7,820,728
2019	7.22%	\$21,720	\$7,842,448
2020	6.68%	\$20,089	\$7,862,538
2021	6.18%	\$18,585	\$7,881,123
2022	5.71%	\$17,189	\$7,898,312
2023	5.29%	\$15,901	\$7,914,213
2024	4.89%	\$14,707	\$7,928,920
2025	4.52%	\$13,606	\$7,942,525
2026	4.46%	\$13,425	\$7,955,950
2027	4.46%	\$13,422	\$7,969,372
2028	4.46%	\$13,425	\$7,982,797
2029	4.46%	\$13,422	\$7,996,219
2030	4.46%	\$13,425	\$8,009,644
2031	4.46%	\$13,422	\$8,023,066
2032	4.46%	\$13,425	\$8,036,491
2033	4.46%	\$13,422	\$8,049,913
2034	4.46%	\$13,425	\$8,063,338
2035	4.46%	\$13,422	\$8,076,761
2036	4.46%	\$13,425	\$8,090,186
2037	4.46%	\$13,422	\$8,103,608
2038	2.23%	\$6,713	\$8,110,320
	100.00%	\$300,875	\$0 check

1/ Capital Repairs percentage is based on the actual results of the FY 2018 tax return.
2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2018 tax return
3/ Actual Loss for FY2018

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2019 Actual Incremental Gas Capital Investment

Line No.			Fiscal Year 2019 (a)
	<u>Depreciable Net Capital Included in ISR Rate Base</u>		
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 6 of 13 , Line 3 ,Col (b)	(\$914,000)
2	Retirements	Page 6 of 13 , Line 9 ,Col (b)	(\$1,368,021)
3	Net Depreciable Capital Included in ISR Rate Base	Line 1 - Line 2	\$454,021
	<u>Change in Net Capital Included in ISR Rate Base</u>		
4	Capital Included in ISR Rate Base	Line 1	(\$914,000)
5	Depreciation Expense		\$0
6	Incremental Capital Amount	Line 4 - Line 5	(\$914,000)
7	Cost of Removal	Page 6 of 13 , Line 6 ,Col (b)	\$5,626,564
8	Net Plant Amount	Line 6 + Line 7	\$4,712,564
	<u>Deferred Tax Calculation:</u>		
9	Composite Book Depreciation Rate	As Approved in RIPUC Docket No. 4323 & 4770	1/ 3.15%
10	Tax Depreciation	Page 5 of 13, Line 21, Col (a)	\$5,202,001
11	Cumulative Tax Depreciation	Line 10	\$5,202,001
12	Book Depreciation	Line 3 * Line 9 * 50%	\$7,157
13	Cumulative Book Depreciation	Line 12	\$7,157
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$5,194,844
15	Effective Tax Rate		21.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$1,090,917
17	Add: FY 2019 Federal NOL incremental utilization	Page 12 of 13, Line 8, Col (d)	\$15,690,984
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17	\$16,781,901
	<u>ISR Rate Base Calculation:</u>		
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$4,712,564
20	Accumulated Depreciation	- Line 13	(\$7,157)
21	Deferred Tax Reserve	- Line 18	(\$16,781,901)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21	(\$12,076,494)
	<u>Revenue Requirement Calculation:</u>		
23	Average Rate Base before Deferred Tax Proration Adjustment	Current Year Line 22 ÷ 2	(\$6,038,247)
24	Proration Adjustment		\$0
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24	(\$6,038,247)
26	Pre-Tax ROR		8.41%
27	Return and Taxes	Line 25 * Line 26	(\$507,817)
28	Book Depreciation	Line 12	\$7,157
29	Annual Revenue Requirement Revised	Sum of Lines 27 through 28	(\$500,660)
30	7 months Revenue Requirement (September 1, 2018-March 31, 2019)	Line 29, Column (a) × 7 ÷ 12	(292,051)

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. 4770, effective on Sep 1, 2018

