

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

**Hold Harmless Bill Credits
for Electric & Gas Customers**

**Motion to Reopen and
Updated Tariff Advice Filing**

Testimony and Attachments of:

Andrew W. Elmore

Natalie Hawk

Dwayne T. Bauder, Jr., and

Daniel S. Dane

April 16, 2026

Submitted to:

Rhode Island Public Utilities Commission

Docket No. 25-33-GE

Submitted by:



Rhode Island Energy™

a PPL company



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April 16, 2026

VIA ELECTRONIC MAIL AND HAND DELIVERY

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

Re: Docket No. 25-33-GE – The Narragansett Electric Company d/b/a Rhode Island Energy Motion to Reopen and Updated Tariff Advice Filing - Hold Harmless Bill Credits for Electric and Gas Customers

Dear Ms. De La Rosa:

The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), submits the enclosed:

1. Motion to Reopen Docket;
2. Updated tariff advice to establish new, temporary tariffs to provide miscellaneous bill credits to the Company’s electric distribution customers and gas distribution customers;
3. Pre-Filed Supplemental Direct Testimony of Andrew Elmore;
4. Pre-Filed Supplemental Direct Testimony of Natalie Hawk;
5. Pre-Filed Supplemental Direct Testimony of Dwayne T. Bauder, Jr., which includes Schedule DB-1;
6. Schedule DB-NH-1, which is jointly sponsored by Company Witnesses Hawk and Bauder; and
7. Pre-Filed Supplemental Testimony of Daniel S. Dane of Concentric Energy Advisors, Inc.

When the Company withdrew its previous filing due to concerns about approval and timing—which could have delayed the issuance of credits last winter—the Company promised to continue working on a solution and to resubmit a proposal for approval. This filing reflects that commitment to customers and is presented in a more expedited manner, with greater flexibility for the Commission’s review. The Company believes now is the appropriate time to consider this new proposal, as the Commission is also reviewing the pending base rate proposal. This allows for simultaneous consideration of two important proceedings affecting customer rates. The miscellaneous bill credits to be provided pursuant to the temporary tariffs are to satisfy the Hold Harmless Commitment, defined as: the obligation of PPL Corporation (“PPL”) and PPL Rhode Island Holdings, LLC (“PPL Rhode Island”) to hold the Company’s customers harmless from any changes to Accumulated Deferred Income Taxes (“ADIT”) as a result of PPL Rhode Island’s acquisition of 100 percent of the outstanding shares of common stock of the Company from National Grid USA (“National Grid”), which closed on May 25, 2022 (the “Transaction”).

The proposed miscellaneous bill credits provide the Company’s customers with the full net-present value (“NPV”) of the Hold Harmless Commitment in a more present, meaningful way. This updated tariff advice proposes to provide customers with miscellaneous bill credits totaling the NPV of the Hold Harmless Commitment, which the Company has recalculated consistent with the methodology it used when it made its initial tariff advice filing in this docket, with updated calculations to account for timing differences and changed circumstances since that initial calculation. Additionally, the Company has included in this updated tariff advice filing an alternative bill credit allocation approach that would be acceptable to the Company if it is determined in this proceeding that an alternative allocation of the miscellaneous credits among customers is more appropriate. Under both the Company’s proposal and the alternative allocation approaches, the Company will provide the miscellaneous bill credits to active customer accounts that receive bills during the months of January, February, and March of 2027 and 2028.

Accordingly, this updated tariff advice seeks to establish: (1) a temporary electric tariff, RIPUC No. 2304, providing the miscellaneous bill credits to electric distribution customers in January, February, and March of 2027 and 2028, to be applied to each active electric distribution customer account in all rate classes receiving a bill during those months, and (2) a revision to the gas tariff (RIPUC RIE-GAS No. 101) providing the miscellaneous bill credits to gas distribution customers in January, February, and March of 2027 and 2028, to be applied to each active gas distribution customer account in all rate classes receiving a bill during those months. Both the temporary electric tariff and the temporary section of the gas tariff automatically expire once all the contemplated miscellaneous bill credits have been provided to all eligible customer accounts. The version of the tariffs provided reflects the Company’s proposed allocation approach for the bill credits. The Company can provide an alternative tariff version reflecting the alternative allocation approach if requested.

Stephanie De La Rosa, Commission Clerk

Docket No. 25-33-GE – Hold Harmless Bill Credits - Motion to Reopen and Tariff Advice Filing

April 16, 2026

Page 3

The Company proposes that the new temporary electric tariff and the new temporary revisions to the gas tariff shall become effective on September 1, 2026 (consistent with the timing of new base distribution rates to take effect at the conclusion of Docket No. 25-45-GE), for miscellaneous bill credits to commence on January 1, 2027.

The Company presents this Updated Tariff Advice Filing subject to the following conditions: (1) approval of this tariff advice must coincide with the timing of the Company's base distribution rate case proceeding in Docket No. 25-45-GE to permit the necessary adjustments to be made in the base distribution rate case to remove the hold harmless adjustment applied to the revenue requirement, and (2) the Division of Public Utilities and Carriers must acknowledge and represent that the provision of the miscellaneous bill credits proposed in this updated tariff advice fully satisfies the Hold Harmless Commitment prior to implementation. If either of these conditions is not satisfied, the Company will not be able to proceed with the miscellaneous bill credits as proposed.

Thank you for your time and attention. Please contact me if you have any questions or need any further information.

Very truly yours,



Adam M. Ramos

Enclosures

cc: Docket No. 25-33-GE Service List

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

In re: Proposal to Change Rate Accounting :
and Issue Bill Credits Relating to Commitment : **Docket No. 25-33-GE**
to Hold Customers Harmless from an :
Acquisition-Related Increase in Rates :
:

**THE NARRAGANSETT ELECTRIC COMPANY D/B/A RHODE ISLAND ENERGY
MOTION TO REOPEN DOCKET**

I. Introduction

The Narragansett Electric Company d/b/a Rhode Island Energy (the “Company”) hereby moves to reopen Docket No. 25-33-GE, *see* 810-RICR-00-00-1.27(A) (“Rule 1.27(A)”)¹ relating to the Company’s October 2, 2025, tariff advice filing proposing to provide miscellaneous bill credits to implement PPL Corporation and PPL Rhode Island Holdings, LLC’s obligation to “hold harmless Rhode Island customers from any changes to Accumulated Deferred Income Taxes (“ADIT”) as a result of the” Acquisition (the “Hold Harmless Commitment”).² As discussed in greater detail below, the Company seeks to reopen Docket No. 25-33-GE for good cause to facilitate the Public Utilities Commission’s (“Commission”) expeditious review of the revised tariff advice to implement the Hold Harmless Commitment. Specifically, the Company submits that reopening Docket No. 25-33-GE, and thereby

¹ Rule 1.27(A) permits a party to reopen a proceeding for good cause shown for the purpose of taking additional evidence at “any time after the conclusion of a hearing in a proceeding, but before the issuance of the written order[.]” Although the Company previously filed a Notice of Withdrawal of Tariff Advice Filing before a hearing was held on the tariff advice filing, the purpose of this rule is applicable to the Company’s request to reopen.

² The “Acquisition” refers to PPL Rhode Island Holdings, LLC’s acquisition of 100 percent of the outstanding shares of common stock of The Narragansett Electric Company, which closed on May 25, 2022. The Hold Harmless Commitment arises from the Division of Public Utilities and Carriers’ (“Division”) February 23, 2022 Report and Order (the “Acquisition Approval Order”) in Docket No. D-21-09, which approved the Acquisition with conditions. The Hold Harmless Commitment was one of the conditions imposed by the Acquisition Approval Order.

incorporating all the evidence already marshaled in that docket for consideration of the Company's updated tariff advice filing, promotes administrative efficiency for all parties to this docket, as well as the Commission. Accordingly, the Company respectfully requests that the Commission grant its Motion to Reopen, accept the newly revised tariff advice filing, and reopen Docket No. 25-33-GE.

As the Commission is aware, this matter dates back to last year when the Company first approached the Division about accelerating delivery of the Hold Harmless Commitment to benefit customers sooner. When the Company withdrew its previous filing due to concerns about approval and timing—which could have delayed the issuance of credits last winter—the Company promised to continue working on a solution and to resubmit a proposal for approval. This filing reflects that commitment to customers and is presented in a more expedited manner, with greater flexibility for the Commission's review. The Company believes now is the appropriate time to consider this new proposal, as the Commission is also reviewing the pending base rate proposal. This allows for simultaneous consideration of two important proceedings affecting customer rates.

The Company has consulted with the Division on this matter, recognizing the role the Division has with regard to the Hold Harmless Commitment. Specifically, the Hold Harmless Commitment arises from the Division's Report and Order approving the Acquisition in Docket No. D-21-09 (Order No, 24322 at 333-334), and a necessary precondition of any approval, implementation and issuance of bill credits for the Company's newly revised tariff advice filing will be an express acknowledgement and representation from the Division that such implementation will fully satisfy the Hold Harmless Commitment. The Company understands that the Division is amenable to this filing, to vetting the revised tariff advice filing and its

compliance with the Hold Harmless Commitment as part of this proceeding, and to that proposed timeline.

II. Reasons to Reopen the Docket

The Commission previously opened Docket No. 25-33-GE for purposes of considering the Company's October 2, 2025 tariff advice for proposed implementation. The Company's proposed miscellaneous bill credits in the previous tariff advice filing were the result of a robust process the Company undertook with the Division and the Advocacy Section of the Division to satisfy the Hold Harmless Commitment.

On November 14, 2025, the Company filed a Notice of Withdrawal of Tariff Advice Filing with the Commission in Docket No. 25-33-GE because of concerns that arose during the pre-hearing process. As noted earlier, despite filing the Notice of Withdrawal of Tariff Advice Filing, the Company always intended to re-engage this matter with an updated proposal for satisfaction of the Hold Harmless Commitment. The Company now has a revised tariff advice proposal for satisfaction of the Hold Harmless Commitment and is seeking Commission approval to implement it through a revised miscellaneous bill credit proposal.

The Company is seeking to reopen Docket No. 25-33-GE because the evidence previously included in Docket No. 25-33-GE is relevant and applicable to the newly revised tariff advice, and the Commission's consideration of the newly revised tariff advice will be made more efficient by incorporating the evidence previously filed in this docket. Additionally, the Company is filing contemporaneously with this motion the updated tariff advice and testimony supporting the revised tariff advice, which explains the changes in the new tariff advice, as well as the applicability of evidence previously filed in this docket.

III. Conclusion

For these reasons, the Company hereby respectfully requests that the Commission grant its Motion to Reopen Tariff Advice Filing, accept the newly revised tariff advice filed concurrently herewith, and reopen Docket No. 25-33-GE.³

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

By its Attorneys,

/s/ Adam M. Ramos

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Dated: April 16, 2026

³ Before filing, the Company advised both intervening parties in this docket – the Office of the Rhode Island Attorney General (the “RIAG”) and the George Wiley Center – of the Company’s intent to file this motion and asked whether they assented to the request to reopen this docket. The George Wiley Center advised that it assents to the procedural request to reopen the docket, but represented that its assent to reopening the docket does not reflect any position on the substantive merits of the Company’s updated proposal, which it will review and evaluate in due course. Due to the short amount of time between the Company’s request for assent to the RIAG and the Company’s filing, the RIAG was unable to provide a response before filing.

**THE NARRAGANSETT ELECTRIC COMPANY
HOLD HARMLESS IMPLEMENTATION AGREEMENT
MISCELLANEOUS BILL CREDITS**

The purpose of this tariff is to satisfy the Hold Harmless Commitment, defined as: the obligation of PPL Corporation (“PPL”) and PPL Rhode Island Holdings, LLC (“PPL Rhode Island”) to hold the Company’s customers harmless from any changes to Accumulated Deferred Income Taxes (“ADIT”) as a result of PPL Rhode Island’s acquisition of 100 percent of the outstanding shares of common stock of the Company from National Grid USA (“National Grid”), which closed on May 25, 2022 (the “Transaction”). The Hold Harmless Commitment arises from the Division of Public Utilities and Carriers’ (the “Division”) Report and Order (Order No. 24322) dated February 23, 2022, approving the Transaction with conditions. This tariff also is consistent with the Agreement, dated June 13, 2025, by and among the Company, PPL, PPL Rhode Island, and the Advocacy Section of the Division. The Company shall provide its electric distribution customers with miscellaneous bill credits totaling the net present value (“NPV”) of the Hold Harmless Commitment attributable to the Company’s electric distribution customers, including the amount attributable to electric transmission rates that is allocated to the Company’s electric distribution customers. The final NPV of the Hold Harmless Commitment will be determined after the Public Utilities Commission issues an order establishing the Company’s approved weighted average cost of capital (“WACC”) in Docket No. 25-45-GE. The amount of the miscellaneous bill credits will be established pursuant to the formula set forth in this tariff. The miscellaneous bill credits will be reflected in customer accounts in January, February, and March of 2027 and 2028. The timing of the available credit will be the same for all customers, but the timing of when the miscellaneous bill credits will appear on customer bills depends on the dates of the billing cycles.

- I. **APPLICABILITY:** This tariff applies to each active electric distribution customer account in all rate classes for the months of January, February, and March of 2027 and 2028.
- II. **ELECTRIC DISTRIBUTION NPV OF HOLD HARMLESS COMMITMENT:** The NPV of the Hold Harmless Commitment is determined by: (a) calculating the nominal value of the Hold Harmless Commitment, which is the revenue requirement of the difference in rate base between (i) the Company’s increased rate base arising from the elimination of ADIT as a result of the Transaction, and (ii) the rate base the Company would have had in the absence of the Transaction, then (b) converting that amount to an NPV as of September 1, 2026, using a discount rate. The Company’s approved WACC in Docket No. 25-45-GE is used as the rate for both the calculation of the revenue requirement for the nominal amount and the discount rate to obtain the NPV. The “Electric Distribution NPV” is the amount of the NPV to be divided among electric distribution customers and provided to them in miscellaneous bill credits.
- III. **BILL CREDIT AMOUNT:** Each customer account eligible under Section I will receive a miscellaneous bill credit in each month in which they are eligible, calculated according to the following process:

**THE NARRAGANSETT ELECTRIC COMPANY
HOLD HARMLESS IMPLEMENTATION AGREEMENT
MISCELLANEOUS BILL CREDITS**

- A.** Total Nominal Amount of Miscellaneous Bill Credits = (Electric Distribution NPV / Sum of Discount Factors) * the Number of Miscellaneous Bill Credits, where the Sum of Discount Factors reflects:
1. the number (6) and timing (January, February and March of 2027 and 2028) of the Miscellaneous Bill Credits,
 2. application of the approved WACC in Docket No. 25-45-GE for the period after September 1, 2026 through the March 2028 Miscellaneous Bill Credit to provide customers with the time value of money for the time after the date for which the Electric Distribution NPV is calculated;
- B.** Division of the Total Nominal Amount of Miscellaneous Bill Credits by the number of Miscellaneous Bill Credits (6) to establish the Total Monthly Credit Amount;
- C.** Division of the Total Monthly Credit Amount by the total number of active accounts on the date that is ten (10) days prior to each month in which customers will receive miscellaneous bill credits.
- D.** To determine the total number of active accounts applied in part C, above, the Company will run an active account report ten (10) days before the end of the month preceding each month in which it will provide the miscellaneous bill credits and will use the total number of active accounts from each such report to calculate the amount of the miscellaneous bill credit it will provide in the subsequent month.
- IV. RECONCILIATION:** To ensure that customers receive the full amount of the Total Nominal Value calculated pursuant to Section III.A above, for the March 2028 miscellaneous bill credit, the Company will apply the following formula to reconcile for any shortfall resulting from a lesser number of customers actually receiving bills than the number reflected in the report to be run according to Section III.D, above:

Reconciliation Amount = $2.5 * (\text{Sum of Total Monthly Credit Amounts for January, February, and March 2027} - \text{Total Actual Credits Provided to Customers in January, February, and March 2027})$.

The Company will divide the Reconciliation Amount by the total number of active accounts for March 2028 and add that amount to the March 2028 Total Monthly Credit Amount. For purposes of this tariff, the Reconciliation Amount cannot be less than \$0.00, and if the formula results in an amount less than \$0.00, the Company will not apply it to the March 2028 Total Monthly Credit Amount.

**THE NARRAGANSETT ELECTRIC COMPANY
HOLD HARMLESS IMPLEMENTATION AGREEMENT
MISCELLANEOUS BILL CREDITS**

- V. **DETERMINATION OF ELIGIBILITY:** If a customer has an account that is issued a bill during January, February, and March of 2027 and 2028, then the customer will receive a miscellaneous bill credit for each account that is issued a bill in that month. The customer accounts will reflect the credit, but the timing of when the credit is reflected on the bill may vary. Customers will receive miscellaneous bill credits only in the months in which they receive bills. For example, if a customer has an account for the month of December 2026 and receives a bill for that account in January 2027, but closes that account and does not receive a bill for that account in February of 2027 or thereafter, the customer would receive a miscellaneous bill credit on the January 2027 bill (for December 2026 usage), but would not receive any of the remaining five miscellaneous bill credits in February 2027, March 2027, January 2028, February 2028, and March 2028 for that account.
- VI. **TIMING:** The miscellaneous bill credits described in Section III will appear in all customer accounts eligible under Section I (as determined under Section V) during the months of January, February, and March of 2027 and 2028.
- VII. **EXPIRATION:** This tariff shall expire automatically once all the miscellaneous bill credits described in Section III have been provided to all eligible customer accounts described in Section I (as determined under Section V).

