Rhode Island Energy

The Narragansett Electric Company

# FY 2026 Gas Infrastructure, Safety and Reliability Plan

# **Annual Reconciliation**

July 31, 2026

Docket No. 24-55-NG

Submitted to:
Rhode Island Public Utilities Commission

Submitted by:

Rhode Island Energy™
a PPL company

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Rhode Island Energy™
a PPL company

July 31, 2026

**VIA HAND DELIVERYAND ELECTRONIC MAIL**

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

**RE: Docket No. 24-55-NG - FY 2026 Gas Infrastructure, Safety, and Reliability Plan Reconciliation Filing**

Dear Ms. De La Rosa:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company"), enclosed, please see the Company's Annual Reconciliation for the Fiscal Year ("FY") 2026[1] Gas Infrastructure, Safety, and Reliability ("ISR") Plan (this "Filing" or "Reconciliation Filing"). This Filing is being submitted to the Public Utilities Commission ("PUC") in accordance with R.I. Gen. Laws § 39-1-27.7.1(c) and the Company's Gas Tariff, RIPUC RIE-GAS No. 101, Section 3, Schedule A, Item 3.2.3.

This filing consists of the following testimony and attachments:

- **Testimony of Philip LaFond**, Director of Electric and Gas Investment Planning and Management. Company Witness LaFond presents the Company's FY 2026 Gas ISR Plan Annual Reconciliation referenced as Attachment PL-1.

  In summary, the Company spent $171.80 million under the FY 2026 Gas ISR Plan, which includes $162.66 million in capital spending and $9.14 million in operating expenses for curb-to-curb paving. This reflects an overspend of approximately $6.67 million (or 9.61 percent) as compared to the FY 2026 Gas ISR Plan budget of $165.13 million (excluding the PHMSA – Gas Pipeline Leak Detection and Repair Budget Group). The overspend was primarily driven by higher than anticipated reactive service replacements and other mandated compliance work, the timing of invoices for the Old Mill Lane Portable Equipment project after a FY 2025 underspend, and unanticipated requirements associated with the Petteys Avenue pressure regulation station project.

- **Testimony of Jeffrey D. Oliveira**, Lead Rates & Regulatory Specialist. Company Witness Oliveira presents the Company's revenue requirement calculation and revenue requirement adjustment for the FY2026 overspend. Mr. Oliveria is sponsoring Attachment JDO-1 - Revenue Requirement Calculation FY 2026 Gas Infrastructure,

[1] FY 2026 was April 1, 2025 through March 31, 2026.

Safety and Reliability Plan and Attachment JDO-2 - Calculation of Revenue Requirement Adjustment for FY 2026 Overspend.

In summary, the FY 2026 ISR reconciliation results in a proposed revenue requirement of $89,440,118. This is a decrease of $12,062,698 from the projected FY 2026 Gas ISR revenue requirement of $101,502,817, previously approved by the PUC in this docket.

The revenue requirement is inclusive of a FY 2026 overspend adjustment of $126,095.

- **Testimony of Natalie Hawk**, Director of Tax Accounting and Reporting for PPL Services Corporation. Company Witness Hawk describes the FY 2026 tax updates used to calculate accumulated deferred income taxes in rate base for the revenue requirement; FY 2025 tax updates resulting in true-ups top the revenue requirement; excess deferred income tax calculation and bonus depreciation on vintage year 2018 in the FY 2026 revenue requirement; and the impacts of the above noted updates to the FY 2026 hold harmless revenue credit calculation. Ms. Hawk is sponsoring Attachment NH-1 for the FY 2026 hold harmless adjustment.

  In summary, for FY 2026, the hold harmless adjustment reduced the revenue requirement by $4,759,645.

Please note that the FY 2026 Gas ISR Reconciliation has been included in the calculation of the Gas ISR factor contained in the Company's annual Distribution Adjustment Charge filing in Docket No. 26-23-NG, which was filed with the PUC on July 31, 2026 under separate cover. The DAC filing includes a reconciliation of forecasted collections to actual collections.

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

Sincerely,

Andrew S. Marcaccio

Enclosure

cc: Docket No. 24-55-NG Service List

# PRE-FILED DIRECT TESTIMONY

# OF

# PHILIP LAFOND

**July 31, 2026**

## Table of Contents

## I. Introduction

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

A. My name is Philip LaFond. My business address is 1301 Atwood Avenue, Johnston, RI, 02919

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

A. I am employed by The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company" or "Rhode Island Energy") as the Director of Electric and Gas Investment Planning and Management, leading a combined electric and gas investment planning team. I report directly to the Rhode Island Chief Operating Officer, and, in addition, I work closely with the Rhode Island Jurisdictional President, the Vice President – Gas, Vice President – Electric, and their respective staffs. In my role, I create the gas and electric business capital investment plans to align with the Company's strategic and mandated capital plans.

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

A. In 1998, I graduated from the Massachusetts Institute of Technology ("MIT") with a Bachelor of Science in nuclear engineering. From 1996 to 1999, I was employed at MIT as a Senior Nuclear Reactor Operator and Shift Supervisor supervising the operation of MIT's five-megawatt research nuclear fission reactor. I was employed by Entergy Nuclear Operations, Inc. from 2002 to 2004 as a nuclear plant reactor operator. From

2005 through 2009, I was employed by Yankee Scientific in various roles of increasing responsibility and eventually held the position of Manager, Technical Training and Support for the company's combined heat and power unit sales and operations. During 2010, I held an identical position with ECR International after which I rejoined Yankee Scientific as a Senior Engineer and Operations Director and served in that role until 2016. I joined National Grid USA Service Company, Inc. in 2016 as a Lead Program Manager, Gas Resource Planning and was promoted in 2019 to Manager, Resource and Portfolio Planning. During my tenure at National Grid, I was responsible for the development of main and service replacement programs for Boston Gas Company and Colonial Gas Company and for resource management in connection with their $646 million capital portfolio. Beginning in 2019, I assumed similar responsibilities for the Company. Following the May 25, 2022 sale of the Company from National Grid USA to PPL Rhode Island Holdings, LLC (the "Acquisition"), a wholly owned indirect subsidiary of PPL Corporation ("PPL") I continued to fulfill my previous responsibilities and additionally assumed responsibility for gas asset investment planning, including all gas Infrastructure, Safety and Reliability ("ISR") proceedings. I assumed my current role on August 4, 2025.

**Q. Have you previously testified before the Public Utilities Commission?**

A. Yes, in 2022, 2023, 2024, 2025 and 2026 I testified before the Public Utilities Commission ("PUC") and filed testimony in support of the Company's Fiscal Years ("FY") 2023, 2024, 2025, 2026 and 2027 Gas Infrastructure, Safety, and Reliability

("ISR") Plans in Docket Nos. 5210, 22-54-NG, 23-49-NG, 24-55-NG, and 25-55-NG respectively. I also testified in 2026 in support of the FY 2027 Electric ISR Plan, Docket 25-54-EL.

## II. Purpose of Testimony

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

A. The purpose of my testimony is to present the Company's FY 2026 Annual Reconciliation filing for the Gas ISR Plan (the "Gas ISR Plan" or the "Plan"), including the actual spending for FY 2026, the period April 1, 2025, through March 31, 2026, and the capital additions placed in-service in FY 2026.

As part of this filing, I also provide detailed information regarding the major spending variances by specific Plan categories for the period April 1, 2025, through March 31, 2026.

As discussed in the pre-filed direct testimony of Company witnesses, Jeffrey D. Oliveira, Tyler G. Shields, and Natalie Hawk, the Company uses the FY 2026 capital additions placed in-service total to calculate the FY 2026 Plan revenue requirement, which is then reconciled with the Company's actual Plan revenues for FY 2026. The reconciliation balance is then included in the Company's annual Distribution Adjustment Charge ("DAC") filing, which will be reflected in rates proposed for effect November 1, 2026.

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

A. Yes. I am sponsoring Attachment PL-1 – FY 2026 Gas ISR Plan Annual Reconciliation.

## III. FY 2026 Gas ISR Plan Actual Spending

**Q. Please summarize the results of the Company's Gas ISR Plan actual spending for FY 2026 relative to the approved FY 2026 budget.**

A. Attachment PL-1 to my testimony is the Company's FY 2026 Gas ISR Plan Annual Reconciliation of actual spending for the period April 1, 2025, to March 31, 2026. As set forth in Table A of Attachment PL-1, for FY 2026, the Company spent $171.80 million under the Plan, which comprises $162.66 million in capital spending and $9.14 million in operating expenses for Curb-to-Curb paving. These amounts represent an overspending variance of approximately $6.67 million (or 9.61 percent) as compared to the Plan annual budget of $165.13 million (excluding the PHMSA – Gas Pipeline Leak Detection and Repair Budget Group). The $6.67 million overspend variance for the year is discussed below in more detail for each specific category of the Plan.

**Q. What were the primary drivers for the $6.67 million overspend variance in FY 2026?**

A. The overspend variance was driven by three main causes. The first cause is attributable to Mandated and Non-Main Reactive work in Group B, specifically, higher than anticipated Reactive Service Replacements and other mandated compliance work. The second main cause is the timing of invoices for the Old Mill Lane Portable Equipment project after an FY 2025 underspend, as well as handling charges and higher than expected sales tax. The third main cause is related to unanticipated requirements associated with the Petteys Avenue pressure regulation station project. Furthermore, the Company spent on the procurement of materials for other related projects in this Pressure Regulation Facilities category after discovering that Waites Corner and Providence at Tollgate regulator station replacement projects would be unable to proceed as planned this year due to conflicts with other utilities and paving restrictions.