FY 19 Composite Book Depreciation Rate = 3.38% x 5 / 12 + 2.99% x 7 / 12

The Narragansett Electric Company
d/b/a National Grid

FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Incremental Capital Investment

Line No.	Description	Reference	Fiscal Year 2019		(b)	(c)	(d)	(e)
			(a)					
Capital Repairs Deduction								
1	Plant Additions	Page 4 of 13, Line 1	(\$914,000)					
2	Capital Repairs Deduction Rate	Per Tax Department	71.49%					
3	Capital Repairs Deduction	Line 1 * Line 2	(\$653,419)					
Bonus Depreciation								
4	Plant Additions	Line 1	(\$914,000)					
5	Less Capital Repairs Deduction	Line 3	(\$653,419)					
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	(\$260,581)					
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%					
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	(\$260,581)					
9	Bonus Depreciation Rate (April 2018 - December 2018)	1 * 75% * 0%	0.00%					
10	Bonus Depreciation Rate (January 2019 - March 2019)	1 * 25% * 0%	0.00%					
11	Total Bonus Depreciation Rate	Line 9 + Line 10	0.00%					
12	Bonus Depreciation	Line 8 * Line 11	\$0					
Remaining Tax Depreciation								
13	Plant Additions	Line 1	(\$914,000)					
14	Less Capital Repairs Deduction	Line 3	(\$653,419)					
15	Less Bonus Depreciation	Line 12	\$0					
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	(\$260,581)					
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946	3.75%					
18	Remaining Tax Depreciation	Line 16 * Line 17	(\$9,772)					
19	FY19 tax (gain)/loss on retirements	Per Tax Department	\$238,628					
20	Cost of Removal	Page 4 of 13, Line 7	\$5,626,564					
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20	\$5,202,001					

20 Year MACRS Depreciation		Annual	Cumulative
Fiscal Year	MACRS basis:		
2019	3.75%	(\$9,772)	\$5,202,001
2020	7.22%	(\$18,811)	\$5,183,189
2021	6.68%	(\$17,399)	\$5,165,790
2022	6.18%	(\$16,096)	\$5,149,694
2023	5.71%	(\$14,887)	\$5,134,807
2024	5.29%	(\$13,772)	\$5,121,035
2025	4.89%	(\$12,737)	\$5,108,298
2026	4.52%	(\$11,783)	\$5,096,515
2027	4.46%	(\$11,627)	\$5,084,888
2028	4.46%	(\$11,625)	\$5,073,263
2029	4.46%	(\$11,627)	\$5,061,636
2030	4.46%	(\$11,625)	\$5,050,011
2031	4.46%	(\$11,627)	\$5,038,384
2032	4.46%	(\$11,625)	\$5,026,760
2033	4.46%	(\$11,627)	\$5,015,133
2034	4.46%	(\$11,625)	\$5,003,508
2035	4.46%	(\$11,627)	\$4,991,881
2036	4.46%	(\$11,625)	\$4,980,256
2037	4.46%	(\$11,627)	\$4,968,629
2038	4.46%	(\$11,625)	\$4,957,005
2039	2.23%	(\$5,814)	\$4,951,191
		100.00%	(\$260,581)

1/ Capital Repairs percentage is based on a three-year average of FYs 2014, 2015 and 2016 capital repairs rates.
2/ FY 2019 estimated tax loss on retirements is based on FY 2018 estimate