THE NARRAGANSETT ELECTRIC COMPANY

Rhode Island Public Utilities Commission Tariff

RIPUC RIE-GAS No. 101

THE NARRAGANSETT ELECTRIC COMPANY

RIPUC RIE-GAS No. 101

Table of Contents

Section 1	General Rules and Regulations
	Schedule A: General Terms and Conditions
	Schedule B: Definitions
	Schedule C: Taxes and Surcharges
Section 2	Gas Costs
	Schedule A: Gas Cost Recovery Clause
Section 3	Distribution Adjustment Charge
	Schedule A: Distribution Adjustment Charge Clause
Section 4	Residential Services
	Schedule A: Non Heating
	Schedule B: Heating
Section 5	Commercial and Industrial (C&I) Services
	Schedule A: C&I Small
	Schedule B: C&I Medium
	Schedule C: C&I Large High Load
	Schedule D: C&I Extra Large High Load
	Schedule E: C&I Large Low Load
	Schedule F: C&I Extra Large Low Load
	Schedule G: Non-Firm Sales
	Schedule H: Transitional Sales Service
Section 6	Transportation Services
	Schedule A: Non-Firm Transportation
	Schedule B: Firm Transportation Service
	Schedule C: Transportation Terms and Conditions
Section 7	Miscellaneous Services
	Schedule A: Natural Gas Vehicle
	Schedule B: Gas Lamps
	Schedule C: Other Miscellaneous Charges
Section 8	Service and Main Extension Policies
	Schedule A: Policy 1: New Individual Residential Customers
	Schedule B: Policy 2: Residential Developments
	Schedule C: Policy 3: Commercial, Industrial, and Existing Residential Customers

OTHER MISCELLANEOUS CHARGES

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM PLAN ENHANCEMENT CHARGE

1.0 LOW INCOME HOME ENERGY ASSISTANCE PLAN (LIHEAP) ENHANCEMENT CHARGE:

In accordance with R.I.G.L. § 39-1-27.12, the Company shall bill monthly to all customers a Low Income Home Energy Assistance Plan enhancement charge (“LIHEAP Charge”) approved by the PUC, provided however that the annual charge shall not exceed \$10 per customer, per year. For purposes of this section a “customer” is defined as any person taking service at a single point of gas delivery or gas meter.

The monthly rate for the LIHEAP Charge is a per customer charge and shall appear as a separate line item on a customer’s bill. The LIHEAP Charge is set annually, effective January 1.

1.1 LIHEAP Enhancement Fund:

The Company shall establish a LIHEAP Enhancement fund that shall be used to account for the combined funds collected through the LIHEAP Charge from both gas and electric service customers. The Rhode Island Department of Human Services (“DHS”) shall designate to the Company the qualifying customer accounts and the amounts to be credited from the LIHEAP Enhancement fund. The cumulative amount of credits applied to customer bills will be limited to an amount no greater than the cumulative aggregate projected LIHEAP Charges billed through the end of the current calendar year. Once the aggregate credits applied to customer bills equals the aggregate projected LIHEAP Charges billed through the end of the current calendar year, including interest as defined below, the application of the LIHEAP Enhancement credits would cease. Any difference in aggregate cumulative actual LIHEAP Charges billed and aggregate cumulative credits applied to customer bills, will accrue interest at the customer deposit interest rate.

The projected annual revenue in the LIHEAP Enhancement fund billed through the gas and electric service LIHEAP Charges shall not exceed seven million five hundred thousand dollars (\$7,500,000) and shall not be less than six million five hundred thousand dollars (\$6,500,000).

Beginning on September 1, 2016 and monthly thereafter between April 15 and September 30 of each year, the Company will set aside a minimum of 5 percent of the funds billed through the LIHEAP Charge, to be allocated to provide assistance to customers seeking LIHEAP

OTHER MISCELLANEOUS CHARGES

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM PLAN ENHANCEMENT
CHARGE**

certification for the sole purpose of entering into the Arrearage Management Program (“AMP”) as described in R.I.G.L. § 39-2-1(d)(2). This fund is designated for homeless

OTHER MISCELLANEOUS CHARGES

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM PLAN ENHANCEMENT
CHARGE**

families or individuals who are transitioning from a shelter into housing who provide acceptable documentation to DHS. Remaining funds available after September 30 of each year will be eligible for use in the upcoming winter season.

1.2 LIHEAP Eligible Customer:

For purposes of receiving funds from the LIHEAP Enhancement fund in subpart 7.1 above, a qualifying LIHEAP eligible customer shall be a household with a combined gross income equal to or less than 60 percent of the state median household income as calculated by the U.S. Bureau of Census and as adjusted for family or group size by the U.S. Department of Health and Human Services regulation 45 CFR § 96.85 or its successor regulation.

OTHER MISCELLANEOUS CHARGES

2.0 RESIDENTIAL ASSISTANCE PROVISION

The DAC contained in all of the Company's firm rate classes except for the Low Income Rates 11 and 13 shall include a Low Income Discount Recovery Factor ("LIDRF") to recover the cost of bill discounts provided to customers receiving service on Rates 11 and 13. In addition, the DAC contained in all of the Company's firm rate classes shall include an Arrearage Management Adjustment Factor ("AMAF") to recover the cost associated with the operation of the Arrearage Management Program ("AMP").

2.1 LOW INCOME BILL DISCOUNTS

On an annual basis, the Company shall estimate the discount to be provided to Rates 11 and 13 customers. The estimated discount will be twenty-five (25) percent of the forecasted Rates 11 and 13 annual billing units multiplied by the Rates 11 and 13 customer charge and the sum of the Base Distribution Charges, the Distribution Adjustment Charges, the Energy Efficiency Charges, and the Gas Charges in effect during the period. For those customers who are receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program (formerly known as the Family Independence Program) or successor programs, the estimated discount will be an additional five (5) percent for a total discount of thirty (30) percent of the forecasted Rates 11 and 13 annual billing units multiplied by the Rates 11 and 13 customer charge and the sum of the Base Distribution Charges, the Distribution Adjustment Charges, the Energy Efficiency Charges, and the Gas Charges in effect during the period. This estimate of the discount shall be used to determine the amount to be reflected in the Distribution Adjustment Charge on prospective basis. The amount shall be divided by the estimated therms to be delivered by the Company to all customers excluding customers on Rates 11 and 13. Such per therm charge is referred to as the LIDRF.

The revenue billed through the LIDRF shall be subject to reconciliation against the actual bill discounts provided during the twelve month reconciliation period for which the LIDRF is in effect, and any over- or under-recovery of the actual discount provided shall be reflected in the Reconciliation Factor.

For purposes of the above reconciliation, the Company shall accumulate the actual discounts provided to Rates 11 and 13 customers and the revenue billed through the LIDRF and shall accrue interest on the difference between these amounts at the interest rate paid on customer deposits on a monthly basis.

Should any balance remain subsequent to the recovery of the over- or under-recovery balance as described above, the Company shall reflect, as an adjustment in the then-current reconciliation period, the amount of the remaining balance.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT PROGRAM PROVISION

3.0 ARREARAGE MANAGEMENT PROGRAM:

In accordance with R.I.G.L. § 39-2-1(d)(2), commencing on September 1, 2016, the Company shall implement an AMP pursuant to this tariff provision.

I. PROGRAM ELIGIBILITY

In order to be considered eligible for enrollment in the AMP, a customer who has been terminated from gas service or is recognized, pursuant to a rule or decision by the Division, as being scheduled for actual shut-off of service on a specific date, shall meet all of the following criteria:

- The applicant must be the customer of record, although the customer of record may authorize someone else to communicate with the Company to help enroll the customer of record in the AMP;
- The applicant must be eligible for the federal low-income home energy assistance program (“LIHEAP”);
- The account must be receiving retail delivery service on the Company’s Residential Low-Income Rates 11 and 13;
- The customer’s account must have a minimum balance of \$300.00 that is more than 60 days past due;
- If service to the account has been terminated, the customer must make an initial payment of 25% of the total unpaid balance (current and past due), unless otherwise directed by the PUC as a result of an emergency regulation;
- The customer must agree to a payment plan, as further described in Section III;
- The customer must agree to remain current with payments. “Remaining current” means that the customer:
 - 1) misses no more than two (2) payments in the 12-month term of the payment plan; and
 - 2) pays the amount due under the payment plan in full by the conclusion of the payment plan’s 12-month term;
- The customer must agree to participate in the Company’s Energy Efficiency programs; and
- The customer must apply for other available energy assistance programs, such as fuel assistance and weatherization

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

II. ENROLLMENT

To participate, the customer must affirmatively apply to participate in the AMP.

The Company shall administer the AMP enrollment process in compliance with the eligibility qualifications outlined in Section I. By applying to participate in the AMP, the customer agrees to comply with the terms of the AMP, including the customer's specific payment plan. After a customer has applied to the AMP, the Company shall determine whether the customer has met all of the AMP eligibility criteria set forth in Section I, based on the Company's records. The Company will coordinate with the Community Action Program ("CAP") agencies to validate customer eligibility when appropriate.

III. PAYMENT PLAN

AMP participants shall enroll in a 12-month payment plan, paid in equal monthly installments, which will cover new charges based upon their current estimated annual usage ("Payment Plan").

The current component of the Payment Plan shall be based on the customer's average monthly usage for the previous year less the customer's actual or anticipated fuel assistance commitments, and shall be converted to a fixed monthly payment.

IV. ARREARS FORGIVENESS

AMP participants will be eligible for forgiveness of their account balance that is past due at the time of the first bill under their Payment Plan, up to an annual maximum of \$1,500. With each payment under the Payment Plan, a portion of the participant's outstanding past due account balance as described above is forgiven in an amount equal to the total past due account balance or \$1,500, whichever is less, divided by 12; provided, however, that the annual arrearage forgiveness amount shall not exceed \$1,500.

If an AMP participant's past due account balance at the time their Payment Plan takes effect exceeds \$1,500, the AMP participant may request an extension of the Payment Plan beyond the initial 12-month term to establish a new Payment Plan to accommodate the additional account balance in excess of \$1,500. To be eligible for an extension, the AMP participant must be current with their Payment Plan at the conclusion of the initial 12-month term. Such AMP participant's Payment Plan will be extended upon the AMP participant's timely request for an extension.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

PAYMENT PLAN REVIEW

Customers applying to participate in the AMP will be advised that the amount of their required monthly payment under their Payment Plan may change over the lifetime of the Payment Plan.

The Company shall review the Payment Plans of active AMP participants every three months and may adjust the installment payments based on the following:

- A fuel assistance commitment is made subsequent to enrollment;
- There is a change in fuel assistance, such as a change in the amount, from what was understood at enrollment;
- The customer moves to a new address with a different average monthly usage for the previous year;
- Actual usage patterns differ from what was estimated as annual usage at enrollment; or
- There is a significant change in the Company's rates from what was anticipated at enrollment.

V. DEFAULT

The Company shall consider the AMP participant's billing account in default if either of the following occurs:

- The AMP participant misses more than two (2) payments in the 12-month Payment Plan term; or
- If the amount due under the Payment Plan is not paid in full by the conclusion of the 12-month Payment Plan term.

Upon default, the Company shall terminate an AMP participant from the AMP and the customer's unpaid balance will be due and payable in full. However, any arrearage forgiven under the AMP prior to termination of participation in the AMP will remain forgiven.

Customers shall have the option to opt out of continued participation in the AMP at any time, with the understanding that any unpaid balance will be due and payable in full. Customers who voluntarily opt out of the AMP will receive the same treatment as those customers who default on their Payment Plans under the AMP, as set forth in Section X (Subsequent Eligibility).

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

VI. TERMINATION

In addition to termination upon default, a customer's participation in the AMP shall terminate if either of the following occurs:

- The AMP participant moves outside of the Company's service territory; or
- The AMP participant moves from one service location to another service location.

If a customer is terminated from AMP participation, the customer's unpaid balance will be due and payable in full. However, any arrearage forgiven under the AMP prior to termination of participation in the AMP will remain forgiven.

VII. COLLECTION ACTIVITY

AMP participants shall not be subject to the Company's normal collections activities while actively participating in the AMP. The Company shall resume normal collections activities if an AMP participant defaults while participating in the AMP or terminates the AMP.

VIII. AMP BILLING AND ACTIVE PLAN NOTICING

The Company shall remove the amount of an AMP participant's arrears balance up to \$1,500 from the "current amount due" field on certain views of AMP participant accounts in the Company's billing system. However, the arrears balance up to \$1,500 shall remain on the customer's bill.

Customers who are enrolled in the AMP will receive an AMP "Enrollment Letter" outlining the terms and conditions of their participation in the AMP.

Customers in danger of defaulting from the AMP will receive a default letter advising them of the need to make all required payments or risk default, termination from the AMP, and a return to the Company's normal collections activities.

IX. SUBSEQUENT ELIGIBILITY

A customer is eligible for subsequent enrollment in the AMP provided two years have passed since either (a) the date of the customer's successful completion of the AMP, or (b) the date on which the customer's participation in the AMP was terminated as a result of default or because the customer voluntarily opted out of the AMP, so long as a CAP agency has provided a recommendation to allow eligibility notwithstanding the customer's default or voluntary opt out of the AMP. The Company shall review requests for re-enrollment on a case-by-case basis to determine that the foregoing criteria are met.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

X. REPORTING METRICS

The Company shall report monthly and annually the metrics below to allow for the evaluation of the effectiveness of the AMP. The monthly and annual reports shall be submitted to the PUC in Docket No. 4290.

- Number of customers enrolled in the program at the end of the reporting period;
- Number of customers added to the program during the reporting period;
- Number of customers terminated from the program (by choice or default) during the reporting period;
- Number of customers who successfully completed the program during the reporting period;
- Total customer payments during the reporting period;
- Total amount to be forgiven for all participating customers at the end of the reporting period;
- Average amount to be forgiven for all participating customers at the end of the reporting period;
- Total amount to be paid under a payment plan for all participating customers at the end of the reporting period;
- Average arrears balance not yet forgiven of all participating customers at the end of the reporting period;
- Average arrears balance as a percentage of the total balance due for all participating customers at the end of the reporting period;
- Total amount of arrears outstanding for all participants at the end of the reporting period;
- Total amount of forgiveness credits (allowances) given during the reporting period;
- Number of forgiveness credits (allowances) given during the reporting period;
- Average amount of forgiveness credits (allowances) given during the reporting period;
- Number of participants receiving LIHEAP at the end of the reporting period;
- Percentage of participants receiving LIHEAP at the end of the reporting period; and
- Total LIHEAP payments received during the reporting period.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

The Company shall also provide a schedule with the number of customers enrolled in the AMP, by month, together with the number of defaults and program terminations.

XI. COST RECOVERY

The DAC applicable to all the firm rates of the Company are shall contain an Arrearage Management Adjustment Factor (“AMAF”) designed to recover incremental costs incurred associated with the AMP. Incremental costs include the amount of arrearage forgiven. The recovery of the arrearage amounts forgiven by the Company through the AMP is dependent on the following criteria:

- i. If a customer does not satisfy the conditions of R.I.G.L. § 39-2-1(d)(2), the amount of arrearage forgiven by the Company to that point shall remain forgiven and be written off by the Company. However, the amount of arrearage forgiven by the Company is recoverable in full.
- ii. If a customer does satisfy the conditions of R.I.G.L. § 39-2-1(d)(2), all arrearage amounts forgiven will be treated as bad debt. At the end of each calendar year, the Company will perform a test to determine if the amount of bad debt for the year exceeds the adjusted allowable bad debt from the Company’s most recent general rate case. This adjusted allowable bad debt will be calculated using the distribution uncollectible amount determined in the last general rate case, updated for the current calendar year Gas Cost Recovery, DAC, and energy efficiency-related bad debt. Should the actual amount of bad debt incurred by the Company for the year exceed this adjusted allowable bad debt amount, the Company will be entitled to recover, in the following year, all amounts of arrearage forgiven under R.I. Gen. Laws § 39-2-1(d)(2)(xiv) in the prior year in excess of the allowable bad debt. If, however, the amount of the arrearage forgiven under § 39-2-1(d)(2)(xiv) in excess of the adjusted allowable bad debt for a given year is not significant enough to calculate an annual reconciling factor for that year, the Company may reflect such amount in its next Revenue Decoupling Mechanism reconciliation filing.

The AMAF shall be a uniform per therm factor based on the estimated therms to be delivered by the Company to its gas customers over a 12-month period. For billing purposes, the AMAF will be included with the DAC charge on customers’ bills. Should any balance

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

remain outstanding subsequent to the recovery of costs associated with the AMP as described above, the Company shall reflect this balance as an adjustment in the subsequent period.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

XII. ADJUSTMENT TO RATES

Adjustments to rates pursuant to the Arrears Management Program Provision are subject to review and approval by the PUC. Modifications to the factor contained in this Provision shall be made in accordance with a notice filed with the PUC pursuant to R.I.G.L. § 39-3-11(a) setting forth the amount(s) of the revised factor(s) and the amount(s) of the increase(s) or decrease(s). The notice shall further specify the effective date of such charges.

OTHER MISCELLANEOUS CHARGES

HOLD HARMLESS COMMITMENT

MISCELLANEOUS BILL CREDITS

XIII. CUSTOMER BILL CREDIT

The purpose of this tariff is to satisfy the Hold Harmless Commitment, defined as: the obligation of PPL Corporation (“PPL”) and PPL Rhode Island Holdings, LLC (“PPL Rhode Island”) to hold the Company’s customers harmless from any changes to Accumulated Deferred Income Taxes (“ADIT”) as a result of PPL Rhode Island’s acquisition of 100 percent of the outstanding shares of common stock of the Company from National Grid USA (“National Grid”), which closed on May 25, 2022 (the “Transaction”). The Hold Harmless Commitment arises from the Division of Public Utilities and Carriers’ (the “Division”) Report and Order (Order No. 24322) dated February 23, 2022, approving the Transaction with conditions. This tariff also is consistent with the Agreement, dated June 13, 2025, by and among the Company, PPL, PPL Rhode Island, and the Advocacy Section of the Division. The Company shall provide its gas distribution customers with miscellaneous bill credits totaling the net present value (“NPV”) of the Hold Harmless Commitment attributable to the Company’s gas distribution customers. The final NPV of the Hold Harmless Commitment will be determined after the Public Utilities Commission issues an order establishing the Company’s approved weighted average cost of capital in Docket No. 25-45-GE. The amount of the miscellaneous bill credits will be established pursuant to the formula set forth in this tariff. The miscellaneous bill credits will be reflected in customer accounts in January, February, and March of 2027 and 2028. The timing of the available credit will be the same for all customers, but the timing of when the miscellaneous bill credits will appear on customer bills depends on the dates of the billing cycles.