**Q. Please provide a summary of the Company's leak prone pipe installation and abandonment for FY 2026.**

A. The table below lists the FY 2026 installed and abandoned miles of leak prone pipe across each category.

| | A | B | C | D |
|---|---|---|---|---|
| 1 | **Q4 ISR** | **Total Abandonment Miles** | **LPP Abandonment Miles** | **Installed Miles** |
| 2 | Damage / Failure (Reactive) | 0 | 0 | 0 |
| 3 | Reactive Main Replacement - Leak Prone Pipe & Maintenance | 0.9 | 0.8 | 1.5 |
| 4 | CSC/Public Works | 8.5 | 7.8 | 5.9 |
| 5 | Gas System Reliability | 1 | 0.9 | 3.4 |
| 6 | Proactive Low Pressure System Elimination | 1.7 | 1.1 | 3.1 |
| 7 | Replace Pipe on Bridges | 0.6 | 0.1 | 3.1 |
| 8 | Proactive Main Replacement - Leak Prone Pipe | 20.8 | 19.1 | 15.5 |
| 9 | Atwells Avenue | 0 | 0 | 0 |
| 10 | Pipeline Integrity - Wamp Trl | 1.9 | 1.9 | 0 |
| 11 | Rehab (Lining) | 0.2 | 0.1 | 0.1 |
| 12 | Cumberland Hill Projects (Cumberland Hill & Hamlet) | 2.1 | 2 | 0.2 |
| 13 | TOTALS | 37.7 | 33.8 | 32.8 |
| 14 | **Q4 NON-ISR** | **Total Abandonment Miles** | **LPP Abandonment Miles** | **Installed Miles** |
| 15 | CSC/Public Works | 3.5 | 3.3 | 4.3 |
| 16 | Gas System Reliability | 0 | 0 | 0.4 |
| 17 | Proactive Main Replacement - Leak Prone Pipe | 0.7 | 0.7 | 1.1 |
| 18 | Growth | 0.6 | 0.2 | 0 |
| 19 | Reinforcement | 2.1 | 0.7 | 0 |
| 20 | TOTALS | 6.9 | 4.9 | 5.8 |
| 21 | COMBINED Totals | 44.6 | 38.7 | 38.6 |

The table below shows a total of approximately 789 miles of leak prone pipe that has been abandoned through FY 2026 and that has contributed to an estimated reduction of 2,207 leaks. The 39 miles that were abandoned in FY 2026 contributed to the elimination of 102 leaks.

| Description | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 | FY 18 | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 | FY 26 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total LPP Abandonment Miles | 46 | 47 | 53 | 55 | 59 | 63 | 62 | 60 | 62 | 30 | 68 | 66 | 35 | 44 | 39 | 789 |
| Gas Leaks Eliminated | 191 | 186 | 140 | 121 | 150 | 103 | 178 | 160 | 160 | 79 | 190 | 215 | 97 | 135 | 102 | 2,207 |
| | | | | | | | | | | | | | | | | |

**Q. Did the Company's FY 2026 abandonment of 33.8 miles of leak prone pipe contribute to the reduction of any methane emissions, which supports the goals of Rhode Island's 2021 Act on Climate?**

A. Yes, in addition to enhancing the safety and reliability of the gas distribution system, the abandonment of 33.8 miles of leak prone pipe also reduced emissions from its gas distribution system by approximately 2,800 thousand cubic feet ("MCF") annually.

**Q. What accounts for the overspend in Budget Group C: Reliability & Pressure Regulation?**

A. The Company overspent in five Group C categories: LNG, Pressure Regulating Facilities, Distribution Station Over Pressure Protection, Southern RI Gas Expansion – Regulator Station Investment (Laten Knight Cranston Gate Station), and Tools & Equipment. The Company underspent in the remaining six Group C categories. The primary driver for the Group C overspend was Petteys Avenue regulator station replacement projects in the Pressure Regulating Facilities category along with the procurement of materials for other projects in this category.

**Q. Please explain the reason for the overspending on Petteys Avenue pressure regulator station projects.**

A. The Petteys Avenue overspending resulted from unanticipated requirements, specifically, additional welding, deployment of additional crew due to weather delays, and the construction of a retaining wall that was not part of the original project scope.

**Q. Please summarize the actual capital additions the Company placed in service as compared to the Company's target for FY 2026.**

A. As set forth in Table C of Attachment PL-1, for FY 2026, the Company recorded capital additions in-service of $173.62 million against an original target of $137.31 million (excluding Curb-to-Curb paving treated as expense), resulting in an over-forecast variance of $36.31 million (or 26.4 percent).

**Q. Why did the Company exceed the capital additions in-service forecast by such a large amount?**

A. The Company began the year with a higher-than-normal amount of leak prone pipe projects not-yet-in-service, many of which were put in-service in FY 2026. Additionally, the Separately Tracked Major Projects at Old Mill Lane both had earlier than anticipated capital additions in FY 2026.

**Q. What is the effect of the Company's exceeding of the Soft Budget Limit on spending in budget Group C?**

A. Pursuant to the Commission's Decision and Order No. 25228 issued on January 8, 2025 (the "FY 2025 Gas ISR Plan Order") in Docket No. 23-49-NG, the Company must make a downward adjustment in the its calculated revenue requirement, for one fiscal year, equal to the hypothetical revenue requirement attributable to the amount of the overspend ignoring the half year convention. The Company exceeded the allowable 2.5 percent overspending buffer in budget Group C. The overspend variance for Group C was $1.24 million. Consequently, the Company must reduce its calculated revenue requirement by the hypothetical full year revenue requirement attributable to the full overspending in Group C.

**Q. How did the Company reflect this adjustment for exceeding the Soft Budget Cap applicable to Group C?**

A. In calculating its revenue requirement in this reconciliation, the entire amount of overspend that exceeded the original soft budget cap was treated as if the amount of the overspend was being placed in service in the fiscal year. A revenue requirement was calculated on the entire overspend above the soft budget cap, ignoring the half-year convention. The Company has calculated the full year revenue requirement adjustment as shown in Attachment JDO-2, Page 1, Line 25 to Mr. Oliveira's pre-filed testimony.

## IV. Conclusion

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

A. Yes.

# Attachment PL-1

FY 2026 Gas Infrastructure, Safety, and Reliability Annual Reconciliation Filing

# Gas Infrastructure, Safety, and Reliability Plan

# The Narragansett Electric Company

# Fiscal Year 2026 Annual Report and Reconciliation Filing

# Period Ending March 31, 2026

## Executive Summary

The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company") submits this Annual Reconciliation filing for the fiscal year ("FY") 2026 Gas Infrastructure, Safety, and Reliability Plan ("Gas ISR Plan" or the "Plan"), which the Rhode Island Public Utilities Commission ("PUC") approved in Docket No. 24-55-NG. The filing provides an overview and description of the reconciled $171.80 million of actual spending by category (excluding the contingency budget of $14.60 million for Pipeline and Hazardous Materials Safety Administration ("PHMSA") -- Gas Pipeline Leak Detection and Repair ("LDAR")) and an explanation by category of notable variances to the Plan budget of $165.13 million. For FY 2026 there was an overspending variance of $6.67 million or 4.0 percent to the Plan budget. The total spending of $171.80 million (see Tables A & B) comprises $162.66[1] million in capital spending and operation and maintenance ("O&M") expenses of $9.14 million for curb-to-curb paving. For FY 2026, the Company spent $9.14 million on curb-to-curb paving costs against a target of $18.00 million for an underspend variance of $8.16 million. The Company recorded the $9.14 million in curb-to-curb paving costs as O&M expenses, reducing the total capital spending to $162.66 million.

[1] Dollar value numbers throughout this report are rounded to the nearest hundredth of a million. For example, $162.662 million has been rounded to $162.66 million. Please see Tables A, B, and C for numbers rounded to nearest thousand.

The filing also shows that the Company recorded capital additions placed in service of $173.56 million against a target of $137.31 million, resulting in an over-target variance of $36.25 million or 26.4 percent. See Table C for a summary of actual versus target capital additions placed in-service for FY 2026. The additions in service total of $173.62 million does not include any curb-to-curb paving costs that were treated O&M expenses.

The Gas ISR Plan spending through the end of the fourth quarter of $171.80 million includes actual spending of $108.23 million out of a fiscal year budget of $107.86 million for Budget Group A: Main Replacement & Rehabilitation work, resulting in a fiscal year greater than budget variance of $0.37 million. The spending through the fourth quarter includes actual spending of $13.83 million of a fiscal year budget of $12.83 million on Budget Group B: Mandated & Non-Main Reactive work, resulting in an over budget variance of $1.01 million. The spending through the fourth quarter includes actual spending of $24.74 million of a fiscal year budget of $23.49 million on Budget Group C: Reliability & Pressure Regulation work, resulting in an over budget variance of $1.24 million. The spending through the fourth quarter includes actual spending of $4.93 million of a fiscal year budget of $5.29 million on Budget Group D: Separately Tracked Categories (meter purchases), resulting in an underbudget variance of $0.36 million. The spending through the fourth quarter includes actual spending of $20.07 million of a fiscal year budget of $15.66 million on Budget Group E: Separately Tracked Major Projects, resulting in an overbudget variance of $4.42 million. There was no spending in FY 2026 for Budget Group F: PHMSA – Gas Pipeline Leak Detection and Repair (LDAR) projects, resulting in an underbudget variance of $14.64 million.