**The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
FY 2018 - FY 2019 Incremental Capital Investment Summary**

Line No.			Actual Fiscal Year 2018 (a)	Actual Fiscal Year 2019 (b)
<u>Capital Investment</u>				
1	ISR-eligible Capital Investment	Col (a) Docket No. 4678 FY 2018 ISR Reconciliation Filing; Col (b) Docket No. 4781 FY 2019 ISR Reconciliation Filing	\$97,809,718	\$92,263,000
2	ISR-eligible Capital Additions included in Rate Base per RIPUC Docket No. 4770	Docket No. 4770 Schedule MAL-11-Gas Page 5, Lines 1(a) + 1(b) and Lines 1(c) + 1(d)	\$93,177,000	\$93,177,000
3	Incremental ISR Capital Investment	Line 1 - Line 2	\$4,632,718	(\$914,000)
<u>Cost of Removal</u>				
4	ISR-eligible Cost of Removal	Col (a) Docket No. 4678 FY 2018 ISR Reconciliation Filing; Col (b) Docket No. 4781 FY 2019 ISR Reconciliation Filing	\$8,603,224	\$11,583,085
5	ISR-eligible Cost of Removal in Rate Base per RIPUC Docket No. 4770	Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L23+L42×7÷12+Docket 4678 Page 2, Line 7×3÷12; Col(b)=[P1]L42×5÷12+[P2]L18×7÷12	\$6,662,056	\$5,956,522
6	Incremental Cost of Removal	Line 4 - Line 5	\$1,941,168	\$5,626,564
<u>Retirements</u>				
7	ISR-eligible Retirements	Col (a) Docket No. 4678 FY 2018 ISR Reconciliation Filing; Col (b) Docket No. 4781 FY 2019 ISR Reconciliation Filing	\$24,056,661	\$6,531,844
8	ISR-eligible Retirements per RIPUC Docket No. 4770	Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L24+L43×7÷12+ Docket 4678 Page 2, Line 2×3÷12; Col(b)=[P1]L46×5÷12+[P2]L19×7÷12	\$11,997,233	\$7,899,865
9	Incremental Retirements	Line 7 - Line 8	\$12,059,428	(\$1,368,021)
<u>(NOL)/ NOL Utilitization</u>				
10	ISR (NOL)/NOL Utilization Per ISR	Per Tax Department	(\$6,051,855)	\$16,495,753
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	\$0	\$804,769
12	Incremental (NOL)/NOL Utilization	Line 10 - Line 11	(\$6,051,855)	\$15,690,984

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4781
FY 2019 Gas Infrastructure, Safety,
and Reliability Plan Reconciliation Filing
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The Narragansett Electric Company
d/b/a National Grid
ISR Depreciation Expense per Rate Case RIPUC Docket No. 4770