- A. **APPLICABILITY:** This tariff applies to each active gas distribution customer account in all rate classes for the months of January, February, and March of 2027 and 2028.
- B. **GAS DISTRIBUTION NPV OF HOLD HARMLESS COMMITMENT:** The NPV of the Hold Harmless Commitment is determined by: (a) calculating the nominal value of the Hold Harmless Commitment, which is the revenue requirement of the difference in rate base between (i) the Company’s increased rate base arising from the elimination of ADIT as a result of the Transaction, and (ii) the rate base the Company would have had in the absence of the Transaction, then (b) converting that amount to an NPV using a discount rate. The Company’s approved WACC in Docket No. 25-45-GE is used as the rate for both the calculation of the revenue requirement for the nominal amount and the discount rate to obtain the NPV. The “Gas Distribution NPV” is the

OTHER MISCELLANEOUS CHARGES

HOLD HARMLESS COMMITMENT

MISCELLANEOUS BILL CREDITS

amount of the NPV to be divided among gas distribution customers and provided to them in miscellaneous bill credits.

C. **BILL CREDIT AMOUNT:** Each customer account eligible under Section XIII.A will receive a miscellaneous bill credit in each month in which they are eligible, -calculated according to the following process:

1. Total Nominal Amount of Miscellaneous Bill Credits = (Gas Distribution NPV / Sum of Discount Factors) * the Number of Miscellaneous Bill Credits, where the Sum of Discount Factors reflects:
 - a. the number (6) and timing (January, February and March of 2027 and 2028) of the Miscellaneous Bill Credits,
 - b. application of the approved WACC in Docket No. 25-45-GE for the period after September 1, 2026 through the March 2028 Miscellaneous Bill Credit to provide customers with the time value of money for the time after the date for which the Gas Distribution NPV is calculated;
2. Division of the Total Nominal Amount of Miscellaneous Bill Credits by the number of Miscellaneous Bill Credits (6) to establish the Total Monthly Credit Amount;
3. Division of the Total Monthly Credit Amount by the total number of active accounts on the date that is ten (10) days prior to each month in which customers will receive miscellaneous bill credits.
4. To determine the total number of active accounts applied in part C.3, above, the Company will run an active account report ten (10) days before the end of the month preceding each month in which it will provide the miscellaneous bill credits and will use the total number of active accounts from each such report to calculate the amount of the miscellaneous bill credit it will provide in the subsequent month.

OTHER MISCELLANEOUS CHARGES

HOLD HARMLESS COMMITMENT

MISCELLANEOUS BILL CREDITS

D. RECONCILIATION: To ensure that customers receive the full amount of the Total Nominal Value calculated pursuant to Section XIII.C above, for the March 2028 miscellaneous bill credit, the Company will apply the following formula to reconcile for any shortfall resulting from a lesser number of customers actually receiving bills than the number reflected in the report to be run according to Section XIII.C.4, above:

Reconciliation Amount = 2.5 * (Sum of Total Monthly Credit Amounts for January, February, and March 2027 - Total Actual Credits Provided to Customers in January, February, and March 2027).

The Company will divide the Reconciliation Amount by the total number of active accounts for March 2028 and add that amount to the March 2028 Total Monthly Credit Amount. For purposes of this tariff, the Reconciliation Amount cannot be less than \$0.00, and if the formula results in an amount less than \$0.00, the Company will not apply it to the March 2028 Total Monthly Credit Amount.

E. DETERMINATION OF ELIGIBILITY: If a customer has an account that is issued a bill during January, February, and March of 2027 and 2028, then the customer will receive a miscellaneous bill credit for each account that is issued a bill in that month. The customer accounts will reflect the credit, but the timing of when the credit is reflected on the bill may vary. Customers will receive miscellaneous bill credits only in the months in which they receive bills. For example, if a customer has an account for the month of December 2026 and receives a bill for that account in January 2027, but closes that account and does not receive a bill for that account in February of 2027 or thereafter, the customer would receive a miscellaneous bill credit on the January 2027 bill (for December 2026 usage), but would not receive any of the remaining five miscellaneous bill credits in February 2027, March 2027, January 2028, February 2028, and March 2028 for that account.

F. TIMING: The miscellaneous bill credits described in Section XIII.C will appear in all customer accounts eligible under Section XIII.A (as determined under Section XIII.E) during the months of January, February, and March of 2027 and 2028.

G. EXPIRATION: This Hold Harmless Commitment Miscellaneous Bill Credits provision of the tariff shall expire automatically once all the miscellaneous bill credits described in

OTHER MISCELLANEOUS CHARGES

HOLD HARMLESS COMMITMENT

MISCELLANEOUS BILL CREDITS

Section XIII.C have been provided to all eligible customer accounts described in Section XIII.A (as determined under Section XIII.E).

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: ELMORE**

PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY

OF

ANDREW W. ELMORE

April 16, 2026

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: ELMORE**

Table of Contents

I.	Introduction and Qualifications	1
II.	Purpose and Organization of Testimony	1
III.	History of the Hold Harmless Commitment And This Tariff Advice Filing.....	2
IV.	Updated Hold Harmless Implementation.....	4
V.	Conclusion	8

1 **I. Introduction and Qualifications**

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

3 A. My name is Andrew W. Elmore, and my business address is 645 Hamilton Street,
4 Allentown, PA 18101.

5
6 **Q. Are you the same Andrew Elmore who previously submitted Pre-Filed Direct
7 Testimony in this docket on October 2, 2025?**

8 A. Yes.

9
10 **Q. Are there any updates or changes to your employment, educational background,
11 professional experience, and/or testifying experience since you submitted that
12 October 2, 2025 Pre-Filed Direct Testimony?**

13 A. No. They remain the same as described in my prior testimony filed in this proceeding.

14

15 **II. Purpose and Organization of Testimony**

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

17 A. The purpose of my supplemental direct testimony is to present and support the
18 Company's revised Hold Harmless bill credit proposal. The revised proposal reflects
19 updates to timing assumptions, discount rate inputs, and allocation flexibility necessitated
20 by intervening procedural developments, while preserving the same calculation
21 methodology and customer protections previously proposed.

1 **Q. How is your testimony organized?**

2 A. Section I addresses my background and professional experience. Section II describes the
3 purpose and organization of my supplemental testimony. Section III addresses the history
4 of the Hold Harmless Commitment and this tariff advice filing. Section IV describes the
5 Company’s updated plan for implementing the Hold Harmless Commitment through bill
6 credits. Section V is the conclusion.

7
8 **III. History of the Hold Harmless Commitment And This Tariff Advice Filing**

9 **Q. Has the Hold Harmless Commitment changed from what you described in your
10 prior testimony?**

11 A. No. PPL Corporation (“PPL”) and PPL Rhode Island Holdings, LLC’s (“PPL Rhode
12 Island”) obligation to hold customers harmless from the increased rate base caused by the
13 elimination of Accumulated Deferred Income Taxes (“ADIT”) as a result of the
14 Transaction¹ has not changed.

15
16 **Q. What prompted the Company to withdraw its prior tariff advice filing in November
17 2025?**

18 A. Following submission of its October 2, 2025 tariff advice filing (the “Original HH Tariff
19 Advice”), it appeared to the Company that a potential Commission order might not reflect

¹ The Transaction refers to the acquisition by PPL Rhode Island of 100 percent of the outstanding shares of common stock of the Company from National Grid USA (“National Grid”), which closed on May 25, 2022.

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: ELMORE
PAGE 3 OF 8**

1 the specific terms of the agreement entered into by and among the Company, PPL, PPL
2 Rhode Island, and the Advocacy Section of the Division of Public Utilities and Carriers,
3 dated June 13, 2025 (the “Hold Harmless Implementation Agreement”), which the
4 Division of Public Utilities and Carriers (the “Division”) had approved as an appropriate
5 process by which the Company could fulfill the Hold Harmless Commitment. In addition,
6 given the expected timeframe for the decision on the Original HH Tariff Advice, the
7 Company was concerned that it might no longer be feasible for the Company to
8 implement the proposed miscellaneous bill credits as originally contemplated after
9 approval. As a result, the Company withdrew the Original HH Tariff Advice to
10 reconsider its approach to the Hold Harmless bill credits.

11
12 **Q. What prompted the Company to propose this revised tariff advice filing?**

13 A. The Company has at all times remained committed to providing customers meaningful
14 and transparent rate relief while simplifying the administrative burden associated with
15 implementing the Hold Harmless Commitment across multiple proceedings. Now, with
16 the Company’s new base distribution rates set to take effect September 1, 2026, the
17 Company identified this as a critical time to address resolution of the Hold Harmless
18 Commitment while providing a meaningful monetary benefit to customers.

19

1 **Q. Did the Company consult with the Division prior to making this filing?**

2 A. The Company consulted with the Division regarding this revised proposal and, from the
3 Company's perspective, remains aligned with the Division on the importance of fully
4 implementing the Hold Harmless Commitment expeditiously by providing customers
5 with a meaningful monetary benefit in the short term. Proceeding with a revised tariff
6 advice filing now allows the Company to expeditiously advance a proposal that uses the
7 same underlying methodology as set forth in the Hold Harmless Implementation
8 Agreement.

9

10 **IV. Updated Hold Harmless Implementation**

11 **Q. Does the updated proposal rely on a different methodology than the prior Hold**
12 **Harmless Implementation Agreement?**

13 A. No. The revised proposal employs the same fundamental methodology as the prior
14 agreement. Changes to the calculations have been made to reflect updated inputs and
15 timing assumptions. Those are described in detail in the Pre-Filed Supplemental Direct
16 Testimony of Dwayne T. Bauder, Jr. and the Pre-Filed Supplemental Direct Testimony of
17 Natalie Hawk. As part of the revised proposal, the Company also has provided
18 information about an alternative allocation of the Hold Harmless Commitment among
19 customer accounts.

20

1 **Q. Has the proposed total net present value (“NPV”) of the Hold Harmless**
2 **Commitment changed?**

3 A. The NPV of the Hold Harmless Commitment has changed as a result of the updates
4 mentioned in my preceding answer. Customers, however, still receive the full value of the
5 Hold Harmless Commitment.

6
7 **Q. Has the proposed timing of bill credits changed?**

8 A. Yes. The revised proposal provides credits in calendar years 2027 and 2028, rather than
9 2026 and 2027. The proposed billing months for delivery—January, February and
10 March—remain unchanged.

11
12 **Q. Has the proposed allocation of the bill credits changed?**

13 A. No, but the Company also is describing an alternative allocation for consideration if the
14 Company’s proposed allocation is not acceptable to the Commission. The Company’s
15 proposal continues to distribute the NPV of the Hold Harmless Commitment by dividing
16 the full value into equal credits for all electric and gas customers, respectively. Under the
17 alternative that the Company would find acceptable, the Company would apportion the
18 NPV of the Hold Harmless Commitment among rate classes according to the rate base
19 allocators by rate class proposed in the pending base distribution rate case. Then, the
20 amount of the NPV of the Hold Harmless Commitment allocated to each rate class would

1 be divided into equal credit amounts to provide to each customer within each class as a
2 miscellaneous bill credit.

3

4 **Q. Does the updated proposal retain the reconciliation mechanism included in the**
5 **original proposal?**

6 A. Yes. The updated proposal retains the same reconciliation mechanism as the original
7 proposal. That mechanism ensures that customers ultimately receive the full intended
8 value of the Hold Harmless Commitment and provides the same protections for
9 customers. Specifically, if the total amount of bill credits actually delivered to customers
10 is less than the agreed-upon net present value, the difference is addressed through an
11 upward adjustment to the final bill credit provided.

12

13 **Q. Is there a corresponding mechanism if customers receive more than the calculated**
14 **amount?**

15 A. No. If the total amount of bill credits provided exceeds the agreed-upon NPV, there is no
16 downward adjustment. Any overpayment remains with customers.

17

18 **Q. Did the Company reconsider calculating the proposed miscellaneous bill credits on a**
19 **per-kWh and per-therm basis?**

20 A. The Company reconsidered this approach in preparation for making this updated proposal
21 but maintained the conclusion that it is not practical. If the Company were to provide

1 credits to customer accounts based on their actual volumetric consumption during the
2 relevant months, then that would create a significantly greater risk of a mismatch between
3 the actual credits provided and the calculated NPV of the Hold Harmless Commitment,
4 which in turn would create the potential need for a reconciliation during a different time
5 period – raising potential additional accounting complications. In addition, allocation on
6 a volumetric basis would require more complex changes to the billing system. This would
7 necessitate a meaningful investment in the functionality of the system, which would not
8 have significant long-term value given the Company’s plans to retire the existing system.

9
10 **Q. Would the Company accept implementing the Hold Harmless Commitment through**
11 **a reduction to the revenue requirement in the Company’s pending base distribution**
12 **rate case?**

13 A. No. As explained in the Company’s response to data request Division 25-1 in Docket No.
14 25-45-EL, the Company would not implement the Hold Harmless Commitment through a
15 reduction to the revenue requirement to be recovered in the Company’s proposed new
16 base distribution rates because, if it incorporated the NPV of the Hold Harmless
17 Commitment as an offset or reduction to the Company’s the revenue requirement, then
18 the Company would not be able to apply the appropriate accounting treatment necessary
19 to avoid unacceptable impacts to the Company’s financial reports. Providing the NPV of
20 the Hold Harmless Commitment through rates would jeopardize the Company’s ability to
21 appropriately characterize the payments under applicable accounting and securities

1 reporting guidance, which in turn could adversely affect the Company's financial
2 reporting and cost of capital.

3
4 In addition, implementing the Hold Harmless Commitment through a reduction in base
5 rates would dilute the visibility and customer impact of the benefit. As I explained in my
6 prior testimony, one of the core reasons the Company explored an alternative
7 implementation mechanism was that embedding hold harmless adjustments within rate
8 calculations produces relatively small, opaque impacts that are not evident to customers.
9 Providing bill credits delivers the value of the Hold Harmless Commitment in a direct,
10 transparent, and meaningful way.

11

12 **Q. How does the updated plan interact with the pending rate case?**

13 A. Approval would require conforming adjustments to the rate case filing to exclude hold
14 harmless credits, ensuring consistency and avoiding double counting.

15

16 **V. Conclusion**

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

18 A. Yes.

**THE NARRAGANSETT ELECTRIC COMPANY
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RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: HAWK**

PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY

OF

NATALIE HAWK

April 16, 2026

**THE NARRAGANSETT ELECTRIC COMPANY
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RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: HAWK**

Table of Contents

I.	Introduction and Qualification.....	1
II.	Purpose and Organization of Testimony.....	2
III.	Calculation of the Updated Hold Harmless Commitment Value	2
IV.	Conclusion	7

1 **I. Introduction and Qualification**

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

3 A. My name is Natalie Hawk, and my business address is 645 Hamilton Street,
4 Allentown, PA 18101.

5
6 **Q. Are you the same Natalie Hawk who previously submitted Pre-Filed Direct
7 Testimony in this docket on October 2, 2025?**

8 A. Yes.

9
10 **Q. Are there any updates or changes to your employment, educational background,
11 professional experience, and/or testifying experience since you submitted that
12 October 2, 2025 Pre-Filed Direct Testimony?**

13 A. My employment, educational background, and professional experience, remain the same
14 as described in my October 2, 2025 Pre-Filed Direct Testimony filed in this docket. With
15 respect to my testifying experience, in addition to what is set forth in my October 2, 2025
16 Pre-Filed Direct Testimony, I have since testified in support of the Company's FY 2027
17 Electric ISR Plan in Docket No. 25-54-EL.

18

1 **II. Purpose and Organization of Testimony**

2 **Q. Please describe the purpose of your supplemental testimony.**

3 A. The purpose of my supplemental testimony is to support the Company’s revised tariff
4 advice seeking to provide miscellaneous bill credits to implement PPL Corporation
5 (“PPL”) and PPL Rhode Island Holdings, LLC's (“PPL Rhode Island”) obligation to hold
6 customers harmless from the increased rate base caused by the elimination of
7 Accumulated Deferred Income Taxes (“ADIT”) as a result of the Transaction.
8

9 **Q. How is your testimony organized?**

10 A. Section I addresses my background and professional experience. Section II describes the
11 purpose and organization of my supplemental testimony. Section III addresses the
12 calculation of the updated Hold Harmless Commitment nominal value. Section IV is the
13 conclusion.
14

15 **III. Calculation of the Updated Hold Harmless Commitment Nominal Value**

16 **Q. Since your original testimony in this docket, has the Company changed how it has**
17 **fulfilled the Hold Harmless Commitment to date?**

18 A. No. The Company has continued to satisfy the Hold Harmless Commitment through its
19 electric and gas infrastructure, safety, and reliability (“ISR”) plans, as I described in my
20 previous testimony. Since my original testimony, the Commission approved the

IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: HAWK
PAGE 3 OF 7

1 Company's FY 2027 electric and gas ISR plans, which, as in past years, included a rate
2 adjustment to ensure that customers receive the benefit of the Hold Harmless
3 Commitment.

4
5 **Q. Did you calculate increased future revenue requirements for the Hold Harmless**
6 **Commitment as part of the development of the updated Hold Harmless**
7 **Implementation Plan?**

8 A. Yes. I calculated the increase in the revenue requirement that would result from the
9 elimination of ADIT (and the corresponding increase to rate base) for the entirety of the
10 implementation of the Hold Harmless Commitment, which would run through 2062.