The overall FY 2026 Gas ISR Plan overspending variance was driven by spending greater than budget in the following categories: Public Works - Reimbursable, Proactive Main Rehabilitation - Large Diameter, Main Replacement (Proactive) – Leak Prone Pipe, Reactive Leaks, Reactive Service Replacements – Non-Leaks/Other, LNG, including the Old Mill Lane Major Projects, Pressure Regulating Facilities, Distribution Station Over Pressure Protections, Tools & Equipment, and Southern RI Gas Expansion Project – Regulator Station Investment. Those greater than budget variances were partially offset by under budget variances in all other categories.

The Company was also over-target for capital additions placed in service in FY 2026. For FY 2026, the Company placed $173.62 million of capital additions in service versus a target of $137.31 million, resulting in an over-target variance of $36.31 million. See Table C for a summary of actual versus target capital additions placed in service for FY 2026 and the last section of this report for additional information regarding the primary drivers of the over-target variance.

## FY 2026 Capital Spending by Category

### *Budget Group A: Main Replacement & Rehabilitation*

***$0.37 million variance over FY 2026 budget***

The Company had no spending in FY 2026 on the Damage / Failure (Reactive) program.
For FY 2026, the Company spent $11.47 million against a fiscal year budget of $11.93 million for the Reactive Main Replacement program, resulting in a spending less than budget variance of $0.46 million. For FY 2026, the Company installed 1.5 miles of new replacement gas main and abandoned 0.8 miles of leak-prone pipe through the Reactive Main Replacement program. The Company spent $6.16 million of a budget of $3.33 million for the Cumberland Hill area projects, which includes the Hamlet Avenue Bridge project. Hamlet Avenue Bridge is over budget by $2.83 million in FY 2026. This over budget variance is driven by several factors, including the unanticipated need to replace all pipe hangers on the bridge, the employment of a specialized personnel platform to perform these replacements, the remediation of hazardous materials adjacent to the piping, and permit restrictions that limited working hours to a short window per

day, increased labor costs due to materials handling logistics associated with evening work, and required a larger than normal police detail contingent.

The Company spent $20.03 million against a FY 2026 budget of $35.83 million for the Non-Reimbursable Public Works program, resulting in an underbudget variance of $15.8 million. For FY 2026, the Company installed 5.9 miles of new replacement gas main and abandoned 7.8 miles of leak-prone pipe through the Public Works program. The Company had 59 projects in its Public Works portfolio in FY 2026 for which all or some portion of the project was undertaken ahead of municipal or state paving, reducing cost to ratepayers.

The Company spent $6.77 million against a FY 2026 budget of $10.02 million for the Gas System Reliability program, resulting in a less than budget variance of $3.24 million. For FY 2026, the Company installed 3.4 miles of new replacement gas main and had 1.0 miles of abandonment. Notable projects in this program for FY 2026 include East Providence system integration, Wampanoag Gate Station single feed elimination, and the Scenery Lane single feed elimination project.

For FY 2026, the Company spent $7.66 million against a fiscal year budget of $9.02 million for the Proactive Low Pressure System Elimination program, resulting in a spending less than budget variance of $1.34 million. For FY 2026, the Company installed 3.1 miles of new replacement gas main and abandoned 1.1 miles of leak-prone pipe through the Proactive Low Pressure System Elimination program. This program was comprised of one new project for FY 2026 and seven with carryover work from previous fiscal years: Tuckerman Avenue in Middletown, Morton Avenue in Johnston, Charles Street in Providence, Harrison Avenue in Warwick, Tiffany Street in North Providence and Social Street, Mitris Boulevard, and Privilege Street in Woonsocket. These projects all enable one or more follow-on projects in other main replacement programs to be progressed as low- to high-pressure conversions, lowering the overall cost of the follow-on projects as well providing the safety and reliability benefits of higher-pressure gas service.

For FY 2026, the Company spent $4.51 million against a budget of $1.8 million for the Proactive Main Rehabilitation – Large Diameter (CI Lining & CISBOT) program, resulting in a greater than budget variance of $2.71 million. Most of the spending on this program was for preparations for lining two large diameter cast iron mains on Petteys Avenue in Providence in FY 2027. These preparations included service transfers from the low- and intermediate-pressure mains to the nearby high-pressure main, as well as engineering and material procurement, including the purchase of the liner itself.

The Company spent $3.41 million against a FY 2026 budget of $6.60 million for the Replace Pipe on Bridges category, resulting in a less than budget variance of $3.19 million. This under budget variance is attributable to the deferment of the River Street Bridge Main Replacement project to FY 2027 due to Rhode Island Department of Transportation scheduling conflicts and delays, including permitting challenges, and delays with the Glenbridge Avenue bridge repairs due to logistical challenges in inspecting the bridge and a lengthy negotiation with the City of Providence to allow the use of their bridge to facilitate the repairs.

The Company spent $50.41 million against a FY 2026 budget of $30.52 million for the Proactive Main Replacement program, resulting in a spending greater than budget variance of $19.89 million. For FY 2026, the Company installed 15.5 miles and abandoned 19.1 miles of leak-prone pipe through the Proactive Main Replacement program. The Company experienced lower than anticipated demand in the Public Works – Non-Reimbursable category and utilized the available funding to advance additional leak prone pipe projects instead. The cost of these projects on a unit basis is in line with what the Company has observed over the last several fiscal years.

For FY 2026, the Company spent $0.60 million against a budget of $1.00 million for the Proactive Service Replacement program. The Company replaced 66 leak prone services connected to non-leak prone main against a plan of 133. The Company fell short of its goal this year due to emerging higher priority work, the inability to secure proper police details and logistical challenges between customers and Customer Meter Service ("CMS") technicians.

### *Budget Group B: Mandated & Non-Main Reactive*

***<u>$1.01 million overspending variance to FY 2026 budget</u>***

For FY 2026, the Company spent $13.83 million of a $12.83 million budget in the Mandated & Non-Main Reactive group, resulting in an overspending variance of $1.01 million. This over budget variance is driven by additional compliance work in the Reactive Service Replacements – Non-Leaks/Other category, as well as additional Reactive Leak spending and partially offset by lower spending in the Corrosion and I&R – Reactive categories.

For FY 2026, the Company spent $1.05 million of a $1.25 million budget for the Corrosion program, resulting in an underspending variance of $0.20 million. This underspend was due mainly to the deferment of planned work that crosses Amtrak rail lines. Work at these locations requires specialty permitting and qualified flaggers. The Company was unable to complete planned work during FY 2026 due to Amtrak scheduling challenges.

The Company spent $3.06 million of a FY 2026 budget of $1.77 million for the Reactive Service Replacements program, resulting in an overspending variance of $1.30 million. This overspend was due to an increased volume of compliance related work on services as well as curb valve installations required for inside inspections and remediations.

For FY 2026, the Company spent $0.80 million of a $1.43 million budget for the I&R – Reactive program, resulting in an underspend variance of $0.63 million. Resource constraints late in the fiscal year prevented the Company from completing all the work it had in its plan for the year.

For FY 2026, the Company spent $0.03 million of a fiscal year budget of $0.06 million on the Access Protection Remediation program, resulting in an underspend variance of $0.03 million.

***Budget Group C: Reliability & Pressure Regulation***

***<u>$1.24 million overspending variance to FY 2026 budget</u>***

For FY 2026, the Company spent $7.43 million of a fiscal year budget of $6.92 million for liquefied natural gas ("LNG") projects, resulting in an overspending variance of $0.51 million. There were two primary overspend drivers. The Exeter LNG Boiloff Compressor project included final construction contractor and commissioning related charges in FY 2026. This project required several changes to comply with current codes and standards. Additionally, the Cumberland Portable Vaporizer Tap was deferred from FY 2025 and had no budget for FY 2026 due to the timing of the deferral with respect to submission of the FY 2026 ISR proposal to the PUC. Work in FY 2026 included the installation and commissioning of the odorant tank, a remote terminal unit, higher than expected welding inspection costs, and electrical installation.

For FY 2026, the Company spent $1.49 million against a budget of $1.50 million for the Transmission Station Integrity program.

The Scott Road Take Station replacement project (the "Scott Road TS" project), spent $1.69 million versus a budget of $3.52 million. The Scott Road TS spend included abandonment of the old gate station piping and existing water bath heaters. The stormwater management portion of this project encountered delays in getting required easements as well as town permits.

The Company spent $8.47 million of a FY 2026 budget of $6.20 million on the Pressure Regulating Facilities program, resulting in an overspend variance of $2.27 million. The Company completed two station replacement projects in FY 2026: Weeden at Smithfield and New River at Cottage. Two regulation stations at Petteys Avenue have been installed and are awaiting final tie-in work to be completed in the second quarter of FY 2027, following the completion of the two lining projects on Petteys Avenue. Costs for the Petteys Ave project exceeded estimates due to weather delays and the need to construct a retaining wall, which was not included in the original design. The Company deferred the Providence at Tollgate project to FY 2027 upon discovery of a water main line at excavation. Additionally, the Company advanced procurement of prefabricated vault purchases for FY 2027 projects.

The Company spent $0.75 million of a FY 2026 budget of $0.50 million for the Distribution Station Over Pressure Protection program, resulting in an overspend variance of $0.25 million. This overspend can be attributed to costs related to the temporary regulator station for Wolcott Avenue in Middletown that was needed to bypass a single-feed station requiring replacement. The Company completed two major projects in this program for FY 2026: Serrel Sweet and Hartford Avenue at Dale Street. Smithfield at Cushing was canceled since the station is planned to be abandoned within the next several years. Materials purchased for this project are expected to be repurposed for similar projects requiring the same materials.