Account No.	Account Title	Test Year June 30, 2017 (a)	1/ ARO Adjustment (b)	Adjustments June 30, 2017 (c)	Adjusted Balance (d) = (a) + (b) + (c)	Proposed Rate (e)	Depreciation Expense (f) = (d) x (e)	
Intangible Plant								
1	302.00	Franchises And Consents	\$213,499	\$0	\$0	\$213,499	0.00%	\$0
2	303.00	Misc. Intangible Plant	\$25,427	\$0	\$0	\$25,427	0.00%	\$0
3	303.01	Misc. Int Cap Software	\$19,833,570	\$0	\$9,991,374	\$29,824,944	0.00%	\$0
4								
5		Total Intangible Plant	\$20,072,496	\$0	\$9,991,374	\$30,063,870		\$0
6								
Production Plant								
9	304.00	Production Land Land Rights	\$364,912	\$0	\$0	\$364,912	0.00%	\$0
10	305.00	Prod. Structures & Improvements	\$2,693,397	\$0	\$0	\$2,693,397	15.05%	\$405,356
11	307.00	Production Other Power	\$46,159	\$0	\$0	\$46,159	7.16%	\$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%	\$74,016
14								
15		Total Production Plant	\$7,378,281	\$0	\$0	\$7,378,281		\$843,766
16								
Storage Plant								
19	360.00	Stor Land & Land Rights	\$261,151	\$0	\$0	\$261,151	0.00%	\$0
20	361.03	Storage Structures Improvements	\$3,385,049	\$0	\$0	\$3,385,049	0.99%	\$33,512
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		Total Storage Plant	\$22,143,748	\$0	\$0	\$22,143,748		\$503,488
25								
Distribution Plant								
28	374.00	Dist. Land & Land Rights	\$956,717	\$0	\$0	\$956,717	0.00%	\$0
29	375.00	Gas Dist Station Structure	\$10,642,632	\$0	\$0	\$10,642,632	1.15%	\$122,390
30	376.00	Distribution Mains	\$46,080,760	\$0	\$0	\$46,080,760	3.61%	\$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 - SI	\$4,190	\$0	\$0	\$4,190	0.00%	\$0
33	376.06	Dist. District Regulator	\$14,213,837	\$0	\$0	\$14,213,837	3.61%	\$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	\$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	\$222,104	3.61%	\$8,018
38	376.15	Propane Lines	\$0	\$0	\$0	\$0	3.61%	\$0
39	376.16	Dist. Catholic Protect	\$1,569,576	\$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	378.10	Gas Measur & Reg Sta Equipment	\$19,586,255	\$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	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	381.10	Sml Meter& Reg Bare Co	\$26,829,565	\$0	\$0	\$26,829,565	1.76%	\$472,200
49	381.30	Lrg Meter& Reg Bare Co	\$15,779,214	\$0	\$0	\$15,779,214	1.76%	\$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	\$2,524,025	3.66%	\$92,379
54	383.00	Dist. House Regulators	\$937,222	\$0	\$0	\$937,222	0.67%	\$6,279
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	\$271,765	0.23%	\$625
59	386.02	Dist. Consumer Prem Equipment	\$110,131	\$0	\$0	\$110,131	0.00%	\$0
60	387.00	Dist. Other Equipment	\$930,079	\$0	\$0	\$930,079	2.15%	\$19,997
61	388.00	1/ ARO	\$5,736,827	(\$5,736,827)	\$0	\$0	0.00%	\$0
62								
63		Total Distribution Plant	\$1,055,696,761	(\$5,737,126)	\$0	\$1,049,959,635	2.99%	\$31,384,677
64								
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	391.01	Gas Office Furniture & Fixture	\$274,719	\$0	\$0	\$274,719	6.67%	\$18,324
70	394.00	General Plant Tools Shop (Fully Dep)	\$26,487	\$0	\$0	\$26,487	0.00%	\$0
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	\$387,650	5.00%	\$19,383
74	397.42	Communication Equip Tel Site	\$63,481	\$0	\$0	\$63,481	20.00%	\$12,696
75	398.10	Miscellaneous Equipment (Fully Dep)	\$1,341,386	\$0	\$0	\$1,341,386	0.00%	\$0
76	398.10	Miscellaneous Equipment	\$2,789,499	\$0	\$0	\$2,789,499	6.67%	\$186,060
77	399.10	1/ ARO	\$342,146	(\$342,146)	\$0	\$0	0.00%	\$0
78								
79		Total General Plant	\$18,340,436	(\$342,146)	\$0	\$17,998,289	4.16%	\$748,271
80								
81		Grand Total - All Categories	\$1,123,631,722	(\$6,079,273)	\$9,991,374	\$1,127,543,823	3.05%	\$33,480,202
82								
Other Utility Plant Assets								
84			Line 63	Total Distribution Plant	\$1,049,959,635	2.99%	\$31,384,677	
85			Line 73 + Line 74	Communication Equipment	\$451,132	7.11%	\$32,079	
86				Total ISR Tangible Plant	\$1,050,410,767	2.99%	\$31,416,756	

Non ISR Assets \$77,133,057

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

The Narragansett Electric Company
d/b/a National Grid
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THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC Docket Nos. 4770/4780
Compliance Attachment 2
Schedule 6-GAS
Page 1 of 5