11
12 **Q. How did you calculate that amount?**

13 A. I used the same methodology as described in my October 2, 2025 Pre-Filed Direct
14 Testimony. In addition to that description, there is a step in the calculation that was not
15 included. After calculating of the change in ADIT on acquired assets for each year until
16 the assets are fully depreciated, I multiplied each year's change in ADIT, which
17 represents the change in rate base, by the weighted average cost of capital ("WACC") for
18 each respective segment, electric distribution, gas distribution and electric transmission to
19 determine the change in revenue requirement for each year. As stated previously, the sum
20 of the revenue requirement calculations for all years represents the nominal dollar value
21 for the Hold Harmless Commitment.

IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: HAWK
PAGE 4 OF 7

1 **Q. What assumptions and inputs did you use to calculate the nominal dollar value for**
2 **the updated Hold Harmless Commitment in future years?**

3 A. I used the same assumptions and inputs that I described in my original direct testimony,
4 with certain changes to reflect the passage of time and intervening events. Specifically, I
5 made the following changes in the revenue requirement calculations for the revised
6 nominal value of the Hold Harmless Commitment: (1) I updated the WACC rates for
7 electric distribution and gas distribution from those approved in the last base distribution
8 rate case to the WACC rates the Company has proposed in the base distribution rate case
9 pending in Docket No. 24-54-GE. The testimonies of Company Witness Bauder and
10 Daniel S. Dane explain the rationale for using the WACC rate; (2) I updated the WACC
11 rate for electric transmission from the approved 2022 Integrated Facilities Agreement
12 (“IFA”), which reflects the year of the acquisition, to the WACC rate calculated in the last
13 approved FERC Formula Rate Filing, which used 2024 data. The electric transmission
14 WACC rates change annually; therefore, the Company decided to use the most recently
15 approved WACC available from the 2024 FERC Formula Rate filing. That rate was not
16 available at the time of the last calculation; (3) similar to item two above, I updated the
17 local network service (“LNS”) allocator, used to determine the electric transmission
18 allocation to Rhode Island distribution customers, from the approved 2022 IFA filing to
19 the allocator used in the last approved FERC Formula Rate

20

IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: HAWK
PAGE 5 OF 7

1 filing; (4) I updated the revenue requirement to calculate the Hold Harmless
2 Commitment as of September 1, 2026, instead of January 1, 2026. This update required
3 changes related to hold harmless adjustments in ISR plan filings that overlap portions of
4 the year reflected in the revised Hold Harmless Implementation Plan. For instance, I
5 updated the revenue requirement to remove seven-twelfths (September 1, 2026, to March
6 31, 2027) of the hold harmless adjustments in the FY2027 Electric and Gas ISR Plans to
7 avoid double counting the amounts that are also reflected in the total revised Hold
8 Harmless Commitment as of September 1, 2026.

9
10 **Q. Did you update the Hold Harmless Commitment calculation in light of the 2026**
11 **Federal Energy Regulatory Commission (“FERC”) Order EL11-66-001, et al, issued**
12 **on March 19, 2026, (“ROE FERC Order”) that requires the utilities within the ISO**
13 **New England to the lower the equity component of their capital structure (i.e.,**
14 **WACC rate) to 9.57% from the previously used 10.57%?**

15 A. No. The ultimate resolution of the ROE FERC Order is uncertain as of the time the
16 Company filed its revised Hold Harmless Implementation Plan, as parties may appeal.
17 Given the uncertainty, the Company decided to maintain the equity component of the
18 WACC in the last approved Transmission Formula Rate. This works in the customer’s
19 favor, as it increases the overall value of the Hold Harmless Commitment.

20

1 **Q. Are you sponsoring a schedule that reflects the calculation of the updated nominal**
2 **and net present values of the Hold Harmless Commitment for the proposed early**
3 **distribution of miscellaneous bill credits?**

4 A. Yes. Company Witness Bauder and I are joint-sponsoring Schedule DB-NH-1, which is
5 an Excel workbook reflecting those calculations. I am responsible for calculating the
6 updated nominal value of the Hold Harmless Commitment, and Mr. Bauder is responsible
7 for calculating the net present value calculation of the updated nominal value of the Hold
8 Harmless Commitment for the proposed early distribution of miscellaneous bill credits.

9
10 **Q. How does the revised Hold Harmless Implementation Plan impact the pending base**
11 **distribution rate case?**

12 A. The revised Hold Harmless Implementation Plan calculates the revenue requirements
13 impacted by the change in ADIT due to the Transaction starting from September 1, 2026,
14 to the end of the depreciation lives of the acquired assets in year 2062. If the revised
15 Hold Harmless Implementation Plan is approved, the Company will have a mechanism to
16 satisfy the Hold Harmless Commitment and will no longer need to provide hold harmless
17 credits in its future rate filings, which include base distribution rate case filings, ISR
18 filings or any other filings that calculate revenue requirements on rate base. Approval of
19 the revised Hold Harmless Implementation Plan will mean a corresponding adjustment in
20 the current base distribution rate case proceeding to remove the hold harmless adjustment
21 that the Company included in the revenue requirement.

1 IV. Conclusion

2 Q. Does this conclude your testimony?

3 A. Yes.

**THE NARRAGANSETT ELECTRIC COMPANY
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RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: BAUDER**

PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY

OF

DWAYNE T. BAUDER, JR.

April 16, 2026

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
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Table of Contents

I.	Introduction and Qualifications	1
II.	Purpose and Organization of Testimony	1
III.	Hold Harmless Net Present Value Calculation	3
VI.	Allocation of the Hold Harmless Bill Credits.....	13
V.	Conclusion	15

1 **I. Introduction and Qualifications**

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

3 A. My name is Dwayne T. Bauder, Jr., and my business address is 645 Hamilton Street,
4 Allentown, PA 18101.

5
6 **Q. Are you the same Dwayne T. Bauder, Jr., who previously submitted Pre-Filed Direct
7 Testimony in this docket on October 2, 2025?**

8 A. Yes.

9
10 **Q. Are there any updates or changes to your employment, educational background,
11 professional experience, and/or testifying experience since you submitted that
12 October 2, 2025 Pre-Filed Direct Testimony?**

13 A. Yes. Earlier in 2026, my title changed to Director – Corporate Financial Planning and
14 Analytics. My role and responsibilities related to the Hold Harmless Commitment have
15 not changed.

16
17 **II. Purpose and Organization of Testimony**

18 **Q. Please summarize your October 2, 2025 Pre-Filed Direct Testimony in this
19 proceeding.**

20 A. My testimony explained that the Company’s calculation of the net present value (“NPV”)
21 to customers of PPL’s obligation to “hold customers harmless from any changes to

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RIPUC DOCKET NO. 25-33-GE
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FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: BAUDER
PAGE 2 OF 15

1 Accumulated Deferred Income Taxes (“ADIT”) as a result of the Transaction”¹ (the “Hold
2 Harmless Commitment”) is mathematically sound, fair, and reasonable. It explained that
3 the Company’s NPV calculation for the Hold Harmless Commitment properly used the
4 Company’s approved weighted average cost of capital (“WACC”) to both calculate the
5 future revenue requirement that comprises the nominal value of the Hold Harmless
6 Commitment (as was described in the October 2, 2025 Pre-Filed Direct Testimony of
7 Company Witness Natalie Hawk) and to discount those revenue requirements to NPV.
8 Additionally, I explained that, when performing such calculations, it is necessary to use
9 the same rate for the calculation of the revenue requirements and for the discount to NPV
10 – and the only appropriate rate for such a calculation is the WACC.

11
12 **Q. Please describe the purpose of this supplemental direct testimony.**

13 A. The purpose is to supplement and update my prior direct testimony to explain how the
14 Company has updated the calculation of the NPV of the Hold Harmless Commitment in
15 light of the passage of time and updated information, while maintaining the same
16 underlying methodology. I do not address all subjects addressed in my prior testimony.
17 Because the Company’s underlying methodology has not changed, the majority of that
18 testimony remains fully applicable to the revised calculation of the NPV.

¹ The Transaction refers to the acquisition by PPL Rhode Island of 100 percent of the outstanding shares of common stock of the Company from National Grid USA (“National Grid”), which closed on May 25, 2022.

1 **Q. How is your testimony organized?**

2 A. Section I addresses my background and professional experience. Section II describes the
3 purpose and organization of my supplemental testimony. Section III addresses the Hold
4 Harmless Commitment NPV calculation. Section IV discusses the allocation of the Hold
5 Harmless bill credits. Section V is the conclusion.

6

7 **III. Hold Harmless Net Present Value Calculation**

8 **Q. Did you have a role in the Company's analysis of the Hold Harmless Commitment**
9 **prior to the Company's October 2, 2025 Tariff Advice Filing in this proceeding (the**
10 **"Original HH Tariff Advice")?**

11 A. Yes. Prior to the Original HH Tariff Advice, I supported the development and review of
12 the financial model used to estimate the value of the Hold Harmless Commitment to
13 customers and to evaluate approaches for delivering that value to customers.

14

15 **Q. What was the objective of that work?**

16 A. The objective was to quantify, using a mathematically sound framework, the economic
17 value of the Hold Harmless Commitment over its remaining term and to identify a
18 transparent and administratively feasible method, consistent with accounting rules and
19 other requirements, to deliver that value to customers over the short term rather than
20 delivering it incrementally over a more-than-thirty-year period.

1 **Q. Please briefly describe the methodology the Company used to calculate the value of**
2 **the Hold Harmless Commitment that was originally proposed in this proceeding?**

3 A. The Company’s methodology began by calculating the nominal value of the Hold
4 Harmless Commitment, which is the sum of the revenue requirements generated by the
5 difference in rate base between (a) the Company’s increased rate base arising from the
6 elimination of ADIT as a result of the Transaction, and (b) the rate base the Company
7 would have had in the absence of the Transaction. The Company then converted that
8 amount to an NPV using a discount rate. The resulting NPV represents the aggregate
9 economic value of the Hold Harmless Commitment to customers. A more detailed
10 explanation of discounting can be found in my October 2, 2025 Pre-Filed Direct
11 Testimony.

12

13 **Q. What was the NPV for the Hold Harmless Commitment that the Company**
14 **calculated for its original proposal in this proceeding?**

15 A. \$148,707,467.

16

1 **Q. Has the Company changed the method for calculating the NPV of the Hold**
2 **Harmless Commitment as part of its revised tariff advice filed in connection with**
3 **the motion to reopen this proceeding?**

4 A. No. The underlying methodology remains unchanged. The updates reflected in this
5 revised filing relate solely to timing assumptions, updated inputs, and other conforming
6 changes necessary to apply the same methodology as circumstances have evolved.

7

8 **Q. What is the NPV of the Hold Harmless Commitment that the Company has**
9 **calculated for its updated proposal?**

10 A. \$164,642,222.

11

12 **Q. Why has the NPV changed if the methodology for calculating the NPV has not**
13 **changed?**

14 A. The NPV has changed because certain inputs and assumptions that affect the timing and
15 delivery of the value of the Hold Harmless Commitment have changed as time has passed
16 and subsequent events have unfolded.

17

18 **Q. What inputs and assumptions were updated?**

19 A. The updates reflect: (i) an anticipated change in the Commission-approved WACC that
20 will be in effect at the time the credits are expected to be delivered, (ii) a change in the
21 anticipated effective date of new base distribution rates, (iii) adjusting the date that

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RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: BAUDER
PAGE 6 OF 15

1 corresponds with the NPV from January 1, 2026 to September 1, 2026, (iv) a change in
2 the adjustment to the overall hold harmless calculation for the hold harmless adjustment
3 related to the revenue requirement in the Company's FY 2027 Electric and Gas
4 Infrastructure, Safety, and Reliability ("ISR") Plans, (v) an update to the Local Network
5 Service ("LNS") transmission rate, and (vi) other minor immaterial adjustments.
6 Please see Schedule DB-1 for a further explanation of the adjustments to the NPV
7 calculation that demonstrate the reasons for the difference between the NPV in the
8 Original HH Tariff Advice and the NPV calculated for the updated tariff advice.

9
10 **Q. Did any of these updates change the structure or analytical framework of the**
11 **calculation?**

12 A. No. None of these updates altered the structure of the calculation or the analytical
13 framework. They ensure that the calculation remains internally consistent and accurately
14 reflects how and when customers will receive the Hold Harmless benefit.

15
16 **Q. In your October 2, 2025 Pre-Filed Direct Testimony, you explained that you used the**
17 **WACC approved as part of the Company's current base distribution rates in Docket**
18 **No. 4770 (the "Docket 4770 WACC") to calculate the NPV of the Hold Harmless**
19 **Commitment; can you briefly summarize why that was appropriate?**

20 A. It is impossible to predict the Company's WACC through the year 2062, which is the last
21 year in which the Company's rate base will be impacted by the Hold Harmless

1 Commitment; the WACC will change as conditions affecting capital markets change.
2 Using the existing, regulatorily approved WACC produces a fair result recognizing that
3 WACCs will vary over that time period, likely at times higher and at times lower than the
4 WACC used in the calculation. Accordingly, the Company did not use the Docket 4770
5 WACC because of the specific numerical level of the rate. Rather, the Company's
6 methodology was to use the Commission-approved WACC as a reasonable, evidence-
7 based proxy for the WACCs that would apply to the Company's rate base over the period
8 of time that the Hold Harmless Commitment would be implemented if the Company
9 continued to make adjustments as it has in its ISR Plan filings since the Transaction.
10

11 **Q. How does that methodology apply in this revised filing?**

12 A. Because the timing of delivery of the Hold Harmless bill credits has changed, the
13 Commission-approved WACC in effect at the of time delivery is anticipated to be
14 different from the WACC assumed in the original calculation. Specifically, the Company
15 now proposes to begin delivering the Hold Harmless bill credits in January 2027. By that
16 time, the Company anticipates that the Commission will have approved new base rates
17 and a new WACC. Accordingly, there will be a new regulatorily approved WACC in
18 effect in January 2027, and the Company concluded that it would be appropriate to use
19 the most recent WACC to calculate the NPV of the Hold Harmless Commitment.
20

1 **Q. So what value for the WACC have you used in your current calculation?**

2 A. I used the WACC that the Company has proposed in the pending base distribution rate
3 case in Docket 25-45-GE, which is 9.81 percent.
4

5 **Q. Does this approach account for the possibility that the Commission will approve a
6 WACC that differs from the Company's proposed WACC?**

7 A. Yes. The Company recognizes that its WACC will be established by the Commission's
8 order in the pending base distribution rate case. The Company cannot predict the
9 outcome of that case. The Company is using the WACC it proposed, but that is only one
10 potential outcome. If the Commission approves a different WACC, the Company would
11 update the NPV of the Hold Harmless Commitment using the existing methodology and
12 the Commission-approved WACC.
13

14 **Q. What would be the impact if the Commission approved a WACC different than the
15 WACC in the pending rate case and the Company had to update the NPV
16 calculation?**

17 A. The NPV of the Hold Harmless Commitment would change, which would, in turn,
18 change the dollar value of the miscellaneous bill credits the Company proposes to
19 provide in the updated tariff advice. The Company would provide a compliance filing to
20 the Commission showing that calculation of the new NPV and the resulting change in the
21 bill credits.

1 **Q. Using the WACC approved in the pending base distribution rate case may result in**
2 **using a different WACC from that which was in effect at the time the Company**
3 **made the Hold Harmless Commitment. Why would that be appropriate?**

4 A. The purpose of the Hold Harmless bill credits is to provide customers with an
5 economically equivalent value to the future hold harmless benefit they would receive.
6 That requires estimating the Company's future cost-of-capital. Rather than using a
7 historical cost-of-capital for that estimate, it makes more sense to use the most up-to-date,
8 transparent and fair determination of the Company's cost of capital. That will be the
9 WACC determined in the current pending base distribution rate case.

10

11 **Q. If the Company used the Docket 4770 WACC for its updated NPV calculation, what**
12 **would that NPV be?**

13 A. \$151,154,579.

14

15 **Q. So, is it fair to say that using the proposed WACC in Docket No. 25-45-GE results in**
16 **a higher NPV for the Hold Harmless Commitment and, therefore, larger proposed**
17 **credits to customers?**

18

19 A. Yes. As a general matter, in this calculation, a higher WACC results in a higher NPV, and
20 larger bill credits, and a lower WACC results in a lower NPV and lesser bill credits.

1 **Q. How does the pending rate case schedule impact the inputs to the calculation**
2 **methodology?**

3 A. Customers will not experience the impact of the elimination of ADIT on base distribution
4 rates as a result of the Transaction until new base distribution rates go into effect.
5 Accordingly, customers currently realize the value of the Hold Harmless Commitment on
6 rate base that is already embedded in base distribution rates because those base
7 distribution rates have remained static since the Transaction closed. Therefore, the
8 calculation of the NPV of the value of the Hold Harmless Commitment to customers as it
9 impacts base distribution rates begins only when new base distribution rates go into
10 effect. The NPV calculation associated with the Original HH Tariff Advice assumed that
11 new base rates would go into effect on August 1, 2026, and that the Company would need
12 to account for the Hold Harmless Commitment to address the increase in rate base
13 starting on that date. Since that time, the Company has filed its base distribution rate
14 application in Docket No. 24-45-GE, and the procedural schedule provides for new base
15 distribution rates to take effect on September 1, 2026. That means that customers will
16 continue to receive the value of the Hold Harmless commitment as a result of unchanged
17 base distribution rates through August 2026 – an additional month beyond what was
18 accounted for in the previous NPV calculation. As a result, the NPV calculation now
19 needs to address the value of the impact on base distribution rates from September 1,
20 2026, through the end of the Hold Harmless Commitment period. The calculation has
21 been updated to reflect this.