For FY 2026, the Company spent $1.71 million of a $1.86 million budget for the Take Station Refurbishment program, resulting in an underspend variance of $0.15 million. In FY 2026, The Company began work on one project in this program, Putnam Pike. It is anticipated that the gate station portion of this multi-year project will be completed in FY 2027, with the regulation station already complete and in-service. The Old Mill Lane gate station outlet piping project was canceled following site materials testing, at which point it was determined a full station replacement would be required.

The Company spent $0.08 million of a FY 2026 budget of $0.41 million on the Heater Installation Program, resulting in an underspend variance of $0.33 million. No heater replacements took place in FY 2026. Spend in this category can be attributed to Laten Knight carryover work and blanket spend. Long lead times for spare heat exchangers are causing project delays. Going forward, the Company plans to order heat exchangers well in advance to maintain a steady supply for each gate station. The Diamond Hill heater replacement project was deferred to FY 2027 due to work coordination delays between the Company and Enbridge.

For FY 2026, the Company spent $1.2 million of $0.75 million budget for the Southern RI Gas Expansion Project – Regulator Station Investment category. Spend for this category included the work on the new Cowessett regulator station, and continued work associated with the Laten Knight project.

The Company spent $0.35 million of a FY 2026 budget of $0.53 million on the System Automation program, resulting in an underspend variance of $0.17 million.

For FY 2026, the Company spent $1.43 million on a fiscal year budget of $1.11 million for the Tools & Equipment category, resulting in an overspent variance of $0.31 million. The Company was over budget in this category due to the early arrival of materials expected to arrive in FY 2027.

For FY 2026, the Company spent $0.15 million against a fiscal year budget of $0.20 million for the Aquidneck Island Low Pressure Valve installation category, resulting in an underspend variance of $0.04 million. In collaboration with the City of Newport, the Company has found a suitable location for a new critical sectionalizing valve installation.

### *Budget Group D: Separately Tracked Categories*

***$0.36 million underspending variance to FY 2026 budget***

For FY 2026, the Company spent $4.93 million against a budget of $5.30 million for the Purchase Meters (Replacement) category, resulting in an underspend variance of $0.36 million. The primary driver of the variance is the timing of meter deliveries versus the original forecasted arrival. The Company unexpectedly received shipment of meters, ERTs, and other related materials late in FY 2025, driving overspending in this category in FY 2025, but resulting in underspend in FY 2026.

In June 2021, the Company, in collaboration with the Division, developed and implemented a plan to continuously improve the Company's tracking of its meter inventory and its purchasing strategies. This was implemented in compliance with the PUC's Report and Order No. 24042 dated May 6, 2021, in Docket No. 5099, regarding the Company's FY 2022 Gas ISR Plan. The first component of the plan is an enhanced meter inventory tracking process. The Company conducts a manual count of the meter lab inventory each month and has been comparing it to the inventory tracked in the Maximo system (now transitioned to WATT-Net Plus). The Company conducted a physical inventory on June 10, 2021, to establish the baseline count. The table below provides a summary of the manual meter lab inventories on June 10, 2021, and the closest date to the close of each quarter that followed. Please note, the Company migrated from Maximo to an inventory tracking system called WATT-Net Plus on August 19, 2024. WATT-Net Plus was expected to produce more accurate system counts and eventually eliminate the need to conduct physical inventory counts on a quarterly basis, and initial indications are that WATT-Net Plus is indeed maintaining a more accurate record of inventory. As part of the migration from Maximo to WATT-Net Plus, the Company has also provided the Meter Lab Inventory as of July 31, 2024 (last month using Maximo) in addition to the quarterly comparisons. Since converting to the WATT-Net Plus system, variances between physical and system generated counts have decreased, providing more accurate records of meter inventory. The Company is still working to eliminate the variance between physical, and system counts altogether. Some of the primary drivers for the variance include timing of meter classifications compared to when reports are run, a discrepancy between the number of meters in circulation that are eligible for refurbishment versus retirement, and the physical location of the meters at the time of the monthly count. In the coming months, the Company will be establishing a baseline count of meters based on send-out and circulation data. This will help create more predictability and identify any deviations from the normal trend.

| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | **Meter Lab Inventory** | | | | |
| 2 | **Measure** | **Physical Count** | **Maximo** | **Variance** | **Variance %** |
| 3 | **Inventory as of 6/10/2021** | 9,943 | 10,926 | 983 | 9% |
| 4 | **Inventory as of 6/30/2021** | 9,156 | 9,988 | 832 | 8% |
| 5 | **Inventory as of 9/30/2021** | 9,568 | 10,370 | 802 | 8% |
| 6 | **Inventory as of 1/3/2022*** | 9,994 | 10,986 | 992 | 9% |
| 7 | **Inventory as of 3/31/2022** | 11,724 | 12,605 | 881 | 7% |
| 8 | **Inventory as of 6/30/2022** | 7,354 | 8,164 | 810 | 10% |
| 9 | **Inventory as of 9/30/2022** | 6,513 | 7,452 | 939 | 13% |
| 10 | **Inventory as of 1/3/2023*** | 5,043 | 5,963 | 920 | 15% |
| 11 | **Inventory as of 3/31/2023** | 8,647 | 9,716 | 1,069 | 11% |
| 12 | **Inventory as of 6/30/2023** | 6,293 | 7,244 | 951 | 13% |
| 13 | **Inventory as of 9/30/2023** | 3,618 | 4,405 | 787 | 18% |
| 14 | **Inventory as of 12/31/2023** | 2,899 | 3,632 | 733 | 20% |
| 15 | **Inventory as of 3/31/2024** | 4,354 | 5,045 | 691 | 14% |
| 16 | **Inventory as of 7/1/2024** | 6,000 | 8,056 | 2,056 | 26% |
| 17 | **Inventory as of 7/31/2024**** | 5,785 | 7,034 | 1,249 | 18% |
| 18 | **Measure** | **Physical Count** | **WATT-Net Plus** | **Variance** | **Variance %** |
| 19 | **Inventory as of 9/30/2024** | 7,885 | 7,931 | 46 | 1% |
| 20 | **Inventory as of 12/31/2024** | 8,873 | 9,008 | 135 | 1% |
| 21 | **Inventory as of 3/31/2025** | 16,545 | 17,137 | 592 | 3% |
| 22 | **Inventory as of 6/30/2025** | 15,812 | 16,369 | 557 | 3% |
| 23 | **Inventory as of 9/30/2025** | 15,423 | 16,003 | 580 | 4% |
| 24 | **Inventory as of 1/1/2026*** | 14,859 | 15,368 | 509 | 3% |
| 25 | **Inventory as of 3/31/2026** | 14,321 | 14,750 | 429 | 3% |

26 *** The Meter Lab gathered inventory data the first Monday after the New Years Holiday**
27 **** Last month using Maximo**

## ***Budget Group E: Separately Tracked Major Projects***

***$4.42 million variance over fiscal year budget***

For FY 2026, the Company spent $6.16 million of a fiscal year budget of $2.00 million for the LNG – Old Mill Lane Portable Equipment category, resulting in an overspend variance of $4.16 million. This overspend is due to the timing of invoices after underspending in FY 2025 as well as sales taxes and handling charges not originally anticipated.

For FY 2026, the Company spent $9.75 million of a fiscal year budget of $9.00 million for the LNG – Old Mill Lane Site Upgrades category, resulting in an overspend variance of $0.75 million. FY 2026 spend was for construction work only. This project is now in service as of the end of FY 2026 and is nearing completion with minor closeout work to be completed in early FY 2027.

The Company spent $4.17 million of a FY 2026 budget of $4.66 million for the Pipeline Integrity – Wampanoag Trail Pipeline Replacement category, resulting in an underspend variance of $0.49 million. Most of the pipeline installation, 1.87 miles, was completed in FY 2025 with restoration activity to occur in fiscal year 2027. The project was placed in-service in June 2025 and is under budget in FY 2026 and overall.

### *Budget Group F: PHMSA – Gas Pipeline Leak Detection and Repair (LDAR)*

***$14.64 million variance under fiscal year budget***

For FY 2026, the Company had no spending in Group F. Originally, the pending PHMSA LDAR rulemaking was expected to be implemented in or around the July 2024 timeframe. Based on feedback from gas industry peers and trade associations during FY 2026, that expected implementation was initially shifted back to September 2024, then to January 2025. On June 18, 2025, PHMSA rescinded its advisory bulletin from June 10, 2021, which was the main driver behind the LDAR requirements. As such, the Company has no plans to undertake any spending under this program.

### *Budget Group J: Non-ISR Leak Prone Pipe*

A total of twenty-five projects make up the non-ISR LPP spending and are comprised of main relay and abandonment projects. At the end of the fiscal year, total spend for the replacement of leak prone pipe outside of the ISR was $12.21 million. A total of 4.9 miles of leak prone pipe were abandoned and 5.8 miles were installed.

#### *Plant In-Service Results*

For FY 2026, the Company recorded capital additions placed in service of $173.62 million versus a target of $137.31 million (excluding O&M final restoration), resulting in an over-target variance of $36.31 million or 26.4 percent. The Company also recorded costs of removal of $13.31 million or 7.7% of total actual capital spend for FY 2026. See Table C for a summary of actual versus target capital additions placed in service for FY 2026.

Line 47 of Table C shows a Gas ISR Total of $155.31 million which the sum of the forecast for Groups A through E and includes Curb-to-Curb paving because the Company did not know beforehand which groups would require paving that would be treated as expense. Line 48 shows the adjusted forecast when the Curb-to-Curb paving budget is subtracted. Most of the Curb-to-Curb paving took place in FY 2026 in Group A, which means that the target for that group should have been approximately $18 million less than the forecasted $95.15 million, resulting in over $20 million in capital additions over target. This large variance is due to the larger than normal Construction Work in Progress ("CWIP") balance that the Company carried into FY 2026. The Company was able to place many larger main replacement projects in service in Group A during FY 2026, reducing its CWIP balance at the end of the fiscal year to a more normal level.