The Narragansett Electric Company d/b/a National Grid
Depreciation Expense - Gas
For the Test Year Ended June 30, 2017 and the Rate 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
			(a)	(b)	(c)
1	Total Company Rate Year Depreciation	Sum of Page 2, Line 16 and Line 17	\$39,136,909		
2	Total Company Test Year Depreciation	Per Company Books	\$33,311,851		
3	Less: Reserve adjustments	Page 4, Line 29, Col (b) + Col (c)	(\$15,649)		
4	Adjusted Total Company Test Year Depreciation Expense	Line 2 + Line 3	\$33,296,202		
5	Depreciation Expense Adjustmen	Line 1 - Line 4	\$5,840,707		
6					
7			Per Book		
8	Test Year Depreciation Expense 12 Months Ended 06/30/17:		Amount		
9	Total Gas Utility Plant 06/30/17	Page 4, Line 27, Col (d)	\$1,405,994,678	(\$77,133,057)	\$1,328,861,622
10	Less Non Depreciable Plant	Sum of Page 3, Line 5, Col (d) and Page 4, Line 25, Col (e)	(\$308,514,725)		(\$308,514,725)
11	Depreciable Utility Plant 06/30/17	Line 9 + Line 10	\$1,097,479,953	(\$77,133,057)	\$1,020,346,897
12					
13	Plus: Added Plant 2 Mos Ended 08/31/17	Schedule 11-GAS, Page 3, Line 4	\$19,592,266		\$19,592,266
14	Less: Retired Plant 2 Months Ended 08/31/17	1/ Line 13 x Retirement Rate	(\$1,345,989)		(\$1,345,989)
15	Depreciable Utility Plant 08/31/17	Line 11 + Line 13 + Line 14	\$1,115,726,231	(\$77,133,057)	\$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
18					
19	Composite Book Rate %	As Approved in RIPUC Docket No. 4323	3.38%		
20					
21	Book Depreciation Reserve 06/30/17	Page 5, Line 72, Col (d)	\$357,576,825		\$357,576,825
22	Plus: Book Depreciation Expense	Line 17 x Line 19	\$6,233,864		\$6,233,864
23	Less: Net Cost of Removal/(Salvage)	2/ Line 13 x Cost of Removal Rate	(\$1,014,879)		(\$1,014,879)
24	Less: Retired Plant	Line 14	(\$1,345,989)		(\$1,345,989)
25	Book Depreciation Reserve 08/31/17	Sum of Line 21 through Line 24	\$361,449,821		
26					
27	Depreciation Expense 12 Months Ended 08/31/18				
28	Total Utility Plant 08/31/17	Line 9 + Line 13 + Line 14	\$1,424,240,956	(\$77,133,057)	\$1,347,107,900
29	Less Non Depreciable Plant	Line 10	(\$308,514,725)		(\$308,514,725)
30	Depreciable Utility Plant 08/31/17	Line 28 + Line 29	\$1,115,726,231		\$1,038,593,175
31					
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	Depreciable Utility Plant 08/31/18	Sum of Line 30 through Line 33	\$1,223,486,969		\$1,146,353,912
35					
36	Average Depreciable Plant for 12 Months Ended 08/31/18	(Line 30 + Line 34)/2	\$1,169,606,600		\$1,092,473,543
37					
38	Composite Book Rate %	As Approved in RIPUC Docket No. 4323	3.38%		3.38%
39					
40	Book Depreciation Reserve 08/31/17	Line 25	\$361,449,821		
41	Plus: Book Depreciation 08/31/18	Line 36 x Line 38	\$39,532,703		\$36,925,606
42	Less: Net Cost of Removal/(Salvage)	Line 32 x Cost of Removal Rate	(\$5,993,779)		
43	Less: Retired Plant	Line 33	(\$7,949,278)		
44	Book Depreciation Reserve 08/31/18	Sum of Line 40 through Line 43	\$387,039,467		
1/	3 year average retirement over plant addition in service FY 15 ~ FY17		6.87%		Retirements
2/	3 year average Cost of Removal over plant addition in service FY 15 ~ FY17		5.18%		COR

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4781
FY 2019 Gas Infrastructure, Safety,
and Reliability Plan Reconciliation Filing
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THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC Docket Nos. 4770/4780
Compliance Attachment 2
Schedule 6-GAS
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The Narragansett Electric Company d/b/a National Grid
Depreciation Expense - Gas
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2021