1 **Q. How does the result of the FY 2027 ISR proceedings impact the inputs to the**
2 **calculation methodology?**

3 A. The prior NPV calculation assumed that the Company would not include a Hold
4 Harmless adjustment in the revenue requirements for the FY 2027 ISR plans. However,
5 after the Company withdrew the Original HH Tariff Advice, the Company filed its FY
6 2027 ISR plans to include the Hold Harmless adjustment to revenue requirement, and
7 those proceedings have now concluded and resulted in revenue requirements that were
8 adjusted to reflect the Hold Harmless Commitment. Because that value is now delivered
9 through rates set in those ISR proceedings, it is excluded from the updated NPV
10 calculation to avoid duplication.

11
12 **Q. How does the change in the proposed timing of the delivery of the bill credits change**
13 **the inputs to the calculation methodology?**

14 A. In addition to the change in the WACC used, described above, the new proposed timing
15 changes the date of the valuation of the NPV. For purposes of this filing, the valuation
16 date is now set at September 1, 2026. That date, however, has no impact on the total
17 economic value of the Hold Harmless Commitment. As described above, the Company
18 calculates the nominal value of the Hold Harmless Commitment, which is the sum of the
19 revenue requirements generated by the difference in rate base between (a) the Company's
20 increased rate base arising from the elimination of ADIT as a result of the Transaction,
21 and (b) the rate base the Company would have had in the absence of the Transaction. The

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d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
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RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: BAUDER
PAGE 12 OF 15

1 Company then converted that amount to an NPV by discounting. Using time value of
2 money, the Company can determine the NPV of the Hold Harmless Commitment at any
3 point in time while maintaining economic neutrality. For example, the Company could
4 calculate the NPV of the Hold Harmless Commitment on January 1, 2027 by discounting
5 four fewer months than what was used to calculate the NPV of the Hold Harmless
6 Commitment on September 1, 2026, and these values would be economically equivalent.
7 The Company chose September 1, 2026 as the basis for presentation to align with the
8 expected effective date of new base distribution rates. The Company also has used these
9 same time value principles in the calculations to account for the timing the credits are
10 provided. Therefore, the nominal value of the credits reflect the appropriate time value
11 such that when those credits are discounted they yield the equivalent value as if they were
12 provided in one lump sum on September 1, 2026.

13
14 **Q. Were additional updates made?**

15 A. Yes. The Company also updated the calculation to reflect the new allocation to Rhode
16 Island Energy for the LNS transmission rate and certain updates related to the
17 transmission WACC pursuant to applicable FERC tariffs, as described in Schedule DB-1.

18

1 **Q. Are you sponsoring a schedule that reflects the calculation of the updated nominal**
2 **and NPV of the Hold Harmless Commitment for the proposed early distribution of**
3 **miscellaneous bill credits?**

4 A. Yes. Company Witness Hawk and I are joint-sponsoring Schedule DB-NH-1, which is an
5 Excel workbook reflecting those calculations. Ms. Hawk is responsible for calculating
6 the updated nominal value of the Hold Harmless Commitment, and I am responsible for
7 calculating the NPV of the updated nominal Hold Harmless Commitment for the
8 proposed early distribution of miscellaneous bill credits.

9

10 **VI. Allocation of the Hold Harmless Bill Credits**

11 **Q. Please describe the allocation approach that was previously proposed by the**
12 **Company.**

13 A. In the Original HH Tariff Advice, the Company proposed to deliver the NPV of the Hold
14 Harmless Commitment to customers via miscellaneous bill credits allocated on an equal
15 per-active-customer-account basis in six installments over the first quarter of 2026 and
16 the first quarter of 2027. Under that approach, each electric customer would receive the
17 same monthly electric bill credit, and each gas customer would receive the same monthly
18 gas bill credit, regardless of rate class.

19

1 **Q. Does the Company use that equal per-active-customer-account allocation in its**
2 **revised proposal?**

3 A. Yes. The Company continues to believe that an equal per-customer account allocation is
4 a reasonable, transparent, and administratively straightforward approach that delivers the
5 value of the Hold Harmless Commitment to customers in a meaningful way.

6
7 **Q. Is the Company also willing to implement an alternative allocation method?**

8 A. Yes. In addition to the per-customer account allocation, the Company has identified an
9 alternative approach that allocates the NPV of the Hold Harmless Commitment in credits
10 calculated by customer rate class. That said, the Company notes that there may be other
11 alternative methods of allocation which could both satisfy the Hold Harmless
12 Commitment and be acceptable to the Company, and the Company is open to considering
13 those in consultation with the parties to this proceeding.

14
15 **Q. Please describe how the rate-class allocation would work.**

16 A. Under the rate-class allocation approach, the NPV of the Hold Harmless Commitment
17 would first be allocated among the residential, commercial, and industrial customer
18 classes for electric service and for gas service, respectively, according to the rate base
19 allocators by rate class proposed in the Company's current base distribution rate case.
20 Once the value assigned to each class is determined, that value would be provided to
21 customers within the class as an equal monthly bill credit.

1 **Q. How does this differ from the per-customer account allocation method?**

2 A. This approach results in a different dollar amount of miscellaneous bill credits for each
3 rate class, instead of a standard, equal miscellaneous bill credit for all customers, because
4 the NPV of the Hold Harmless Commitment is divided among the rate classes based on
5 their respective rate class allocators, and then that amount is divided equally among the
6 customers that receive service under each respective rate class. This approach is reflected
7 in Attachment PUC 2-4 (for electric accounts) and Attachment PUC 2-11 (for gas
8 accounts) that the Company submitted in this docket previously.

9
10 **Q. Does this alternative allocation method change the total value of the Hold Harmless
11 bill credits provided to customers?**

12 A. No. Both allocation methods distribute the same fixed aggregate value determined
13 through the NPV calculation. The choice of allocation method affects only how that
14 value is distributed among customers.

15
16 **V. Conclusion**

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

18 A. Yes.

19

NPV Walk

The Company is providing an illustrative 'NPV Walk' to show how key variables affected the updated NPV calculation, starting from the original NPV as proposed in 2025, and arriving at the updated NPV presented in this filing – both at the current WACC, and the updated WACC as proposed in the Company's base distribution rate case. The three NPVs provided are the fully calculated present values of the Hold Harmless Commitment under the proposed methodology (see sections Beginning, Subtotal, and Final Total). However, the steps along the walk and the dollar values associated with each identified change are illustrative in nature, as those values are interrelated and impacted by the order in which you isolate a given variable and by rounding.

2025 Proposal to 2026 Proposal NPV Walk		Notes
Beginning		
Transmission	\$ 17,138,658	Starting NPV values as represented in the "Hold Harmless Execution Agreement" (Division Exhibit A) RIPUC Docket No. 25-33-GE.
Electric Distribution	\$ 54,881,058	
Gas Distribution	\$ 76,687,751	
Total	\$ 148,707,467	
Rate Case Effective Date - 1 Month Change		
Transmission	\$ -	The previous proposal assumed an effective date of 8/1/2026 for new base distribution rates, which has been updated to reflect an effective date of 9/1/2026.
Electric Distribution	\$ (518,341)	
Gas Distribution	\$ (661,378)	
Total	\$ (1,179,719)	
Adjusting NPV from 1/1/2026		
Transmission	\$ 1,030,131	This represents 8 months of time value at each respective WACC. The original Hold Harmless NPV was quoted as a 1/1/2026 NPV where the new Hold Harmless NPV is quoted as a 9/1/2026 (8 months appreciation).
Electric Distribution	\$ 2,943,217	
Gas Distribution	\$ 4,204,928	
Total	\$ 8,178,275	
Removing 2027 Fiscal ISR Hold Harmless NPV		
Transmission	\$ -	The original Hold Harmless proposal included the NPV of the ISR asset impact for 4/1/2026 and beyond as the Company would have not made a Hold Harmless adjustment in the FY2027 Electric and Gas ISR Plans under the original proposal. To avoid double counting, this downward adjustment reflects the embedded Hold Harmless value included in the Company's approved FY2027 Electric and Gas ISR Plans.
Electric Distribution	\$ (2,267,883)	
Gas Distribution	\$ (4,931,399)	
Total	\$ (7,199,282)	
Updated Transmission LNS Rate		
Transmission	\$ 2,565,602	Updated the LNS rate from 24.01% to 27.40%
Electric Distribution	\$ -	
Gas Distribution	\$ -	
Total	\$ 2,565,602	
Other		
Transmission	\$ 2,336	Immaterial adjustments related to updates and the rounding function in Excel.
Electric Distribution	\$ 17,650	
Gas Distribution	\$ 62,248	
Total	\$ 82,235	
Subtotal - Previously Used WACCs		
Transmission	\$ 20,736,728	NPV of the new Hold Harmless prior to changes in WACCs.
Electric Distribution	\$ 55,055,701	
Gas Distribution	\$ 75,362,150	
Total	\$ 151,154,579	
Updated WACCs		
Transmission	\$ 940,637	Updated the Electric Distribution WACC of 8.23% to the current proposed WACC of 9.81%. Updated the Gas Distribution WACC of 8.41% to the current proposed WACC of 9.81%. Updated the FERC WACC from 9.15% to 9.66%. Note the FERC WACC update is related to updates on capital structure and debt and does not reflect FERC Opinion No. 594.
Electric Distribution	\$ 5,622,344	
Gas Distribution	\$ 6,924,662	
Total	\$ 13,487,643	
Final Total		
Transmission	\$ 21,677,365	NPV of the new Hold Harmless after updating WACCs.
Electric Distribution	\$ 60,678,045	
Gas Distribution	\$ 82,286,812	
Total	\$ 164,642,222	

Index	Explanation of Information Provided
	<p>Summary</p>
Page 1	<ol style="list-style-type: none"> 1. Summary of Total Hold Harmless Credit by Segment if paid over 36 years. 2. Summary of Total Hold Harmless Credit by Segment if paid on 9/1/2026 at the Net Present Value. 3. Summary of Total Hold Harmless Credit by Segment if paid over January thru March in Q1 of 2027 and 2028 using Net Present Value Calculations. 4. Summary of Transmission Hold Harmless Credit for items 2 and 3 above allocated to Transmission Only Customers and RI Distribution customers.
Page 2	<p>Electric Transmission Segment Calculations</p> <ol style="list-style-type: none"> 1. Calculation of Change in ADIT on Rate Base related to Electric Transmission Assets as a result of the 2022 Acquisition. 2. Calculation of the Annual and Total Revenue Requirement Impacts to determine the Hold Harmless Credit in Nominal and Net Present Value amounts.
Page 3	<p>Electric Distribution Segment Calculations</p> <ol style="list-style-type: none"> 1. Calculation of Change in ADIT on Rate Base related to Electric Distribution Assets as a result of the 2022 Acquisition. 2. Calculation of the Annual and Total Revenue Requirement Impacts to determine the Hold Harmless Credit in Nominal and Net Present Value amounts.
Page 4	<p>Gas Distribution Segment Calculations</p> <ol style="list-style-type: none"> 1. Calculation of Change in ADIT on Rate Base related to Gas Distribution Assets as a result of the 2022 Acquisition.
Page 7	<ol style="list-style-type: none"> 2. Calculation of the Annual and Total Revenue Requirement Impacts to determine the Hold Harmless Credit in Nominal and Net Present Value amounts.
Page 5	<p>Inputs and Notes for Various Calculations</p> <ol style="list-style-type: none"> 1. Summary of Annual and Monthly WACC rates by Segment required for Net Present Value Calculations 2. Notes providing background information on certain computations.
Page 6	<p>Calculations Related to Overlap of Hold Harmless Credits in the FY 2027 Infrastructure, Safely and Reliability ("ISR") Plans and this Proceeding</p> <p>Computation of adjustments to Hold Harmless Calculations on Pages 2 thru 4 related to FY2027 ISR Plans.</p>
Page 7	<p>Revised calculation of the FY2027 ISR Electric Distribution Hold Harmless Adjustment using an updated Weighted Average Cost of Capital ("WACC") rate to be consistent the computation of the Total Hold Harmless Amount in this proceeding.</p>
Page 8	<p>Revised calculation of the FY2027 ISR Gas Distribution Hold Harmless Adjustment using an updated Weighted Average Cost of Capital ("WACC") rate to be consistent the computation of the Total Hold Harmless Amount in this proceeding.</p>
Page 9	<p>Hold Harmless Credits By Month</p> <ol style="list-style-type: none"> 1. Calculation of Hold Harmless Credits by equal monthly amounts using the 9/1/2026 net present value and compounding the value for agreed upon distributions after 9/1/2026 for each segment. 2. Allocates the Transmission related monthly Hold Harmless Credits to Transmission-only and RI Distribution Customers.

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 25-33-GE
In Re: Proposal to Change Rate Accounting and Issue Bill Credits
Relating to a Commitment to Hold Customers Harmless From an
Acquisition-Related Increase in Rates
Schedule DB-NH-1
Page 1 of 9

Line No.	Description	(a)	(b)	(c)	(d)	(e)	(f)
		Hold Harmless (Nominal Value)		Hold Harmless (Net Present Value)		Credits (Nominal Value)	
		Total Credit Over 36 Years		Total Credit Value at 9/1/2026		Total Credit Value at 9/1/2026 Paid out in 6 installments	
Hold Harmless:							
1	Electric Transmission	Pg 2, Line 45(m)	\$ 27,323,645	Pg 2, Line 45(p)	\$ 21,677,365	Pg 9, Line 23(f)	\$ 23,562,982
2	Electric Distribution	Pg 3, Line 45(m)	107,030,229	Pg 3, Line 45(p)	60,678,045	Pg 9, Line 23(i)	66,038,415
3	Gas Distribution	Pg 4, Line 45(m)	139,853,094	Pg 4, Line 45(p)	82,286,812	Pg 9, Line 23(l)	89,556,127
4	Total	Lines 1 thru 3	\$ 274,206,967	Lines 1 thru 3	\$ 164,642,222	Lines 1 thru 3	\$ 179,157,524
Electric Transmission (Allocated)							
5	Total Transmission Only Customers			Pg 9, Line 21(n)	185,044	Pg 9, Line 23(n)	201,141
6	Electric Distribution Customers			Pg 9, Line 21(o)	21,492,321	Pg 9, Line 23(o)	23,361,841
7	Total			Lines 5+6 or Line 1	\$ 21,677,365	Lines 5+6 or Line 1	\$ 23,562,982
Total Electric Distribution							
8	Electric Distribution			Line 2	\$ 60,678,045	Line 2	\$ 66,038,415
9	Electric Transmission Allocated			Line 6	21,492,321	Line 6	23,361,841
10	Total			Lines 8 + 9	\$ 82,170,365	Lines 8 + 9	\$ 89,400,256

Note 1: Gross Earnings Tax ("GET") is not reflected in any amounts. As credits are distributed, a tax benefit for GET will be calculated and applied to applicable customer bills through the billing process as a result of lower charges to customers resulting from the hold harmless credits. The GET rate grossed up for tax is 4.16667% for electric customers and 3.09278% for gas customers.

Discription of Discription of Schedule:

Page 3 provides the Annual Computation of the Increase in Electric Distribution's Rate Base for the Change of ADIT resulting from the impacts of the 2022 Acquisition (Columns i or k), the Annual and Total Revenue Requirement Impact (ie. Nominal Value of the Hold Harmless Credits) in Column (m) and the Annual and Total Net Present Value of the Hold Harmless Credits as of 9/1/2026 in Column (p).