For Group E, there was $45.33 million placed in service against a forecast of $18.1 million. This large forecast to actual variance is attributed to the timing of the Old Mill Lane Site Upgrades and Portable Equipment projects. When the forecast was developed for FY 2026, it was not anticipated that these projects would be ready to go in service. As the new fiscal year began, the projects progressed quicker than anticipated, allowing The Company to place these projects in service sooner, leading to the over forecast variance of $27.30 million.

## Table A - Actual Capital Spending by Investment Group - Summary
### Through Q4 FY2026 (March 31, 2026)

$(000)

| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | Investment Groups & Categories | Budget | Actual | Variance | Group Overspend |
| 2 | A. Main Replacement & Rehabilitation | $107,863 | $108,228 | $365 | <2.5% |
| 3 | B. Mandated & Non-Main Reactive | $12,826 | $13,831 | $1,005 | N/A |
| 4 | C. Reliability & Pressure Regulation | $23,493 | $24,736 | $1,243 | $1,243 |
| 5 | D. Separately Tracked Categories | | | | |
| 6 | *Purchase Meters (Replacement)* | $5,292 | $4,934 | ($358) | <2.5% |
| 7 | E. Separately Tracked Major Projects | $15,657 | $20,073 | $4,416 | N/A |
| 8 | Gas ISR Total (Without PHMSA LDAR) | $165,131 | $171,802 | $6,671 | |
| 9 | F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR) | $14,637 | $0 | ($14,637) | |
| 10 | Gas ISR Total (With PHMSA LDAR) | $179,768 | $171,802 | ($7,966) | |
| 11 | Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M | ($18,000) | ($9,140) | $8,860 | |
| 12 | G. Notable Capital Projects Not Currently Included in the ISR | $290 | $340 | $50 | |
| 13 | J. Non-ISR LPP & MRP | $ - | $12,205 | $ - | |

14 ( ) in Column D denotes underspend.

**Table B - Actual Capital Spending by Investment Categories - Detail**
**Through Q4 FY2026 (March 31, 2026)**
$(000)

| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | **Investment Groups & Categories** | **Budget** | **Actual** | **Variance** | **Group Overspend** |
| 2 | **A. Main Replacement & Rehabilitation** | | | | |
| 3 | *Damage / Failure (Reactive)* | $30 | $0 | ($30) | |
| 4 | *Reactive Main Replacement - Leak Prone Pipe & Maintenance* | $11,933 | $11,474 | ($459) | |
| 5 | *CSC/Public Works - Non-Reimbursable* | $35,830 | $20,031 | ($15,799) | |
| 6 | *CSC/Public Works - Reimbursable* | $2,070 | $3,839 | $1,769 | |
| 7 | *CSC/Public Works - Reimbursements* | ($1,035) | ($688) | $347 | |
| 8 | *Gas System Reliability* | $10,016 | $6,774 | ($3,242) | |
| 9 | *Proactive Main Rehabilitation - Large Diameter* | $1,800 | $4,508 | $2,708 | |
| 10 | *Proactive Low Pressure System Elimination* | $9,002 | $7,658 | ($1,344) | |
| 11 | *Replace Pipe on Bridges* | $6,600 | $3,411 | ($3,189) | |
| 12 | *Proactive Main Replacement - Leak Prone Pipe* | $30,518 | $50,410 | $19,892 | |
| 13 | *Atwells Avenue* | $100 | $208 | $108 | |
| 14 | *Proactive Service Replacement* | $1,000 | $604 | ($396) | |
| 15 | ***Main Replacement & Rehabilitation Total*** | **$107,863** | **$108,228** | **$365** | **<2.5%** |
| 16 | **B. Mandated & Non-Main Reactive** | | | | |
| 17 | *Reactive Leaks (CI Joint Encapsulation/Service Replacement)* | $8,320 | $8,877 | $557 | |
| 18 | *Corrosion* | $1,250 | $1,054 | ($196) | |
| 19 | *Reactive Service Replacements - Non-Leaks/Other* | $1,766 | $3,064 | $1,298 | |
| 20 | *I&R - Reactive* | $1,430 | $804 | ($626) | |
| 21 | *Access Protection Remediation* | $60 | $31 | ($29) | |
| 22 | ***Mandated Total*** | **$12,826** | **$13,831** | **$1,005** | **N/A** |
| 23 | **C. Reliability & Pressure Regulation** | | | | |
| 24 | *LNG* | $6,921 | $7,433 | $512 | |
| 25 | *Transmission Station Integrity* | $1,500 | $1,486 | ($14) | |
| 26 | *Pressure Regulating Facilities* | $6,200 | $8,465 | $2,265 | |
| 27 | *Transmission Station Integrity - Scott Road* | $3,524 | $1,691 | ($1,833) | |
| 28 | *Distribution Station Over Pressure Protection* | $500 | $749 | $249 | |
| 29 | *Take Station Refurbishment* | $1,858 | $1,705 | ($153) | |
| 30 | *Heater Installation Program* | $410 | $80 | ($330) | |
| 31 | *System Automation* | $525 | $353 | ($172) | |
| 32 | *Tools & Equipment* | $1,112 | $1,425 | $313 | |
| 33 | *Valve Installation/Replacement - Primary Valve Program & wAquidneck Island Low Pressure Valves* | $195 | $154 | ($41) | |
| 34 | *Southern RI Gas Expansion Project - Regulator Station Investment* | $748 | $1,194 | $446 | |
| 35 | ***Reliability & Pressure Regulation Total*** | **$23,493** | **$24,736** | **$1,243** | **$1,243** |
| 36 | **D. Separately Tracked Categories** | | | | |
| 37 | *Purchase Meters (Replacement)* | $5,292 | $4,934 | ($358) | <2.5% |
| 38 | **E. Separately Tracked Major Projects** | | | | |
| 39 | *LNG - Old Mill Lane Portable Equipment* | $2,001 | $6,157 | $4,156 | |
| 40 | *LNG - Old Mill Lane Site Upgrades* | $9,000 | $9,746 | $746 | |
| 41 | *Pipeline Integrity (Wampanoag Trail Pipeline Replacement)* | $4,656 | $4,170 | ($486) | |
| 42 | ***Separately Tracked Major Projects Total*** | $15,657 | $20,073 | $4,416 | N/A |
| 43 | | | | | |
| 44 | **Gas ISR Total (without PHMSA LDAR)** | **$165,131** | **$171,802** | **$6,671** | **N/A** |
| 45 | | | | | |
| 46 | Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M | **($18,000)** | **($9,140)** | **$8,860** | |
| 47 | | | | | |
| 48 | **F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR)** | | | | |
| 49 | *Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA)* | $4,640 | $0 | ($4,640) | |
| 50 | *Main Replacement (Mandated) - Leak Prone Pipe (PHMSA)* | $9,787 | $0 | ($9,787) | |
| 51 | *Tools & Equipment (PHMSA)* | $210 | $0 | ($210) | |
| 52 | ***PHMSA LDAR Total*** | **$14,637** | **$0** | **($14,637)** | |
| 53 | **Gas ISR TOTAL (With PHMSA LDAR)** | **$179,768** | **$171,802** | **($7,966)** | |
| 54 | **G. Notable Capital Projects Not Currently Included in the ISR** | | | | |
| 55 | *LNG - Cumberland Tank Replacement* | $10 | $0 | ($10) | |
| 56 | *LNG - Exeter Truck Station Upgrade* | $100 | $4 | ($96) | |
| 57 | *LNG - Exeter Control Room Upgrade (Building)* | $10 | $70 | $60 | |
| 58 | *LNG - Exeter Control Room Upgrade (Control Room)* | $10 | $15 | $5 | |
| 59 | *LNG - Exeter Garage for Portable LNG Equipment* | $10 | $0 | ($10) | |
| 60 | *LNG - Exeter Tank Upgrade Study* | $150 | $250 | $100 | |
| 61 | **Total** | **$290** | **$340** | **$50** | |

62 ( ) in Column D denotes overspend.