The Narragansett Electric Company
d/b/a National Grid
Gas ISR Depreciation Expense

Line No	Description	Reference	Amount (a)	Less non-ISR eligible	
				Plant (b)	ISR Amount (c)
1	Rate Year Depreciation Expense 12 Months Ended 08/31/19:				
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	Less Non-Depreciable Plant	Page 1, Line 10	(\$308,514,725)		(\$308,514,725)
4	Depreciable Utility Plant 08/31/18	Line 2 + Line 3	\$1,223,486,969		\$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	Less: Depreciable Retired Plant	1/ Line 6 x Retirement rate	(\$7,864,570)	\$92,608	(\$7,771,962)
8					
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					
11	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	Schedule NWA-1-GAS, Part VI, Page 6	\$186,500		\$186,500
18	Less: Net Cost of Removal/(Salvage)	2/ Line 6 x Cost of Removal Rate	(\$5,929,909)		\$0
19	Less: Retired Plant	Line 7	(\$7,864,570)		\$0
20	Book Depreciation Reserve 08/31/15	Sum of Line 15 through Line 15	\$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	Less Non-Depreciable Plant	Page 1, Line 10	(\$308,514,725)		(\$308,514,725)
25	Depreciable Utility Plant 08/31/15	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					\$0
30	Depreciable Utility Plant 08/31/20	Sum of Line 25 through Line 28	\$1,349,673,118	(\$79,086,924)	\$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					
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	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	Less: Retired Plant	Line 28	(\$1,443,911)		\$0
41	Book Depreciation Reserve 08/31/20	Sum of Line 36 through Line 40	\$450,910,927		\$37,894,842
42					
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	Less Non-Depreciable Plant	Page 1, Line 10	(\$308,514,725)		(\$308,514,725)
46	Depreciable Utility Plant 08/31/20	Line 44 + Line 45	\$1,349,673,118		
47					
48	Plus: Added Plant 12 Months Ended 08/31/21	Schedule 11-GAS, Page 5, Line 11(i)	\$21,838,436	(\$750,000)	\$21,088,436
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)	\$19,639,660
52					
53	Average Depreciable Plant for Rate Year Ended 08/31/21	(Line 46 + Line 51)/2	\$1,359,842,185		\$1,359,842,185
54					
55	Proposed Composite Rate %	Page 4, Line 17, Col (e)	3.05%		2.99%
56					
57	Book Depreciation Reserve 08/31/20	Line 41	\$450,910,927		\$0
58	Plus: Book Depreciation Expense	Line 53 x Line 55	\$41,483,938		\$40,659,281
59	Plus: Unrecovered Reserve Adjustment	Schedule NWA-1-GAS, Part VI, Page 6	\$186,500		\$186,500
60	Less: Net Cost of Removal/(Salvage)	2/ Line 48 x Cost of Removal Rate	(\$1,131,231)		\$0
61	Less: Retired Plant	Line 49	(\$1,500,301)		\$0
62	Book Depreciation Reserve 08/31/21	Sum of Line 57 through Line 61	\$489,949,834		\$40,845,781
63					
64	1/ 3 year average retirement over plant addition in service FY 15 ~ FY17		0.0687	Retirements	
65	2/ 3 year average Cost of Removal over plant addition in service FY 15 ~ FY17		0.0518	COR	
66					
67	Depreciation Offset Calculation	Line 37 (a) + Line 38 (b)			\$41,061,654
68	Less: General Plant Depreciation	Page 10, Line 79(f)			(\$748,271)
69	Plus: Comm Equipment Depreciation	Page 10, Line 73 + Line 74			\$32,079
70	Total				\$40,345,462
71	7 Months				x7/12
72	FY 2020 Depreciation Expense				\$23,534,853

The Narragansett Electric Company
 db/a National Grid
 FY 2020 ISR Property Tax Recovery Adjustment
 (000s)