Electric Distribution																
Line No.	PPL with Acquisition				National Grid hypothetical without Acquisition				Change in Rate Base for ADIT		Hold Harmless Nominal and Net Present Value Calculations					
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
	Year-End	Net Tax Plant	Net Book Plant	Cumulative Temporary Difference	Net Tax Plant	Net Book Plant	Net Operating Losses	Cumulative Temporary Difference	Change in Cumulative Temporary Difference	Increase in Rate Base for Change in ADIT at 21%	Increase in Rate Base for Change in ADIT	Annual Revenue Requirement	Adjusted Revenue Requirement	Discount Period in Months	Discount Factor	Net Present Value as of 9/1/2026
	Company Records	Company Records	(b) - (c)	Company Records	Company Records	Company Records	(e) - (f) + (g)	(d) - (h)	(i) x 21%	(k) = (j)	Prior Year Col (k) * Annual WACC Rate of 9.81%	Note 1	((a) - 2026) * 12 + 4 Months	1 / (1 + Monthly WACC Rate of 0.78%) ^ (n)	(m) x (o)	
											WACC on Pg 5, Line 2(a)		WACC on Pg 5, Line 2(b)			
1	5/25/2022	1,255,806,819	1,255,806,819	-	472,340,468	1,255,806,818	170,504,122	(612,962,228)	612,962,228	128,722,068	128,722,068					
2	2022	1,199,022,578	1,204,081,360	(5,058,782)	438,256,489	1,204,081,359	156,295,445	(609,529,426)	604,470,644	126,938,835	126,938,835			-44		
3	2023	1,105,975,000	1,142,010,810	(36,035,810)	403,286,091	1,142,010,809	131,937,713	(606,787,005)	570,751,195	119,857,751	119,857,751	12,450,558	-	-32	1.2834	-
4	2024	1,020,926,096	1,079,940,260	(59,014,164)	369,038,074	1,079,940,259	107,579,982	(603,322,203)	544,308,039	114,304,688	114,304,688	11,756,023	-	-20	1.1688	-
5	2025	943,501,747	1,017,869,709	(74,367,962)	337,135,920	1,017,869,708	83,222,250	(597,511,538)	523,143,576	109,860,151	109,860,151	11,211,361	-	-8	1.0644	-
6	2026	872,944,774	955,799,159	(82,854,384)	307,591,351	955,799,158	58,864,518	(589,343,289)	506,488,905	106,362,670	106,362,670	10,775,427	3,591,809	4	0.9693	3,481,514
7	2027	807,444,216	893,728,608	(86,284,393)	280,624,383	893,728,608	34,506,787	(578,597,438)	492,313,045	103,385,740	103,385,740	10,432,383	10,432,383	16	0.8827	9,208,804
8	2028	746,645,496	831,658,058	(85,012,562)	254,658,725	831,658,057	10,149,055	(566,850,277)	481,837,716	101,185,920	101,185,920	10,140,397	10,140,397	28	0.8039	8,151,536
9	2029	691,111,069	769,587,508	(78,476,438)	228,870,299	769,587,507	-	(540,717,208)	462,240,770	97,070,562	97,070,562	9,924,632	9,924,632	40	0.7321	7,265,469
10	2030	637,285,980	707,516,957	(70,230,977)	203,649,095	707,516,956	-	(503,867,862)	433,636,884	91,063,746	91,063,746	9,520,984	9,520,984	52	0.6667	6,347,401
11	2031	583,472,194	645,446,407	(61,974,213)	179,217,501	645,446,406	-	(466,228,905)	404,254,692	84,893,485	84,893,485	8,931,817	8,931,817	64	0.6071	5,422,738
12	2032	529,666,399	583,375,856	(53,709,457)	155,365,266	583,375,856	-	(428,010,590)	374,301,133	78,603,238	78,603,238	8,326,619	8,326,619	76	0.5529	4,603,756
13	2033	475,853,740	521,305,306	(45,451,567)	132,554,779	521,305,305	-	(388,750,526)	343,298,959	72,092,781	72,092,781	7,709,652	7,709,652	88	0.5035	3,881,889
14	2034	422,029,777	459,234,756	(37,204,979)	110,392,370	459,234,755	-	(348,842,385)	311,637,406	65,443,855	65,443,855	7,071,086	7,071,086	100	0.4585	3,242,345
15	2035	368,217,117	397,164,205	(28,947,089)	88,912,266	397,164,205	-	(308,251,938)	279,304,850	58,654,018	58,654,018	6,418,938	6,418,938	112	0.4176	2,680,409
16	2036	314,393,132	335,093,655	(20,700,523)	68,287,914	335,093,654	-	(266,805,740)	246,105,217	51,682,096	51,682,096	5,752,970	5,752,970	124	0.3803	2,187,736
17	2037	260,580,373	273,023,105	(12,442,731)	49,009,421	273,023,104	-	(224,013,683)	211,570,951	44,429,900	44,429,900	5,069,142	5,069,142	136	0.3463	1,755,504
18	2038	206,756,785	210,952,554	(4,195,769)	33,438,731	210,952,553	-	(177,513,823)	173,318,054	36,396,791	36,396,791	4,357,824	4,357,824	148	0.3154	1,374,365
19	2039	152,944,501	148,882,004	4,062,497	21,167,882	148,882,003	-	(127,714,121)	131,776,619	27,673,090	27,673,090	3,569,911	3,569,911	160	0.2872	1,025,308
20	2040	99,120,913	86,811,453	12,309,460	12,674,355	86,811,453	-	(74,137,097)	86,446,557	18,153,777	18,153,777	2,714,263	2,714,263	172	0.2616	709,927
21	2041	45,904,540	24,740,903	21,163,637	8,660,048	24,740,902	-	(16,080,855)	37,244,492	7,821,343	7,821,343	1,780,579	1,780,579	184	0.2382	424,119
22	2042	18,699,131	-	18,699,131	7,933,984	-	-	7,933,984	10,765,147	2,260,681	2,260,681	767,142	767,142	196	0.2169	166,405
23	2043	17,674,799	-	17,674,799	7,280,804	-	-	7,280,804	10,393,995	2,182,739	2,182,739	221,735	221,735	208	0.1975	43,802
24	2044	16,650,468	-	16,650,468	6,640,469	-	-	6,640,469	10,009,998	2,102,100	2,102,100	214,090	214,090	220	0.1799	38,514
25	2045	15,626,114	-	15,626,114	6,010,495	-	-	6,010,495	9,615,619	2,019,280	2,019,280	206,181	206,181	232	0.1638	33,778
26	2046	14,601,405	-	14,601,405	5,387,753	-	-	5,387,753	9,213,652	1,934,867	1,934,867	198,057	198,057	244	0.1492	29,549
27	2047	13,577,073	-	13,577,073	4,766,526	-	-	4,766,526	8,810,547	1,850,215	1,850,215	189,778	189,778	256	0.1359	25,785
28	2048	12,552,742	-	12,552,742	4,147,905	-	-	4,147,905	8,404,837	1,765,016	1,765,016	181,475	181,475	268	0.1237	22,454
29	2049	11,528,410	-	11,528,410	3,534,641	-	-	3,534,641	7,993,769	1,678,692	1,678,692	173,118	173,118	280	0.1127	19,507
30	2050	10,504,079	-	10,504,079	2,945,955	-	-	2,945,955	7,558,124	1,587,206	1,587,206	164,651	164,651	292	0.1026	16,896
31	2051	9,479,747	-	9,479,747	2,379,706	-	-	2,379,706	7,100,041	1,491,009	1,491,009	155,678	155,678	304	0.0934	14,548
32	2052	8,455,416	-	8,455,416	1,861,754	-	-	1,861,754	6,593,662	1,384,669	1,384,669	146,243	146,243	316	0.0851	12,446
33	2053	7,436,345	-	7,436,345	1,387,526	-	-	1,387,526	6,048,819	1,270,252	1,270,252	135,813	135,813	328	0.0775	10,526
34	2054	6,423,866	-	6,423,866	970,375	-	-	970,375	5,453,491	1,145,233	1,145,233	124,590	124,590	340	0.0706	8,793
35	2055	5,413,392	-	5,413,392	646,270	-	-	646,270	4,767,122	1,001,096	1,001,096	112,328	112,328	352	0.0643	7,220
36	2056	4,402,976	-	4,402,976	401,230	-	-	401,230	4,001,746	840,367	840,367	98,191	98,191	364	0.0585	5,747
37	2057	3,392,931	-	3,392,931	247,630	-	-	247,630	3,145,301	660,513	660,513	82,426	82,426	376	0.0533	4,394
38	2058	2,383,467	-	2,383,467	142,215	-	-	142,215	2,241,252	470,663	470,663	64,785	64,785	388	0.0485	3,145
39	2059	1,376,465	-	1,376,465	45,660	-	-	45,660	1,330,804	279,469	279,469	46,164	46,164	400	0.0442	2,041
40	2060	400,959	-	400,959	-	-	-	-	400,959	84,201	84,201	27,411	27,411	412	0.0403	1,104
41	2061	-	-	-	-	-	-	-	-	-	-	8,259	8,259	424	0.0367	303

Sub-Total at 9/1/2026	108,631,119		62,229,776
Less: Remaining FY2027 ISR Value	(1,600,890)	0.9693	(1,551,731)
Total at 9/1/2026	107,030,229		60,678,045

Note 1: Formula for Column (m), Line 6 equals Column (l) x 4/12 for number of months new base distribution rates are in effect before credits are provided. Each Line number, thereafter, Column (m) equals Column (l).

Discription of Schedule:

Page 4 provides the Annual Computation of the Increase in Gas Distribution's Rate Base for the Change of ADIT resulting from the impacts of the 2022 Acquisition (Columns i or k), the Annual and Total Revenue Requirement Impact (ie. Nominal Value of the Hold Harmless Credits) in Column (m) and the Annual and Total Net Present Value of the Hold Harmless Credits as of 9/1/2026 in Column (p).

Gas Distribution																
Line No.	PPL with Acquisition				National Grid hypothetical without Acquisition				Change In ADIT		Hold Harmless Nominal and Net Present Value Calculations					
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
	Year-End	Net Tax Plant	Net Book Plant	Cumulative Temporary Difference	Net Tax Plant	Net Book Plant	Net Operating Losses	Cumulative Temporary Difference	Change in Cumulative Temporary Difference	Increase in ADIT at 21%	Increase in Rate Base for Change in ADIT	Annual Revenue Requirement	Adjusted Revenue Requirement	Discount Period in Months	Discount Factor	Net Present Value as of 9/1/2026
		Company Records	Company Records	(b) - (c)	Company Records	Company Records	Company Records	(e) - (f) + (g)	(d) - (h)	(i) x 21%	(k) = (j)	Prior Year Col (k) * Annual WACC Rate of 9.81%	Note 1	((a) - 2026) * 12 + 4 Months	1 / (1 + Monthly WACC Rate of 0.78%) ^ (n)	(m) x (o)
											WACC on Pg 5, Line 3(a)		WACC on Pg 5, Line 3(b)			
1	5/25/2022	1,494,809,409	1,494,809,409	-	385,047,838	1,494,809,392	208,393,927	(901,367,627)	901,367,627	189,287,202	189,287,202					
2	2022	1,430,499,326	1,449,651,940	(19,152,613)	351,357,052	1,449,651,922	191,027,766	(907,267,104)	888,114,491	186,504,043	186,504,043			-44		
3	2023	1,316,429,829	1,395,462,976	(79,033,146)	314,179,988	1,395,462,958	161,257,205	(920,025,765)	840,992,619	176,608,450	176,608,450	18,292,900	-	-32	1.2834	-
4	2024	1,213,235,266	1,341,274,012	(128,038,746)	279,414,358	1,341,273,994	131,486,644	(930,372,992)	802,334,246	168,490,192	168,490,192	17,322,309	-	-20	1.1688	-
5	2025	1,119,236,219	1,287,085,048	(167,848,829)	247,440,435	1,287,085,030	101,716,083	(937,928,512)	770,079,683	161,716,733	161,716,733	16,526,045	-	-8	1.0644	-
6	2026	1,032,509,697	1,232,896,084	(200,386,387)	222,230,991	1,232,896,066	71,945,522	(938,719,553)	738,333,166	155,049,965	155,049,965	15,861,683	5,287,228	4	0.9693	5,124,871
7	2027	952,955,673	1,178,707,120	(225,751,447)	203,038,728	1,178,707,103	42,174,961	(933,493,414)	707,741,966	148,625,813	148,625,813	15,207,786	15,207,786	16	0.8827	13,424,116
8	2028	880,039,990	1,124,518,156	(244,478,166)	184,342,007	1,124,518,139	12,404,400	(927,771,731)	683,293,565	143,491,649	143,491,649	14,577,685	14,577,685	28	0.8039	11,718,527
9	2029	813,010,363	1,070,329,192	(257,318,829)	165,832,986	1,070,329,175	-	(904,496,189)	647,177,360	135,907,246	135,907,246	14,074,110	14,074,110	40	0.7321	10,303,154
10	2030	747,476,320	1,016,140,229	(268,663,908)	147,398,830	1,016,140,211	-	(868,741,381)	600,077,473	126,016,269	126,016,269	13,330,208	13,330,208	52	0.6667	8,886,914
11	2031	681,956,800	961,951,265	(279,994,465)	129,089,310	961,951,247	-	(832,861,937)	552,867,472	116,102,169	116,102,169	12,360,070	12,360,070	64	0.6071	7,504,120
12	2032	616,422,757	907,762,301	(291,339,544)	111,055,162	907,762,283	-	(796,707,121)	505,367,577	106,127,191	106,127,191	11,387,664	11,387,664	76	0.5529	6,296,196
13	2033	550,903,156	853,573,337	(302,670,181)	93,602,437	853,573,319	-	(759,970,883)	457,300,702	96,033,147	96,033,147	10,409,287	10,409,287	88	0.5035	5,241,184
14	2034	485,369,193	799,384,373	(314,015,180)	77,203,845	799,384,355	-	(722,180,511)	408,165,331	85,714,719	85,714,719	9,419,232	9,419,232	100	0.4585	4,319,054
15	2035	419,849,593	745,195,409	(325,345,817)	62,002,605	745,195,392	-	(683,192,787)	357,846,970	75,147,864	75,147,864	8,407,168	8,407,168	112	0.4176	3,510,651
16	2036	354,315,549	691,006,445	(336,690,896)	47,531,114	691,006,428	-	(643,475,314)	306,784,418	64,424,728	64,424,728	7,370,738	7,370,738	124	0.3803	2,802,939
17	2037	289,341,849	636,817,481	(347,475,632)	33,689,990	636,817,464	-	(603,127,474)	255,651,842	53,686,887	53,686,887	6,318,979	6,318,979	136	0.3463	2,188,338
18	2038	224,897,774	582,628,517	(357,730,743)	21,047,560	582,628,500	-	(561,580,940)	203,850,196	42,808,541	42,808,541	5,265,778	5,265,778	148	0.3154	1,660,714
19	2039	160,468,142	528,439,554	(367,971,412)	10,310,400	528,439,536	-	(518,129,136)	150,157,724	31,533,122	31,533,122	4,198,796	4,198,796	160	0.2872	1,205,929
20	2040	96,024,099	474,250,590	(378,226,491)	3,655,254	474,250,572	-	(470,595,318)	92,368,827	19,397,454	19,397,454	3,092,867	3,092,867	172	0.2616	808,953
21	2041	31,594,561	420,061,626	(388,467,065)	-	420,061,626	-	(420,061,626)	31,594,561	6,634,858	6,634,858	1,902,563	1,902,563	184	0.2382	453,175
22	2042	-	365,872,662	(365,872,662)	-	365,872,662	-	(365,872,662)	0	0	0	650,768	650,768	196	0.2169	141,162
23	2043	-	311,683,698	(311,683,698)	-	311,683,699	-	(311,683,699)	0	0	0	0	0	208	0.1975	0
24	2044	-	257,494,734	(257,494,734)	-	257,494,735	-	(257,494,735)	0	0	0	0	0	220	0.1799	0
25	2045	-	203,305,770	(203,305,770)	-	203,305,771	-	(203,305,771)	0	0	0	0	0	232	0.1638	0
26	2046	-	149,116,806	(149,116,806)	-	149,116,807	-	(149,116,807)	0	0	0	0	0	244	0.1492	0
27	2047	-	94,927,843	(94,927,843)	-	94,927,843	-	(94,927,843)	0	0	0	0	0	256	0.1359	0
28	2048	-	40,738,879	(40,738,879)	-	40,738,879	-	(40,738,879)	0	0	0	0	0	268	0.1237	0
29	2049	-	-	-	-	-	-	-	-	-	-	0	0	280	0.1127	0
30	2050	-	-	-	-	-	-	-	-	-	-	-	-	292	0.1026	-
31	2051	-	-	-	-	-	-	-	-	-	-	-	-	304	0.0934	-
32	2052	-	-	-	-	-	-	-	-	-	-	-	-	316	0.0851	-
33	2053	-	-	-	-	-	-	-	-	-	-	-	-	328	0.0775	-
34	2054	-	-	-	-	-	-	-	-	-	-	-	-	340	0.0706	-
35	2055	-	-	-	-	-	-	-	-	-	-	-	-	352	0.0643	-
36	2056	-	-	-	-	-	-	-	-	-	-	-	-	364	0.0585	-
37	2057	-	-	-	-	-	-	-	-	-	-	-	-	376	0.0533	-
38	2058	-	-	-	-	-	-	-	-	-	-	-	-	388	0.0485	-
39	2059	-	-	-	-	-	-	-	-	-	-	-	-	400	0.0442	-
40	2060	-	-	-	-	-	-	-	-	-	-	-	-	412	0.0403	-
41	2061	-	-	-	-	-	-	-	-	-	-	-	-	424	0.0367	-

Sub-Total at 9/1/2026	143,260,924		85,589,998
Less: Remaining FY2027 ISR Value	(3,407,830)	0.9693	(3,303,185)
Total at 9/1/2026	139,853,094		82,286,812

Note 1: Formula for Column (m), Line 6 equals Column (l) x 4/12 for number of months new base distribution rates are in effect before credits are provided. Each Line number, thereafter, Column (m) equals Column (l).

The Narragansett Electric Company
Hold Harmless Calculation
RIPUC Docket No. 25-33-GE
In Re: Proposal to Change Rate Accounting and Issue Bill Credits
Relating to a Commitment to Hold Customers Harmless From an
Acquisition-Related Increase in Rates
Schedule DB-NH-1
Page 5 of 9

Inputs used to calculate Revenue Requirements and the 9/1/2026 Net Present Value Amounts on Pages 2 thru 4 and Notes providing details for certain computations.