**Table C - RI Gas Capital Additions Placed In-Service by Category - Detail**
**FY 2026 Actuals vs ISR Approved Targets**
($000)

| | A | B | C | D |
|---|---|---|---|---|
| 1 | **Investment Categories & Groups** | **Target** | **Actual** | **Variance** |
| 2 | **A. Main Replacement & Rehabilitation** | | | |
| 3 | *Damage / Failure (Reactive)* | $ 29 | $ - | ($29) |
| 4 | *Reactive Main Replacement - Leak Prone Pipe & Maintenance* | $ 9,473 | $ 6,230 | ($3,243) |
| 5 | *CSC/Public Works - Non-Reimbursable* | $ 30,793 | $ 19,841 | ($10,952) |
| 6 | *CSC/Public Works - Reimbursable* | $ 2,259 | $ 2,594 | $335 |
| 7 | *CSC/Public Works - Reimbursements1* | $ (936) | | $936 |
| 8 | *Gas System Reliability* | $ 9,344 | $ 3,828 | ($5,516) |
| 9 | *Proactive Main Rehabilitation - Large Diameter* | $ 965 | $ 142 | ($823) |
| 10 | *Proactive Low Pressure System Elimination* | $ 9,726 | $ 7,412 | ($2,314) |
| 11 | *Replace Pipe on Bridges* | $ 5,575 | $ 4,980 | ($595) |
| 12 | *Proactive Main Replacement - Leak Prone Pipe* | $ 26,981 | $ 52,179 | $25,198 |
| 13 | *Atwells Avenue* | $ 97 | $ 177 | $80 |
| 14 | *Proactive Service Replacement* | $ 844 | $ 583 | ($261) |
| 15 | ***Main Replacement & Rehabilitation Total*** | **$ 95,150** | **$ 97,966** | **$2,816** |
| 16 | **B. Mandated & Non-Main Reactive** | | | |
| 17 | *Reactive Leaks (CI Joint Encapsulation/Service Replacement)* | $ 7,698 | $ 9,510 | $1,812 |
| 18 | *Corrosion* | $ 1,328 | $ 1,084 | ($244) |
| 19 | *Reactive Service Replacements - Non-Leaks/Other* | $ 1,873 | $ 50 | ($1,823) |
| 20 | *I&R - Reactive* | $ 1,333 | $ 457 | ($876) |
| 21 | *Access Protection Remediation* | $ 62 | $ - | ($62) |
| 22 | ***Mandated Total*** | **$ 12,294** | **$ 11,101** | **($1,193)** |
| 23 | **C. Reliability & Pressure Regulation** | | | |
| 24 | *LNG* | $ 14,897 | $ 5,581 | ($9,316) |
| 25 | *Transmission Station Integrity* | $ - | $ - | $0 |
| 26 | *Pressure Regulating Facilities* | $ 3,061 | $ 3,367 | $306 |
| 28 | *Distribution Station Over Pressure Protection* | $ 1,191 | $ 1,444 | $253 |
| 29 | *Transmission Station Integrity-Scott Road* | $ 3,383 | $ 1,173 | ($2,210) |
| 30 | *Take Station Refurbishment* | $ - | $ 1,213 | $1,213 |
| 31 | *Heater Installation Program* | $ 10 | $ (4) | ($14) |
| 32 | *System Automation* | $ 816 | $ 273 | ($543) |
| 33 | *Tools & Equipment* | $ 1,036 | $ 1,165 | $129 |
| 34 | *Valve Installation/Replacement - Primary Valve Program & Aquidneck Island Low Pressure Valves* | $ 161 | $ 126 | ($35) |
| 35 | *Southern RI Gas Expansion Project - Regulator Station Investment* | $ 241 | $ 1,115 | $874 |
| 38 | ***Reliability & Pressure Regulation Total*** | **$ 24,796** | **$ 15,453** | **($9,343)** |
| 39 | **D. Separately Tracked Categories** | | | |
| 40 | ***Purchase Meters (Replacement)*** | **$ 5,004** | $ 3,773 | **($1,231)** |
| 41 | **E. Separately Tracked Major Projects** | | | |
| 42 | *LNG - Old Mill Lane Portable Equipment* | $ 3,957 | $ 14,700 | $10,743 |
| 43 | *LNG - Old Mill Lane Site Upgrades* | $ - | $ 15,200 | $15,200 |
| 44 | *Pipeline Integrity (Wampanoag Trail Pipeline Replacement)* | $ 14,110 | $ 15,373 | $1,263 |
| 45 | ***Separately Tracked Major Projects Total*** | **$ 18,067** | **$ 45,326** | $27,259 |
| 46 | | | | |
| 47 | **Gas ISR Total (without PHMSA LDAR)** | **$155,308** | **$ 173,619** | $18,311 |
| 48 | **Gas ISR Total (Treated as Capital) (without PHMSA LDAR)** | **$137,308** | **$ 173,619** | $36,311 |
| 49 | | | | |
| 50 | **F. PHMSA - Gas Pipeline Leak Detection and Repair (LDAR)** | | | |
| 51 | *Reactive Leaks (CI Joint Encapsulation/Service Replacement) (PHMSA)* | $ - | $ - | $ - |
| 52 | *Main Replacement (Mandated) - Leak Prone Pipe (PHMSA)* | $ - | $ - | $ - |
| 53 | *Tools & Equipment (PHMSA)* | $ - | $ - | $ - |
| 54 | ***PHMSA LDAR Total*** | $ - | $ - | $ - |
| 55 | **Gas ISR TOTAL (With PHMSA LDAR)** | $ - | $ - | $ - |
| 56 | | | | |
| 57 | Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M | | | |
| 58 | | | | |
| 59 | **G. Notable Capital Projects Not Currently Included in the ISR** | | | |
| 60 | *LNG - Cumberland Tank Replacement* | **$ -** | **$ -** | **$ -** |
| 61 | *LNG - Exeter Truck Station Upgrade* | **$ -** | **$ -** | **$ -** |
| 62 | *LNG - Exeter Control Room Upgrade (Building)* | **$ -** | **$ -** | **$ -** |
| 63 | *LNG - Exeter Control Room Upgrade (Control Room)* | **$ -** | **$ -** | **$ -** |
| 64 | *LNG - Exeter Garage for Portable LNG Equipment* | **$ -** | **$ -** | **$ -** |
| 65 | *LNG - Exeter Tank Upgrade Study* | **$ -** | **$ -** | **$ -** |
| 66 | | | | |
| 67 | 1. Public Works Reimbursements are included in Line 6: CSC/Public Works - Reimbursable | | | |

# PRE-FILED DIRECT TESTIMONY

# OF

# JEFFREY D. OLIVEIRA

**July 31, 2026**

## Table of Contents

## I. Introduction

**Q. Mr. Oliveira, please state your full name and business address.**

A. My name is Jeffrey D. Oliveira, and my business address is 280 Melrose Street, Providence, RI 02907.

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

A. I am employed by The Narragansett Electric Company (the "Company") as a Lead Rates & Regulatory Specialist. My current duties include leading the revenue requirement analyses and modeling that support regulatory filings, regulatory strategies, and rate cases for the Company.

**Q. Please describe your education and professional experience.**

A. In 2000, I earned an associate degree in Business Administration from Bristol Community College in Fall River, Massachusetts. I was employed by the National Grid Service Company and its predecessor companies from 1999-2022. From 1999 through 2000, I was employed by Fall River Gas Company as a Staff Accountant. In 2001, after Fall River Gas Company merged with Southern Union Company, I continued as a Staff Accountant with increased responsibilities. In August of 2006, National Grid acquired the Rhode Island operations of Southern Union d/b/a New England Gas Company at which time I joined the National Grid Service Company as a Senior Accounting

Analyst. In January 2009, I became a Senior Revenue Requirement Analyst in the National Grid's Strategy and Regulation Department. In July 2011, I was promoted to Lead Revenue Requirement Analyst in the New England Revenue Requirements group of the New England Regulatory Department. On May 25, 2022, PPL Rhode Island Holdings, LLC, a wholly owned indirect subsidiary of PPL Corporation ("PPL), acquired 100 percent of the outstanding shares of common stock of the Company from National Grid USA (the "Acquisition") at which time I assumed my current position.

**Q. Have you previously testified before the Public Utilities Commission ("PUC") or any other regulatory commission?**

A. Yes. I have testified before the PUC on numerous occasions including in support of the Company's FY 2027 Gas Infrastructure, Safety, and Reliability ("ISR") Plan in Docket No. 25-55-NG, the FY 2026 ISR Plan in Docket No. 24-55-NG, and the FY 2025 ISR Plan and Reconciliation in Docket No. 23-49-NG, as well as many other electric and gas filings.

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

A. In this docket, the PUC approved a Gas ISR factor for effect April 1, 2025. The Gas ISR factor was based on a projected FY 2026 Gas ISR revenue requirement of $101,502,817 associated with the Company's estimated Gas ISR capital investment to be placed into service for FY 2026 and FY 2025, and actual Gas ISR capital investment in FY 2018, FY 2019, FY 2020, FY 2021, FY 2022 FY 2023, and FY 2024 that was incremental to the levels reflected in rate base in the Company's recent base rate case (Docket No. 4770). On September 1, 2018, new distribution base rates approved in Docket No. 4770 became effective. The revenue requirements on actual ISR additions made from FY 2012 through FY 2017 plus forecasted ISR additions for FY 2018, FY 2019 and a portion of FY 2020 were included in these new base rates. Thus, the purpose of my testimony is to present an updated FY 2026 Gas ISR revenue requirement associated with the actual capital investment levels for each of FY 2018 through FY 2026 incremental to the level of investment assumed in Docket No. 4770, the actual tax deductibility percentage for FY 2025 capital additions, a revised estimate of the tax deductibility percentage, and hold harmless adjustments.

The updated FY 2026 revenue requirement also includes an adjustment associated with the ISR property tax recovery formula that was approved in Docket No. 4323 and Docket No. 4770. As the vintage years FY 2012 through FY 2017 were rolled into the base rates approved in Docket No. 4770 that became effective on September 1, 2018, the ISR property tax recovery adjustment covers only the months of September 2018 through March 31, 2026.