Line	(a) End of FY 2018	(b) ISR Additions	(c) Non-ISR Add's	(d) Total Add's	(e) Bk Depr (I)	(f) Retirements	(g) COR	(h) End of FY 2019
1	\$1,195,705	\$92,263	\$24,845	\$117,108		(\$6,844)		\$1,305,969
2	\$414,713				\$40,858	(\$6,844)	(\$6,123)	\$442,604
3	\$780,992							\$863,364
4	\$22,678							\$23,283
5	2.90%							2.70%
Cumulative Increm. ISR Prop. Tax for FY 2018								
6		\$97,810						
7		(\$24,356)						
8		(\$1,246)						
9		\$8,603						
10		\$80,811						
11		3.06%						
12			\$194		5 month			\$76
13			\$1,311					\$508
14			\$1,819					\$709
15			\$1,799					\$714
16			\$2,469					\$989
17								\$993
18			\$7,592					\$3,989
Cumulative Increm. ISR Prop. Tax for FY 2019 1st 5 month								
19	2.90%				2.70%			
20	3.06%				3.06%			
21		-0.15%						-0.36%
22		-0.15%						-0.15%
23		\$458,057 * -0.15%	(\$694)		\$458,057 * -0.15%			(\$684)
24		\$6,343 * -0.15%	(\$10)		\$5,950 * -0.15%			(\$9)
25		\$42,913 * -0.15%	(\$65)		\$39,920 * -0.15%			(\$60)
26		\$59,527 * -0.15%	(\$90)		\$55,693 * -0.15%			(\$83)
27		\$58,883 * -0.15%	(\$89)		\$56,076 * -0.15%			(\$84)
28		\$80,810 * -0.15%	(\$122)		\$77,664 * -0.15%			(\$116)
29			(\$1,071)		\$78,041 * -0.15%			(\$117)
30			\$6,521					\$2,837

The Narragansett Electric Company
d/b/a National Grid
FY 2020 ISR Property Tax Recovery Adjustment

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>Cumulative Incom. ISR Prop. Tax for FY 2019 7 months</u>							
31	Incremental ISR Additions							
32	Book Depreciation: base allowance on ISR eligible plant		(\$9)4					
33	Book Depreciation: current year ISR additions		\$0					
34	COR		(\$7)					
			\$5,627					
35	Net Plant Additions		\$4,705					
36	RX Effective Tax Rate		2.92%					
37	ISR Property Tax Recovery on FY 2018 Net Inc 7 mos		1.70%		\$118			
38	ISR Property Tax Recovery on FY 2019 Net Incremental				\$80			
39	ISR Property Tax Recovery on FY 2020 Net Incremental							
40	ISR Property Tax Recovery on FY 2021 vintage investment							
41	ISR Year Effective Tax Rate	2.70%						
42	RX Effective Tax Rate	2.92%						
43	RX Effective Tax Rate 7 mos for FY 2019	-0.22%						
44	RX Net Plant times Rat 7 month	-0.13% 7 mos						
45	FY 2018 Net Increment 7 month	\$ 919,892 * -0.13%			(\$1,203)			
46	FY 2019 Net Increment 7 month	\$6,934 * -0.13%			(\$9)			
47	FY 2020 Net Increment 7 month	\$4,705 * -0.13%			(\$6)			
48	FY 2020 Net Incremental times rate difference							
	FY 2021 Net Adds times rate difference							
49	Total Property Tax due to rate differential				(\$1,218)			
50	Total ISR Property Tax Recovery				(\$1,020)			