Line No.		(a)	(b)	Notes
1	Tax Rate	21.00%		
	Weighted Average Cost of Capital ("WACC") Rates:			
		Annual	Monthly	
2	Revenue WACC - Electric Distribution	9.81%	0.78%	Note 1
3	Revenue WACC - Gas	9.81%	0.78%	Note 1
4	Revenue WACC - Electric Transmission	9.66%	0.77%	Note 2
	Other Inputs:			
5	Transmission - RI Local Network Service ("LNS") Allocation Factor	27.40%		Note 3
6	LNS Transmission Allocation Factor to Transmission-Only Customers	0.85363%		Note 4
7	LNS Transmission Allocation Factor to Distribution Customers	99.14637%		Note 4
8	NOL Utilization Period (years)	7		Note 5
9	Electric and Gas Distribution Rate Case Effective Date	9/1/2026		
10	Month	9		
11	Year	2026		
12	Present Value Stated Date for Hold Harmless	9/1/2026	Beginning Date of Hold Harmless Satisfaction	
13	Month	9		
14	Year	2026		
15	Months in Year Remaining	4		

- Notes:**
- The pre-tax WACC rates from the 2026 pending general distribution rate case are used to calculate the net present value of the Electric Distribution and Gas Distribution revenue requirements on Page 3, Column O and Page 4, Column O, respectively.
 - The pre-tax WACC rate for Electric Transmission was computed using the capital structure and income tax rates in the 2024 FERC Formula Rate Filing approved in Docket No. ER20-054. The WACC capital structure components and the Local Network Service allocation explained in Note 3 were used to calculate the net present value of Electric Transmission revenue requirements on Page 2, Column O.
 - The RI Local Network Service (LNS) allocation factor is taken from the 2024 FERC Formula Rate to determine how much of the electric transmission revenue requirement is allocated to Rhode Island distribution and transmission-only customers. The WACC described in Note 2 and this LNS allocation factor are used to calculate the net present value of Electric Transmission revenue requirements On Page 2, Column O.
 - Lines 6 and 7 provide percentages used for the allocation of transmission revenues credits to transmission-only customers and RI distribution customers, which are computed on Page 9. These percentages were taken from the 2024 FERC Formula Rate.
 - A 7-year NOL utilization period was provided in Record Request 9 in the FY 2025 Gas ISR Docket No. 23-49-NG. The RIPUC approved the Company's revenue requirement calculation in that docket. See Report and Order No. 25228, Docket No. 23-49-NG, at 38, ¶ 12 (Jan. 8, 2025).
 - Tax basis is stepped up to book basis due to IRC Section 338(h)(10) election, which results in the elimination of ADIT, and consequently, increases rate base and the revenue requirement. The step-up in tax basis is shown on Pages 2 thru 4, when comparing tax basis in Column (b) after the acquisition and tax basis in Column (e) before the acquisition.
 - Increase in rate base on Pages 2 thru 4, Column (k) is based on the impact of the change in ADIT balance in Column (j) from the prior year for Electric and Gas Distribution and from 2 years prior for Transmission.
 - Revenue requirements on the increase in rate base on Pages 2 thru 4, Column (k) for Distribution, Gas and Transmission, respectively are calculated using WACC rates above and summarized in Column (l).
 - Net present values of Annual Revenue Requirements are calculated by Distribution, Gas and Transmission using WACC rates above for the discount rate and summarized on Pages 2 thru 4, Column (p).
 - The Electric Transmission revenue requirement impacts of the acquisition reflected on Page 3, Column (l), start in the 2024 year because transmission rates go into effect on a 2-year lag. As such, the acquisition in year 2022 is first reflected in rates in 2024. Revenue requirements for Electric and Gas distribution are not computed for these years because customer rates will not reflect the increased rate base until September 1, 2026.

The Narragansett Electric Company
Hold Harmless Calculation
RIPUC Docket No. 25-33-GE
In Re: Proposal to Change Rate Accounting and Issue Bill Credits
Relating to a Commitment to Hold Customers Harmless From an
Acquisition-Related Increase in Rates
Schedule DB-NH-1
Page 6 of 9

Discription of Schedule:

This schedule determines how much of the Hold Harmless Adjustment in the FY2027 Infrastructure, Safety, and Reliability ("ISR") Plans is reflected in the Nominal an Net Present Value calculations of the Total Hold Harmless Credits as of 9/1/2026 on Pages 3 and 4. The Total Hold Harmless Credits in this Docket are calculated on all depreciable assets acquired from National Grid as of May 25, 2022, which means the hold harmless credit on the pre-acquisition assets in the FY2027 ISR are captured twice (once in the ISR and once in this Docket) starting on 9/1/2026. Therefore, the amount of the Hold Harmless Adjustment in the FY2027 that impacts 9/1/2026 and forward must be removed from the Total Hold Harmless Amount (see Line 44(m) on Pages 3 and 4).

Line No.	Notes		(a)	(b)	(c)
			Electric	Gas	Total
			Per FY2027 Filing	Per FY2027 Filing	Calculated Per FY207 Filing
					(a)+(b)
1	FY2027 Forecasted per FY 2027 ISR Plan with updated WACC (Note 1)	Pg 7, Line 21(a)	2,744,383	Pg 8, Line 21 (a)	8,586,378
2			<u>2,744,383</u>	<u>5,841,995</u>	<u>8,586,378</u>

Timing of FY 2027 ISR in Rates:

			Electric		Gas		Total
3	Apr-26						-
4	May-26						-
5	Jun-26						-
6	Jul-26						-
7	Aug-26						-
8	Sep-26	Expected Month of New Base rates	Line 1(a) / 12	228,699	Line 1(b) / 12	486,833	715,532
9	Oct-26		Line 1(a) / 12	228,699	Line 1(b) / 12	486,833	715,532
10	Nov-26		Line 1(a) / 12	228,699	Line 1(b) / 12	486,833	715,532
11	Dec-26		Line 1(a) / 12	228,699	Line 1(b) / 12	486,833	715,532
12	Jan-27		Line 1(a) / 12	228,699	Line 1(b) / 12	486,833	715,532
13	Feb-27		Line 1(a) / 12	228,699	Line 1(b) / 12	486,833	715,532
14	Mar-27		Line 1(a) / 12	228,699	Line 1(b) / 12	486,833	715,532
15	Total			<u>1,600,890</u>		<u>3,407,830</u>	<u>2,862,126</u>

Note 1: The Hold Harmless Adjustment calculated for FY2027 ISR Electric Distribution in Docket No. 25-54-EL on Page 7 and for FY2027 ISR Gas Distribution in Docket No. 25-55-NG on Page 8 are recalculated using updated Weighted Average Cost of Capital ("WACC") rates to be consistent with the WACC rates used to calculate the Total Hold Harmless Credits on Pages 3 and 4.

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 25-33-GE
**In Re: Proposal to Change Rate Accounting and Issue Bill Credits
Relating to a Commitment to Hold Customers Harmless From an
Acquisition-Related Increase in Rates**
Schedule DB-NH-1
Page 7 of 9

Elimination of ADIT and Hold Harmless Commitment related to FY 2027 Electric Infrastructure, Safety and Reliability Plan in Docket No. 25-54-EL
The Hold Harmless Adjustment in Docket No. 25-54-EL is recalculated below using an updated WACC consistent with the Total Hold Harmless Calculation on Page 3.

Amounts highlighted in yellow were updated for this proceeding.

		Inputs			
		(a)	(b)	(c)	(d)
1	Tax Rate	21.00%			
		Capital Structure (%)	Debt Rate (%)	Cost (%)	Cost Ratios (%)
	See Docket No. 25-45-GE, Sch SAB-1-ELEC, Pg 4 for Lines 2 thru 7				Lines 5 & 6 (a) x (c)
2	Long Term Debt	42.990%	4.770%	4.770%	
3	Short Term Debt	0.000%	4.550%	0.000%	
4	Preferred Stock	0.000%		0.000%	
5	Debt Weighting	Cols (a) & (c) = Lines 2+3+4		4.770%	2.05%
6	Equity Weighting	57.01%		10.750%	6.13%
7	Total	Lines 5+6		100.00%	
8	WACC (after-tax)	Lines 4+5+6, Col (d) Line 6(d) *			8.18%
9	Tax Gross-up on Common Equity	Line 1(a) / (1 - Line 1(a))			1.63%
10	Revenue WACC (pre-tax)	Lines 8+9, Col (d)			9.81%
11	Rate Base - PPL (after purchase)	\$ 184,021,944	See Docket No. 25-54-EL		
12	Rate Base - NG (before sale)	\$ 156,041,771	See Docket No. 25-54-EL		
13	Deferred Taxes / Hold Harmless	Lines 11 - 12		\$ 27,980,173	Elimination of Deferred Taxes

ROE Notes and Mechanics

- The sale of the business is treated as a sale of assets for income tax purposes causing the reversal of cumulative timing differences and a payment to the government of the amounts that had been recorded as deferred tax liabilities by National Grid ("NG").
- PPL does not assume the interest-free liability of ADIT from NG because NG paid this tax liability to the government as a result of the sales transaction. As such, PPL has to replace the no-cost capital with other capital. This calculation assumes that the substitute for the eliminated DTL is debt and equity in the same proportion as stated in Lines 5 and 6.
- The revenue credit for hold harmless is reflected on Line 21.
- Line 28 reflects the goodwill tax deduction needed to hold customers harmless from the increased revenue requirement due to the rate base increase from the elimination of deferred taxes. Any tax deduction lower than the amount reflected on this line will not provide enough of a tax benefit to share with customers.
- Line 27 reflects the cash tax benefit of the goodwill tax deduction and is recorded for GAAP reporting (not reflected for FERC reporting). There is not an income statement tax benefit since the goodwill tax deduction is a flip between current and deferred taxes. This amount grossed up for tax shown on Line 28 is the revenue credit reflected on Line 21.

		Post-Acquisition Results for ISR Capital Adjustments through the Date of Acquisition	Results for ISR Capital Adjustments through the Date of Acquisition as if the Acquisition did not occur	Difference		
		(a)	(b)	(c) = (a) - (b)		
14	Rate Base after Acquisition	Line 11		184,021,944	184,021,944	-
15	ADIT Adjustment	- Line 13		-	(27,980,173)	27,980,173
16	Adjusted Rate Base	Lines 14 + 15		184,021,944	156,041,771	27,980,173
17	Debt Return (4.576%)	Lines 16 * 5(d)		3,773,596	3,199,828	573,768
18	Equity Return (9.275%)	Lines 16 * 6(d)		11,277,923	9,563,137	1,714,786
19	Taxes on Equity (21%)	(Line 18 / (1 - Line 1)) * Line 1		2,997,929	2,542,100	455,829
20	Total Unadjusted Revenue	Sum of Lines 17 , 18, 19		18,049,448	15,305,065	2,744,383
21	Revenue Adjustment	- Line 13 * Line 10(d)		(2,744,383)	-	(2,744,383)
22	Total Revenue	Lines 20 + 21		15,305,065	15,305,065	-
23	Interest Expense	Lines 16, Col (b) * Line 5(d)		3,199,828	3,199,828	-
24	Tax Expense	(Lines 22 - 23) * Line 1		2,542,100	2,542,100	-
25	Net Income	Lines 22 - 23 - 24		9,563,137	9,563,137	-
Impact of Transaction						
26	Transaction-related Tax Deduction	- Line 21 * (1-Line 1) / Line 1		10,324,107		
27	Cash Tax Benefit at 21%	Line 26 * Line 1		2,168,063		
28	Cash Tax Benefit Grossed Up	Line 27 / (1-Line 1)		2,744,383		

Note 1: There is a slight variation in the calculated hold harmless amount due to the roundings, so a manual adjustment of \$472 is added to formula.

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 25-33-GE
**In Re: Proposal to Change Rate Accounting and Issue Bill Credits
Relating to a Commitment to Hold Customers Harmless From an
Acquisition-Related Increase in Rates**
Schedule DB-NH-1
Page 8 of 9

Elimination of ADIT and Hold Harmless Commitment related to FY 2027 Gas Infrastructure, Safety and Reliability Plan in Docket No. 25-55-NG
The Hold Harmless Adjustment in Docket No. 25-55-NG is recalculated below using an updated WACC consistent with the Total Hold Harmless Calculation on Page 4.

Amounts highlighted in yellow were updated for this proceeding.

		Inputs			
		(a)	(b)	(c)	(d)
1	Tax Rate	21.00%			
		Capital Structure (%)	Debt Rate (%)	Cost (%)	Cost Ratios (%)
	See Docket No. 25-45-GE, Sch SAB-1-GAS, Pg 4 for Lines 2 thru 7				Lines 5 & 6(a) x (c)
2	Long Term Debt	42.990%	4.770%	4.770%	
3	Short Term Debt	0.000%	4.550%	0.000%	
4	Preferred Stock	0.000%		0.000%	
5	Debt Weighting	Cols (a) & (c) = Lines 2+3+4		4.770%	2.051%
6	Equity Weighting	57.01%		10.750%	6.129%
7	Total	Lines 5+6		100.00%	
8	WACC (after-tax)	Lines 4+5+6, Col (d) (Line 6(d)) *			8.179%
9	Tax Gross-up on Common Equity	Line 1(a) / (1 - Line 1(a))			1.630%
10	Revenue WACC (pre-tax)	Lines 8+9, Col (d)			9.81%
11	Rate Base - PPL (after purchase)	\$ 319,670,377	See Docket No. 25-55-NG		
12	Rate Base - NG (before sale)	\$ 260,108,699	See Docket No. 25-55-NG		
13	Deferred Taxes / Hold Harmless	Lines 11 - 12	\$ 59,561,677	Elimination of Deferred Taxes	

ROE Notes and Mechanics

- The sale of the business is treated as a sale of assets for income tax purposes causing the reversal of cumulative timing differences and a payment to the government of the amounts that had been recorded as deferred tax liabilities by National Grid ("NG").
- PPL does not assume the interest-free liability of ADIT from NG because NG paid this tax liability to the government as a result of the sales transaction. As such, PPL has to replace the no-cost capital with other capital. This calculation assumes that the substitute for the eliminated DTL is debt and equity in the same proportion as stated in Lines 5 and 6.
- The revenue credit for hold harmless is reflected on Line 21.
- Line 28 reflects the goodwill tax deduction needed to hold customers harmless from the increased revenue requirement due to the rate base increase from the elimination of deferred taxes. Any tax deduction lower than the amount reflected on this line will not provide enough of a tax benefit to share with customers.
- Line 27 reflects the cash tax benefit of the goodwill tax deduction and is recorded for GAAP reporting (not reflected for FERC reporting). There is not an income statement tax benefit since the goodwill tax deduction is a flip between current and deferred taxes. This amount grossed up for tax shown on Line 28 is the revenue credit reflected on Line 21.

		Post-Acquisition Results for ISR Capital Adjustments through the Date of Acquisition	Results for ISR Capital Adjustments through the Date of Acquisition as if the Acquisition did not occur	Difference	
		(a)	(b)	(c) = (a) - (b)	
14	Rate Base after Acquisition	Line 11	319,670,377	319,670,377	-
15	ADIT Adjustment	- Line 13	-	(59,561,677)	59,561,677
16	Adjusted Rate Base	Lines 14 + 15	319,670,377	260,108,699	59,561,677
17	Debt Return (4.576%)	Lines 16 * 5(d)	6,555,234	5,333,849	1,221,385
18	Equity Return (9.275%)	Lines 16 * 6(d)	19,591,239	15,940,957	3,650,282
19	Taxes on Equity (21%)	(Line 18 / (1 - Line 1)) * Line 1	5,207,798	4,237,470	970,328
20	Total Unadjusted Revenue	Sum of Lines 17, 18, 19	31,354,271	25,512,276	5,841,995
21	Revenue Adjustment	- Line 13 * Line 10(d)	(5,841,995)	-	(5,841,995) Note 1
22	Total Revenue	Lines 20 + 21	25,512,276	25,512,276	-
23	Interest Expense	Lines 16, Col (b) * Line 5(d)	5,333,849	5,333,849	-
24	Tax Expense	(Lines 22 - 23) * Line 1	4,237,470	4,237,470	-
25	Net Income	Lines 22 - 23 - 24	15,940,957	15,940,957	-
Impact of Transaction					
26	Transaction-related Tax Deduction	- Line 21 * (1-Line 1) / Line 1	21,977,029		
27	Cash Tax Benefit at 21%	Line 26 * Line 1	4,615,176		
28	Cash Tax Benefit Grossed Up	Line 27 / (1-Line 1)	5,841,995		

Note 1: There is a slight variation in the calculated hold harmless amount due to the roundings, so a manual adjustment of \$1,006 is added to formula.

Line No.	(a) Date	(b) Year	(c) Monthly Periods	Transmission (See Columns (m) thru (p) for Allocations)			Electric Distribution			Gas Distribution			Transmission Allocation (Note 5)				
				(d) Discount Factors	(e) Nominal Value	(f) Net Present Value	(g) Discount Factors	(h) Nominal Value	(i) Net Present Value	(j) Discount Factors	(k) Nominal Value	(l) Net Present Value	(m) Nominal Value of Credits	(n) Transmission Only Customers	(o) Distribution Customers	(p) Total Allocation	
				1 / (1 + Monthly WACC Rate of 0.77%) ^ (c)	Line 22(f)	(d) * (e)	1 / (1 + Monthly WACC Rate of 0.78%) ^ (c)	Line 22(i)	(g) * (h)	1 / (1 + Monthly WACC Rate of 0.78%) ^ (c)	Line 22(l)	(j) * (k)	Col (e)	(m) * .8536%	(m) * 99.1464%	(n) + (o)	
				Pg 5, Line 4(b)			Pg 5, Line 2(b)			Pg 5, Line 3(b)			Pg 5, Line 6(a) Pg 5, Line 7(a)				
1	9/1/2026	2026	0	1.0000	-	-	1.0000	-	-	1.0000	-	-	-	-	-	-	-
2	10/1/2026	2026	1	0.9923	-	-	0.9922	-	-	0.9922	-	-	-	-	-	-	-
3	11/1/2026	2026	2	0.9848	-	-	0.9845	-	-	0.9845	-	-	-	-	-	-	-
4	12/1/2026	2026	3	0.9772	-	-	0.9769	-	-	0.9769	-	-	-	-	-	-	-
5	1/1/2027	2027	4	0.9697	3,927,164	3,808,342	0.9693	11,006,403	10,668,425	0.9693	14,926,021	14,467,683	3,927,164	33,523	3,893,640	3,927,164	
6	2/1/2027	2027	5	0.9623	3,927,164	3,779,203	0.9618	11,006,403	10,585,565	0.9618	14,926,021	14,355,314	3,927,164	33,523	3,893,640	3,927,164	
7	3/1/2027	2027	6	0.9550	3,927,164	3,750,287	0.9543	11,006,403	10,503,349	0.9543	14,926,021	14,243,819	3,927,164	33,523	3,893,640	3,927,164	
8	4/1/2027	2027	7	0.9477	-	-	0.9469	-	-	0.9469	-	-	-	-	-	-	-
9	5/1/2027	2027	8	0.9404	-	-	0.9395	-	-	0.9395	-	-	-	-	-	-	-
10	6/1/2027	2027	9	0.9332	-	-	0.9322	-	-	0.9322	-	-	-	-	-	-	-
11	7/1/2027	2027	10	0.9261	-	-	0.9250	-	-	0.9250	-	-	-	-	-	-	-
12	8/1/2027	2027	11	0.9190	-	-	0.9178	-	-	0.9178	-	-	-	-	-	-	-
13	9/1/2027	2027	12	0.9119	-	-	0.9107	-	-	0.9107	-	-	-	-	-	-	-
14	10/1/2027	2027	13	0.9050	-	-	0.9036	-	-	0.9036	-	-	-	-	-	-	-
15	11/1/2027	2027	14	0.8980	-	-	0.8966	-	-	0.8966	-	-	-	-	-	-	-
16	12/1/2027	2027	15	0.8912	-	-	0.8896	-	-	0.8896	-	-	-	-	-	-	-
17	1/1/2028	2028	16	0.8844	3,927,164	3,473,017	0.8827	11,006,403	9,715,499	0.8827	14,926,021	13,175,399	3,927,164	33,523	3,893,640	3,927,164	
18	2/1/2028	2028	17	0.8776	3,927,164	3,446,443	0.8759	11,006,403	9,640,040	0.8759	14,926,021	13,073,067	3,927,164	33,523	3,893,640	3,927,164	
19	3/1/2028	2028	18	0.8709	3,927,164	3,420,073	0.8691	11,006,403	9,565,167	0.8691	14,926,021	12,971,531	3,927,164	33,523	3,893,640	3,927,164	
20					23,562,982	21,677,365		66,038,415	60,678,045		89,556,127	82,286,812	23,562,982	201,141	23,361,841	23,562,982	
21	NPV at 9/1/2026			Page 2 of 9, Line 45 ,Col (p)			Page 3 of 9, Line 45 ,Col (p)			Page 4 of 9, Line 45 ,Col (p)			21,677,365	185,044	21,492,321	21,677,365	
22	Per Credit Amount			Note 1			Note 2			Note 3			3,927,164	33,523	3,893,640	3,927,164	
23	Nominal Value of Credits (Note 4)			Line 20(e)			Line 20(h)			Line 20(k)			23,562,982	201,141	23,361,841	23,562,982	

- Note 1** Line 21(f) / Sum of discount factors in Column (d) for the months of January thru March of 2027 and January thru March of 2028
- Note 2** Line 21(i) / Sum of discount factors in Column (g) for the months of January thru March of 2027 and January thru March of 2028
- Note 3** Line 21(l) / Sum of discount factors in Column (j) for the months of January thru March of 2027 and January thru March of 2028
- Note 4** The nominal value of the hold harmless credits increase as credit distributions extend beyond 9/1/2026.
- Note 5** Transmission rates are allocated to RI distribution customers and five wholesale transmission customers.