As shown in Attachment JDO-1 on Page 1, Line 22, the updated FY 2026 Gas ISR revenue requirement collectible through the Company's Gas ISR factor for the FY 2026 period is $89,440,118. This is $12,062,698 less than the projected FY 2026 ISR revenue requirement of $101,502,817 previously approved by the PUC in this docket. This revenue requirement includes updated tax deductibility percentages, and tax gains and/or losses on retirements for FY 2023 and FY 2024. The decrease in the projected to actual FY 2026 revenue requirement is mainly attributable to: (1) the FY 2023 and FY 2024 revenue requirement on FY 2023 and 2024 capital investment related to actual income tax deductibility and tax gains and/or losses on retirements updates as further discussed in the prefiled testimony of Company witness Natalie Hawk; (2) a decrease in the actual effective FY 2026 property tax rate compared with the projected effective FY 2026 property tax rate in FY 2026 Gas ISR Plan; (3) a reduction to the 2026 revenue requirement for the one year adjustment on FY 2026 overspend; and (4) a reduction to actual FY 2026 Operation and Maintenance expense for paving costs. This decrease is partially offset by: (1) a net decrease to the revenue requirement for the updated FY 2026 hold harmless adjustment as discussed by Ms. Hawk; (2) FY 2026 revenue requirement on 2025 capital investment related to actual income tax deductibility and tax gains and/or losses on retirements updates as further discussed by Ms. Hawk; (3) an increase in

FY 2025 net capital plant and cost of removal; and (4) the FY 2026 revenue requirement on FY 2026 capital investment related to actual capital additions and revised estimated income tax deductibility and tax gains and/or losses on retirements.

**Q. Are you sponsoring any attachments to your testimony?**

A. Yes, I am sponsoring the following attachment:

- Attachment JDO-1: Revenue Requirement Calculation FY 2026 Gas Infrastructure, Safety and Reliability Plan
- Attachment JDO-2: Calculation of Revenue Requirement Adjustment for FY 2026 Overspend

## II. Gas ISR Plan FY 2026 Revenue Requirement

**Q. Did the Company calculate the updated FY 2026 Gas ISR Plan revenue requirement in the same fashion as calculated in the previous ISR factor submissions and the FY 2025 ISR factor reconciliation?**

A. Yes. The Company calculated the updated FY 2026 Gas ISR Plan revenue requirement in the same fashion as the revenue requirements calculations in the FY 2025 Gas ISR reconciliation filing and the FY 2026 and FY 2027 Gas ISR plan proposal filings. Similar to the FY 2025 filing, the calculation incorporates the approved weighted average cost of capital and depreciation rates from Docket No. 4770 and known tax deductibility percentages and tax gains and losses on retirements for FY 2023 and FY 2024. The updated FY 2026 Gas ISR revenue requirement presented in this reconciliation is nearly identical to the calculated revenue requirement used to develop the ISR factors that became effective April 1, 2025, but incorporates updated ISR investment amounts and known tax deductibility percentages and tax gains and losses on retirements, as well as an adjustment to the revenue requirement for the FY 2026 budget overspend. A detailed description of the revenue requirement calculation employed can be found in the revenue requirements testimony included in the Company's FY 2026 ISR Plan Proposal filing in this docket. For brevity, I limit this testimony to the following: (1) a description of the impact of Docket No. 4770 on the Gas ISR revenue requirement; and (2) a summary of the revenue requirement update shown on Page 1 of Attachment JDO-1.

**Q. Please summarize the change in the FY 2026 ISR revenue requirement proposed in this reconciliation filing as compared to the FY 2026 revenue requirement effective April 1, 2025, which was based on projected capital spending approved in the FY 2025 and FY 2026 ISR Plans.**

A. As shown in Attachment JDO-1, Page 1, Line 22 (b), the FY 2026 ISR reconciliation results in a decrease to the FY 2026 ISR Plan revenue requirement of $12,062,698 which is the net impact of the following: (1) a $4,724,164 decrease in the FY 2026 property tax recovery adjustment as the actual FY 2026 effective property tax rate was lower than the estimated effective rate assumed in the FY 206 plan; (2) a decrease to the FY 2026 revenue requirement for the true-up of the hold harmless adjustments for FY 2026 revenue requirements due to impacts of the Acquisition on vintage year FY 2018 to FY 2023 investments of $18,300 as shown on Attachment JDO-1, Page 1 of 40, Column (c), Lines 17 and as discussed in Ms. Hawk's testimony; (3) a reduction to the FY 2026 revenue requirement of $126,095 for a full year revenue requirement on FY 2026 overspend as further discussed below; and (4) a decrease of $8,860,000 for lower actual FY 2026 operations and maintenance expense for paving costs. The FY 2026 revenue requirement decrease was offset by: (1) a net $17,320 increase to the revenue requirement primarily related to actual FY 2023, FY 2024 and FY 2025 income tax updates on FY 2026 as described in Ms. Hawk's testimony; (2) an increase of $1,601,687 on vintage FY 2026 ISR capital investment compared to the Plan due to higher FY 2026 net plant amount and higher cost of removal offset by higher accumulated deferred income taxes and (3) a net increase on FY 2025 revenue requirement of $46,854 on vintage FY 2025 capital investments for updated plant and income tax updates.

**Q. Please describe the impact of the implementation of base distribution rates that were approved by the PUC in Docket No. 4770 and put into effect on September 1, 2018 on the FY 2026 ISR revenue requirement recoverable through the FY 2026 ISR factor.**

A. The ISR mechanism was established to allow the Company to recover, outside of base rates, the costs of capital investment in gas distribution system infrastructure, safety and reliability. When new base rates are implemented, as was the case in Docket No. 4770, the costs that are recovered and associated with pre-rate case ISR capital investment cease to be recovered through a separate ISR factor. Instead, these costs are recovered through base rates, and the underlying ISR capital investment becomes a component of base distribution rate base from that point forward. In November 2017, the Company filed an application with the PUC seeking a change in base rates for its gas and electric distribution businesses. The proceeding culminated with the PUC's approval of a settlement agreement with the Division and numerous intervenors establishing new base rates for the Company. The Company's proposed rate base reflected projected capital investments through August 31, 2019. In its base rate request, the Company proposed to maintain consistency with the existing ISR mechanism for the FY 2019, FY 2020, and FY 2021 periods. Consequently, the forecast used to develop rate base in the first year of the distribution rate case included actual capital investment through the test year ending June 30, 2017, nine months of the approved ISR capital investment levels for vintage FY 2018, 12 months of vintage FY 2019 investment, and five months of vintage FY 2020 investment (using the FY 2018 ISR approved capital spending level as a proxy for FY 2018, FY 2019 and FY 2020). As a result of the implementation of new base rates pursuant to Docket No. 4770 effective September 1, 2018, the cumulative amount of forecasted ISR capital investments was rolled into base rates effective at that date. Consequently, the FY 2026 revenue requirement for FY 2018 through FY 2026 ISR investments that are incremental to the estimated level of investment assumed in base rates reflect a full year of revenue requirement as none of these incremental investments are included in the Company's rate base. These incremental FY vintage amounts are to remain in the ISR recovery mechanism as provided for in the terms of the Docket No. 4770 approved Settlement Agreement until a future proceeding that rolls these amounts into base rates.

**Q. Does the updated FY 2026 revenue requirement reflect the calculation of the excess deferred income tax amounts?**

A. Yes. The excess deferred income taxes are calculated on Line 23, Page 2 of Attachment JDO-1. This calculation is further explained in the prefiled testimony of Ms. Hawk.

**Q. Are there any tax updates to the FY 2024 and FY 2023 revenue requirement reflected in the FY 2025 Gas ISR Reconciliation?**

A. Yes. Please see the prefiled testimony of Ms. Hawk for a description of the tax updates reflected in the FY 2026 Gas ISR revenue requirement.

**Q. Please summarize the updated FY 2026 Gas ISR revenue requirement.**

A. As shown in Attachment JDO-1 at Page 1, Line 22(b), the updated FY 2026 ISR revenue requirement amounts to $89,440,118 which is comprised of: (1) the FY 2026 revenue requirement on vintages FY 2018, FY 2019, FY 2020, FY 2021, FY 2022, FY 2023, FY 2024, FY 2025 and FY 2026 ISR capital investments above or below the level of capital investment reflected in base distribution rates in Docket No. 4770; (2) the property tax recovery mechanism component; (3) a true-up to the FY 2025 ISR revenue requirement to reflect actual income tax deductibility as reported on the Company's FY 2025 federal income tax return, which is described in Ms. Hawk's testimony; (4) an adjustment for hold harmless related to the Acquisition which is also described in Ms. Hawk's testimony; (5) the actual FY 2026 operation and maintenance expenses; and (6) a reduction to the revenue requirement for the adjustment related to FY 2026 budget overspend.

**Q. Please describe how the attachment to your testimony is structured.**

A. Page 1 of Attachment JDO-1 summarizes the individual components of the updated FY 2026 Gas ISR revenue requirement as compared to the approved FY 2026 Gas ISR Plan revenue requirement effective April 1, 2025. Page 1, Column (a) reflects the approved FY 2026 Gas ISR Plan revenue requirement on projected incremental ISR capital spending and the projected FY 2026 property tax recovery adjustment. Page 1, Column (b) represents: (1) the FY 2026 ISR revenue requirements on actual incremental FY 2018 through FY 2026 ISR capital investments not included in the Company's base rates in Docket No. 4770 and as supported with detailed calculations on Attachment JDO-1, Pages 2, 5, 8, 12, 15, 18, 21, 24 and 27, respectively; (2) the FY 2026 property tax adjustment on incremental capital not included in the Company's base rates in Docket No. 4770 and the change in the effective property rate applied to embedded net plant in Docket No. 4770; (3) the reconciliation of the approved FY 2025 Gas ISR revenue requirement for vintage FY 2025 plant investment with the actual vintage FY 2025 revenue requirement on those investments; (4) the impact on FY 2025 revenue requirement to reflect actual income tax deductibility; (5) the hold harmless adjustments related to the impacts of the Acquisition, which are shown on Page 1, Lines 17 of Attachment JDO-1 and discussed in Ms. Hawk's testimony; (6) the adjustment to the revenue requirement associated with the FY 2026 budget overspend; and (7) FY 2026 operation and maintenance expenses which represent paving costs treated as expense. As also discussed in Ms. Hawks's testimony, the reconciliation in item (3) is necessary because the actual level of tax deductibility on FY 2025 investments was not known when the Company filed the FY 2025 ISR reconciliation and FY 2026 ISR Plan proposals. Detailed calculations of the updated FY 2025 revenue requirements reflecting actual FY 2025 tax depreciation on vintage FY 2025 ISR investments are presented on Page 24 of Attachment JDO-1.