Line Notes	Line Notes
1(a) - 5(h)	42(a)
6(a) - 30(g)	42(b)
31(b)	42(b) - 42(a)
32(b)	42(b) * 7 - 12
33(b)	Rate Case, Docket 4770, Com. Att. 2, Sch 6-G, P2, (L25 - L20) + P3, L5(d) + P3, L4(d) - P3, L4(d) -
34(b)	Sch 5-G, P1, L1(i)
35(b)	44(a) * 43(b)
36(b)	Page 2 of 13, (6(a) + 7(a) - 12(a) - 12(b)) = 1,000
	Rate Case, Docket 4770, Com. Att. 2, Sch 1-G, P2, L15, Col(c)
37(b)	Line 36(b) * 7/12 month
38(c)	45(a) * 37(b)
41(a)	46(a) * 37(b)
	= 5(h)
	43(b)
	44(a)
	44(c)
	45(a)
	45(c)
	46(a)
	46(c)
	49(c)
	50(c)
	= 37(c) + 38(c) + 49(c)

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)
		<u>Test Year</u>			
		<u>July 2016 -</u>	<u>Jul & Aug 2017</u>	<u>12 Mths Aug 31</u>	<u>12 Mths Aug</u>
		<u>June 2017</u>		<u>2018</u>	<u>31 2019</u>
1	Total Base Rate Plant DIT Provision	\$29,439,421	\$5,223,437	\$20,453,237	\$16,078,372
2	Excess DIT amortization		\$0	\$0	(\$1,452,810)
		<u>FY 2018</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
3	Total Base Rate Plant DIT Provision		\$24,514,347	\$17,053,760	\$8,212,881
4	Incremental FY 18	\$2,507,039	\$2,507,039	\$53,728	(\$787,477)
5	Incremental FY 19	\$0	\$0	\$1,090,917	(\$6,801)
6	TOTAL Plant DIT Provision	\$2,507,039	\$27,021,386	\$18,198,405	\$7,418,603
7	NOL		\$6,051,855	(\$15,690,984)	\$0
8	Lesser of NOL or DIT Provision		\$6,051,855	(\$15,690,984)	\$0

Line Notes:

RIPUC Docket Nos. 4770/4780, Compliance Attachment 2, Schedule 11-GAS, Page 11

1(c) of 23, Line 3 plus Line 4

1(d) RIPUC Docket Nos. 4770/4780, Compliance Attachment 2, Schedule 11-GAS, Page 11 of 23, Line 7

2 RIPUC Docket Nos. 4770/4780, Revised Supplemental Compliance Attachment 2,

Col (c) = Line 1(b) * 25% + Line 1(c) + Line 1(d) * 7/12; Col (d) = Line 1(d) * 5/12 + Line 1(e) * 7/12 + Line (2(d) x 5/12 + Line 2(e) * 7/12;

3

4(a)-5(b) Cumulative DIT plus Deferred Income Tax (Page 2, Line 16 + Line 18; Page 4, Line 16)

6 Sum of Lines 3 through 6

7 Page 6 of 13, Line 12

8 Lesser of Line 7 or Line 8

The Narragansett Electric Company
d/b/a National Grid
FY 2019 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Weighted Average Cost of Capital

Line No.

Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 35% income tax rate effective April 1, 2013

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Weighted Rate	Taxes	Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
	100.00%		7.54%	2.51%	10.05%

(d) - Column (c) x 35% divided by (1 - 35%)

Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 21% income tax rate effective January 1, 2018

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Weighted	Taxes	Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
	100.00%		7.54%	1.24%	8.78%

(d) - Column (c) x 21% divided by (1 - 21%)

Weighted Average Cost of Capital as approved in RIPUC Docket No. 4770 effective September 1, 2018

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Weighted	Taxes	Return
Long Term Debt	48.35%	4.98%	2.41%		2.41%
Short Term Debt	0.60%	1.76%	0.01%		0.01%
Preferred Stock	0.10%	4.50%	0.00%		0.00%
Common Equity	50.95%	9.28%	4.73%	1.26%	5.99%
	100.00%		7.15%	1.26%	8.41%

(d) - Column (c) x 21% divided by (1 - 21%)

FY18 Blended Rate Line 8(e) x 75% + Line 20(e) x 25% 9.73%

FY19 Blended Rate Line 20 x 5 ÷ 12 + Line 30 x 7 ÷ 12 8.56%

FY 20 Rate 8.41%