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: DANE**

PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY

OF

DANIEL S. DANE

April 16, 2026

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: DANE**

Table of Contents

I.	Introduction and Qualifications	1
II.	Summary of Pre-Filed Rebuttal Testimony	2
III.	Purpose of Pre-Filed Supplemental Testimony.....	7
IV.	Overview of the Updated Hold Harmless Commitment and Bill Credit Proposal	8
V.	Conclusion	10

1 **I. Introduction and Qualifications**

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

3 A. My name is Daniel S. Dane. My business address is 293 Boston Post Road West,
4 Suite 500, Marlborough, Massachusetts, 01752.

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

7 A. I am the President of Concentric Energy Advisors, Inc. (“Concentric”).
8

9 **Q. On whose behalf are you testifying in this proceeding?**

10 A. I am submitting this testimony to the Rhode Island Public Utilities Commission (the
11 “PUC” or the “Commission”) on behalf of The Narragansett Electric Company d/b/a
12 Rhode Island Energy (“Rhode Island Energy” or the “Company”), a subsidiary of PPL
13 Corporation (“PPL”).
14

15 **Q. Did you previously provide testimony in this proceeding?**

16 A. Yes. I filed pre-filed rebuttal testimony in this proceeding on November 6, 2025. My
17 experience in the energy and utility industries and my educational and professional
18 qualifications are provided in that testimony. My background and list of prior testimony
19 was presented in more detail in Schedule DSD-1 to my pre-filed rebuttal testimony.
20 Schedule DSD-1 includes testimony before the State of Rhode Island Division of Public
21 Utilities and Carriers (the “Division”) on behalf of PPL and PPL Rhode Island Holdings,

1 LLC (“PPL Rhode Island”) in Docket No. 21-09 in the Petition for Authority to Transfer
2 Ownership of The Narragansett Electric Company to PPL Rhode Island Holdings, LLC
3 (the “Transaction”).
4

5 **II. Summary of Pre-Filed Rebuttal Testimony**

6 **Q. What was the scope of your pre-filed rebuttal testimony in this proceeding?**

7 A. My pre-filed rebuttal testimony responded to the October 23, 2025 testimony of Chiara
8 Trabucchi on behalf of the Attorney General of the State of Rhode Island (“RIAG”)
9 regarding the calculation of the Company’s proposed miscellaneous bill credits that
10 would satisfy the commitment made in the Transaction to hold customers harmless from
11 any changes to accumulated deferred income taxes (“ADIT”) as a result of the
12 Transaction. In particular, I addressed Ms. Trabucchi’s alternative proposal for
13 calculating the miscellaneous bill credits and her assertion that the use of a risk-free rate
14 to discount the return on future rate base deductions to calculate the credits is more
15 appropriate than the use of the Company’s weighted average cost of capital (“WACC”).
16 In doing so, I described the Company’s commitment to hold customers harmless from the
17 elimination of ADIT that resulted from the Transaction and the appropriate framework to
18 apply in the context of that hold harmless provision. I concluded that the use of the
19 Company’s WACC to calculate the net present value of near-term miscellaneous bill
20 credits is consistent with corporate finance principles and ensures internal consistency,
21 regulatory alignment, and economic equivalence.

1 **Q. What were your key pre-filed rebuttal testimony findings?**

2 A. The key findings in my pre-filed rebuttal testimony were:

- 3 • The acquisition commitment to hold customers harmless from the elimination of
4 ADIT means that any proposal to satisfy the commitment must be economically
5 neutral to the scenario in which the Transaction had not occurred (referred to herein
6 as the “No Transaction Scenario”). The calculation of the Hold Harmless
7 Commitment, whether fulfilled over time or through near-term bill credits, must
8 adhere to this underlying premise. In that way, customers are “kept whole,” and
9 neither customers nor the Company is harmed. The Division evaluated the
10 Transaction and determined that the terms, including the hold harmless provision
11 from the elimination of ADIT, are “consistent with public interest.”¹
- 12 • Absent the Transaction, the pre-Transaction ADIT would not have been eliminated,
13 and the pre-Transaction ADIT would continue to be deducted from rate base until it
14 was completely unwound over approximately 37 years, reducing the revenue
15 requirement over that period. This is the scenario to which any proposal for bill
16 credits must be compared to ensure customers are not harmed by the proposal.
- 17 • Rhode Island Energy has been making credit adjustments to the calculation of its
18 Infrastructure, Safety and Reliability (“ISR”) filing revenue requirement and, since

¹ State of Rhode Island Division of Public Utilities and Carriers, *Petition for Authority to Transfer Ownership of The Narragansett Electric Company to PPL Rhode Island Holdings, LLC and Related Approvals*, Docket No. D-21-09, Report and Order, February 23, 2022, at 333.

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: DANE
PAGE 4 OF 11**

1 January 1, 2024, has been accruing for transmission-related adjustments impacting
2 distribution and transmission-only customers to ensure that customers do not pay
3 higher rates due to the elimination of ADIT. Absent any other arrangement, the
4 Company would continue those credit adjustments over the next 37 years, reducing
5 the return component of the revenue requirement and customer rates over time. I
6 refer to this scenario as the “Status Quo.” It is clear that customers would be held
7 harmless in the Status Quo because that approach is functionally equivalent to the No
8 Transaction Scenario. It is also clear that the Company would not be harmed in the
9 Status Quo for that same reason.

10 • Per the Company’s initial tariff advice filing in this docket and the agreement entered
11 into by and among the Company, PPL, PPL Rhode Island, and the Advocacy Section
12 of the Division of Public Utilities and Carriers (the “Advocacy Section”), dated
13 June 13, 2025 (the “Hold Harmless Implementation Agreement”), the Company
14 proposed to satisfy the Hold Harmless Commitment by providing near-term bill
15 credits to customers, rather than continuing to make credit adjustments over the next
16 37 years. The calculation of near-term bill credits requires bringing the future credit
17 adjustments to their present value, which requires a discount rate. Because, as
18 discussed above, the Status Quo is neutral to the No Transaction Scenario and it
19 would harm neither customers nor the Company, it is only reasonable that an
20 alternative proposal that involves near-term bill credits also be neutral for *both*
21 customers and the Company. In that way, the decision on the appropriate discount

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: DANE
PAGE 5 OF 11**

1 rate is similar to decisions made in other “present value versus future value” exercises
2 that utilities perform on behalf of customers, such as the comparison of resource
3 planning scenarios and capital budgeting decisions. In those exercises, the utility’s
4 WACC is customarily used for bringing future cash flows to their present value
5 equivalent.

- 6 • In fact, by providing near-term bill credits, the Company is de-risking customers’
7 receipt of the credits, which, in addition to providing customers with bill credits today
8 rather than over the next 37 years, benefits customers. Further, the Division found
9 that the calculation and methods proposed in the Hold Harmless Implementation
10 Agreement hold customers harmless from any changes in ADIT resulting from the
11 Transaction.²

- 12 • Use of the Company’s WACC ensures internal consistency, regulatory alignment, and
13 economic equivalence with both the Status Quo and the No Transaction scenarios.
14 Importantly, the Division concluded that the proposed near-term bill credits satisfy
15 the Hold Harmless Commitment. Specifically, the Division found that “[t]he final
16 terms therein were vetted by a Division Advocacy Section expert who determined

² State of Rhode Island Division of Public Utilities and Carriers, *Petition for Authority to Transfer Ownership of The Narragansett Electric Company to PPL Rhode Island Holdings, LLC and Related Approvals*, Docket No. D-21-09, Decision and Order- Hold Harmless Petition, September 10, 2025, at 15 (included as Exhibit B, attached to Division’s Position Letter, October 23, 2025).

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: DANE
PAGE 6 OF 11**

1 that the present-day value methodology and calculations met appropriate accounting
2 industry standards and were wholly accurate.”³

- 3 • Ms. Trabucchi’s opinion expressed in her October 23, 2025 testimony is inconsistent
4 with corporate finance principles related to the establishment of the discount rate. Her
5 alternative assertion that using a risk-free rate (such as the 10-year Treasury bond yield
6 or customer deposit rate) as the discount rate when calculating the miscellaneous bill
7 credits would be appropriate is flawed for several reasons and is inconsistent with the
8 Hold Harmless Commitment because it tilts the balance in favor of customers by
9 artificially increasing the bill credits and harms the Company by putting it in a
10 worsened economic standing than it would have been in both the Status Quo and the
11 No Transaction scenarios.
- 12 • Setting aside the principles underlying the choice of a discount rate, customers do not
13 have a single discount rate or time value of money, as implied by Ms. Trabucchi’s
14 October 23, 2025 testimony. Although this is not a material issue in determining the
15 appropriate discount rate for this proceeding, it is important to clarify that customers
16 do not share a single discount rate or time value of money, contrary to Ms. Trabucchi’s
17 implication.
- 18 • Ms. Trabucchi’s alternative suggestion to apply a risk-free rate to calculate the present
19 value of near-term miscellaneous bill credits should be rejected. The appropriate

³ Division’s Position Letter, October 23, 2025, at 2.

1 discount rate for purposes of establishing the bill credit should result in an
2 economically-neutral present value that doesn't disadvantage customers (thus holding
3 them harmless compared to the No Transaction Scenario) or the Company (putting
4 them in the same footing as in the Status Quo). That discount rate is represented by the
5 Company's WACC.

6
7 **III. Purpose of Pre-Filed Supplemental Testimony**

8 **Q. Since your pre-filed rebuttal testimony was filed on November 6, 2025, what**
9 **developments have occurred related to the Company's tariff advice filing?**

10 A. On November 14, 2025, the Company filed a Notice of Withdrawal of Tariff Advice Filing,
11 withdrawing its October 2, 2025 tariff advice that proposed to implement the bill credits.⁴
12 The Company is reopening its tariff advice filing and proposal to provide customers with
13 miscellaneous bill credits. In doing so, as described in the Pre-Filed Supplemental Direct
14 Testimonies of Dwayne T. Bauder, Jr. and Natalie Hawk, the Company maintained its
15 methodology for calculating bill credits, both in nominal and present values, and has made
16 certain updates to reflect the passage of time and the continuing operation of the ISR, and
17 to incorporate the WACC that Rhode Island Energy requested in its ongoing rate case in
18 Docket No. 25-45-GE. As further discussed in Mr. Bauder's testimony, if the Commission

⁴ Rhode Island Public Utilities Commission, *The Narragansett Electric Company d/b/a Rhode Island Energy Proposal to Change Rate Accounting and Issue Bill Credits Relating to a Commitment to Hold Customers Harmless from and Acquisition-Related Increase in Rates*, Docket No. 25-33-GE, Notice of Withdrawal of Tariff Advice Filing, November 14, 2025.

1 approves a different WACC than the Company proposed in the rate case, the Company will
2 update the Hold Harmless Commitment calculation using the existing methodology and
3 the Commission-approved WACC.

4
5 **Q. What is the purpose of your pre-filed supplemental testimony in this proceeding?**

6 A. The purpose of my pre-filed supplemental testimony is to provide my findings regarding
7 the Company's updated hold harmless calculations and their consistency with the
8 principles discussed in my pre-filed rebuttal testimony. I have reviewed the updated hold
9 harmless calculations, including the incorporation of the Company's WACC from Docket
10 No. 25-45-GE, and find them both reasonable and consistent with those principles.

11
12 **IV. Overview of the Updated Hold Harmless Commitment and Bill Credit Proposal**

13 **Q. What updates has the Company made to its calculations of the Hold Harmless**
14 **Commitment in its revised tariff advice filing that are relevant to the scope of your**
15 **pre-filed supplemental testimony?**

16 A. The Company updated certain inputs, summarized below and explained in more detail by
17 Company witness Bauder. These updated inputs reflect the passage of time and were
18 also made in consideration of the Company's base distribution rate case filing in Docket
19 No. 25-45-GE. The mechanics and methodology used to calculate the Hold Harmless
20 Commitment have not changed.

- 1 • Update the assumption regarding the effective date of electric and gas base
2 distribution rates requested in Docket No. 25-45-GE from August 1, 2026 to
3 September 1, 2026.
- 4 • Update the net present value date for the calculations from January 1, 2026, to
5 September 1, 2026.
- 6 • Adjust the Hold Harmless Commitment to reflect the continuing operation of the ISR,
7 which has included manual adjustments to implement the Hold Harmless
8 Commitment.
- 9 • Update the calculation to reflect the new allocation to Rhode Island Energy for the
10 LNS transmission rate.
- 11 • Updated the Company’s WACC to use the electric and gas distribution cost of debt,
12 return on equity, and capital structure that Rhode Island Energy requested in
13 Docket No. 25-45-GE.

14

15 **Q. Is the Company’s updated calculation of the Hold Harmless Commitment consistent**
16 **with the principles you laid out in your pre-filed rebuttal testimony?**

17 A. Yes. The Company’s methodology for calculating the Hold Harmless Commitment is the
18 same as it was at the time I filed my pre-filed rebuttal testimony in this proceeding, and
19 the updates to the inputs of the calculation, as summarized above, are reasonable to
20 reflect current assumptions regarding the timing of the Company’s rate case and its

1 WACC. The Company's Hold Harmless Commitment proposal continues to hold
2 customers and the Company harmless compared to the No Transaction and the Status
3 Quo scenarios described in my pre-filed rebuttal testimony. As I explained in my pre-
4 filed rebuttal testimony, use of the Company's WACC ensures internal consistency,
5 regulatory alignment, and economic equivalence with both the Status Quo and the No
6 Transaction scenarios. The Company continues to use its WACC (updated as described
7 above) when calculating both the nominal value and present value Hold Harmless
8 Commitments. Accordingly, the Company's proposal is consistent with the finance
9 principles that I explained in my pre-filed rebuttal testimony, and neither the Company
10 nor its customers would be harmed by the Company's proposal.

11
12 **V. Conclusion**

13 **Q. What is your conclusion regarding the Company's updated calculation of its Hold**
14 **Harmless Commitment?**

15 A. The Company's updated calculation of its Hold Harmless Commitment is consistent with
16 the finance principles that I explained in my pre-filed rebuttal testimony. In particular, the
17 Company uses its updated WACC to calculate both the nominal value and present value
18 of the Hold Harmless Commitment; consequently, neither the Company nor its customers
19 would be harmed by the Company's proposal compared to the Status Quo and the No
20 Transaction scenarios. The Company continues to apply its WACC in the calculation of
21 the Hold Harmless Commitment, as updated for the WACC proposed in Docket No. 25-

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-33-GE
IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING AND ISSUE BILL CREDITS
RELATING TO A COMMITMENT TO HOLD CUSTOMERS HARMLESS
FROM AN ACQUISITION-RELATED INCREASE IN RATES
WITNESS: DANE
PAGE 11 OF 11**

1 45-GE. The appropriate discount rate for purposes of establishing the bill credit should
2 reflect the risk and timing of the cash flows in the No Transaction scenario, which is
3 Company-specific risk over a long time horizon. That discount rate is represented by the
4 Company's WACC.

5

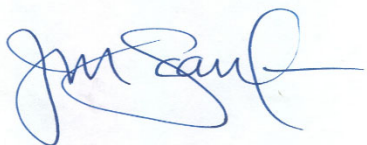
6 **Q. Does this conclude your pre-filed supplemental testimony?**

7 Yes.

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

April 16, 2026

Date

Docket No. 25-33-GE – PUC In Re: Proposal to Change Rate Accounting and Issue Bill Credits Relating to a Commitment to Hold Customers Harmless from an Acquisition-Related Increase in Rates Service list updated 4/16/2026

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