**Q. Has the Company provided support for the actual level of FY 2026 Gas ISR-eligible plant investments?**

A. Yes. The description of the FY 2026 Gas ISR program and the amount of the incremental non-growth capital investment eligible for inclusion in the ISR mechanism is supported by the pre-filed direct testimony and supporting attachment of Company witness Philip LaFond. The ultimate revenue requirement on the incremental non-growth capital investment equals the return on the investment (i.e., average rate base at the weighted average cost of capital), plus depreciation expense and property taxes associated with the investment. Incremental non-growth capital investment for this purpose is intended to represent the net change in rate base for non-growth infrastructure investments since the establishment of the Company's ISR mechanism effective April 1, 2011 and is defined as capital additions plus cost of removal, less annual depreciation expense embedded in the Company's rates, net of depreciation expense attributable to general plant. In accordance with the PUC's Order No. 25452 in Docket No. 5210 issued on July 27, 2022 regarding the Company's FY 2023 Gas ISR Plan, effective as of April 1, 2022, the Company has aligned "the calculation of its Gas ISR revenue requirement with the Electric ISR" and implemented the plant-in-service method to calculate the FY 2023 Gas ISR revenue requirement.

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

A. The updated FY 2026 revenue requirement associated with the Company's actual incremental FY 2018 through FY 2026 eligible plant investments is $85,185,858. This amount includes the updated FY 2026 revenue requirement of $73,580,286 on actual FY 2018 through FY 2026 incremental investment, the FY 2026 property tax recovery adjustment of $11,558,718, the true-up to the FY 2025 ISR revenue requirement to reflect actual income tax deductibility as reported on the Company's FY 2025 federal income tax return of $46,854.

**Q. Does the FY 2026 revenue requirement include operation and maintenance costs?**

A. Yes, per the approved FY 2026 ISR Plan, the costs associated with curb-to-curb paving are to be treated as expense in the FY 2026 Gas ISR revenue requirement. As shown on Attachment JDO-1, Page 1 of 40, Line 1, the approved paving costs were $18,000,000 and the actual FY 2026 costs were $9,140,000, resulting in a reduction to the revenue requirement in the FY 2026 reconciliation of $8,860,000.

**Q. Are there any other components to the actual FY 2026 revenue requirement besides the capital investments and paving costs?**

A. Yes, this revenue requirement was further adjusted by the hold harmless adjustment (as discussed in Ms. Hawk's testimony) totaling a net credit of $4,759,645 as shown on

Attachment JDO-1, Page 1 of 40, Column (b), Line 17 for a total FY 2026 revenue requirement of $89,440,118, as shown on Attachment JDO-1, Page 1 of 40, Column (b), Line 22. In addition, the revenue requirement was reduced to reflect the adjustment related to the FY 2026 capital budget overspend.

**Q. Please describe in more detail the adjustment to reduce the revenue requirement for the FY 2026 capital budget overspend.**

A. As described in the pre-filed direct testimony of Mr. LaFond, the Company exceeded the 2.5 percent overspend allowance in the FY 2026 plan for Group C by $1.243 million. In accordance with the Commission's order in Docket 23-49-NG, if the Company's spending exceeds the applicable category budget caps by more than 2.5%, the Company's revenue requirement will be reduced in that Fiscal Year's reconciliation filing by an amount equal to the calculated revenue requirement associated with the overspend. The entire amount of overspend that exceeds the original soft budget cap will be treated as if that amount was being put into service in the fiscal year. A revenue requirement will be calculated on the entire overspend above the soft budget cap, ignoring the half-year convention.

The Company has calculated the full year revenue requirement adjustment on Attachment JDO-2 and is reflected as a reduction to the FY 2026 actual Revenue Requirement of $126,095 as shown on Attachment JDO-1, Page 1, Line 21.

**Q. Please describe any changes to the presentation of the revenue requirement calculations in Attachment JDO-1 because of the Acquisition.**

A. To reflect the impacts of the Acquisition, as discussed in Ms. Hawk's prefiled testimony, the calculations of the FY 2023 rate base and revenue requirement for the vintage plan years FY 2018 through FY 2023 were separated into two columns in Attachment JDO-1, Pages 2, 5, 8, 12, 15 and 18. The first FY 2023 column labeled as "NG, 4/1/22-5/24/2022", reflects the 54 days of National Grid ownership during the FY 2023 ISR. The second FY 2023 column labeled as "PPL, 5/25/22-3/31/23" reflects the period from Acquisition date through March 31, 2023, which represents the 311 days of PPL's ownership.

## III. Conclusion

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

A. Yes.

## List of Attachments

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Attachment JDO-1

FY 2026 Gas Infrastructure, Safety and Reliability Plan
Revenue Requirement Calculation

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

| Line No. | | Approved Fiscal Year 2026 (a) | Actual Fiscal Year 2026 (b) | Variance Fiscal Year 2026 (c) |
|---|---|---|---|---|
| | **Operation and Maintenance Expenses** | | | |
| 1 | Final Restoration Paving on Capital Main Replacement Projects - Treated as O&M | $18,000,000 | $9,140,000 | ($8,860,000) |
| | **Capital Investment:** | | | |
| 2 | Actual 2026 Revenue Requirement on FY 2018 Incremental Capital Included in ISR Rate Base | $378,383 | $378,383 | $0 |
| 3 | Actual 2026 Revenue Requirement on FY 2019 Incremental Capital Included in ISR Rate Base | $406,157 | $406,157 | $0 |
| 4 | Actual 2026 Revenue Requirement on FY 2020 Incremental Capital Included in ISR Rate Base | $8,790,632 | $8,790,632 | $0 |
| 5 | Actual 2026 Revenue Requirement on FY 2021 Incremental Capital Included in ISR Rate Base | $8,236,856 | $8,236,856 | $0 |
| 6 | Actual 2026 Revenue Requirement on FY 2022 Incremental Capital Included in ISR Rate Base | $13,331,581 | $13,331,581 | $0 |
| 7 | Actual 2026 Revenue Requirement on FY 2023 Incremental Capital Included in ISR Rate Base | $12,057,755 | $11,952,349 | ($105,407) |
| 8 | Actual 2026 Revenue Requirement on FY 2024 Incremental Capital Included in ISR Rate Base | $10,414,016 | $9,783,835 | ($630,181) |
| 9 | Actual 2026 Revenue Requirement on FY 2025 Incremental Capital Included in ISR Rate Base | $12,590,944 | $13,343,851 | $752,908 |
| 10 | Actual 2026 Revenue Requirement on FY 2026 Incremental Capital Included in ISR Rate Base | $5,754,954 | $7,356,640 | $1,601,687 |
| 11 | Total Capital Investment Revenue Requirement | $71,961,279 | $73,580,286 | $1,619,007 |
| 12 | FY 2026 Property Tax Recovery Adjustment | $16,282,882 | $11,558,718 | ($4,724,164) |
| 13 | FY 2025 Tax True-up for filing of CY 2025 Tax Return and Plant True-Up | $0 | $46,854 | $46,854 |
| 14 | **Total Capital Investment Component of Revenue Requirement** | **$88,244,161** | **$85,185,858** | **($3,058,303)** |
| 15 | **Total Fiscal Year Revenue Requirement** | **$106,244,161** | **$94,325,858** | **($11,918,303)** |
| 16 | FY 2026 Tax Hold Harmless Adjustment per Attachment NH-1 | ($4,741,345) | ($4,759,645) | ($18,300) |
| 17 | Total Hold Harmless Adjustments | ($4,741,345) | ($4,759,645) | ($18,300) |
| 18 | FY 2026 Overspend Adjustment - Group A | $0 | $0 | $0 |
| 19 | FY 2026 Overspend Adjustment - Group C | $0 | ($126,095) | ($126,095) |
| 20 | FY 2026 Overspend Adjustment - Group D | $0 | $0 | $0 |
| 21 | Total FY 2026 Overspend Adjustment | $0 | ($126,095) | ($126,095) |
| 22 | **Total Net Revenue Requirement** | **$101,502,817** | **$89,440,118** | **($12,062,698)** |
| 23 | **Incremental Fiscal Year Rate Adjustment** | | **($12,062,698)** | |

Column Notes:
(a) RIPUC Docket No. 24-55-NG, Section 3, Attachment 1 (Compliance), Page 1 of 39, Column (b)

Line Notes for Columns (b) only:

| | |
|---|---|
| 2 | Page 2 of 40, Line 36, Col. (j) |
| 3 | Page 5 of 40, Line 35, Col. (i) |
| 4 | Page 8 of 40, Line 35, Col. (h) |
| 5 | Page 12 of 40, Line 35, Col. (g) |
| 6 | Page 15 of 40, Line 35, Col. (f) |
| 7 | Page 18 of 40, Line 35, Col. (e) |
| 8 | Page 21 of 40, Line 31, Col. (c) |
| 9 | Page 24 of 40, Line 29, Col. (b) |
| 10 | Page 27 of 40, Line 29, Col. (a) |
| 11 | Sum of Lines 2 through 10 |
| 12 | Page 39 of 40, Line 127, Column (c) x 1,000 |
| 13 | Page 24 of 40, Line 31, Col. (a) |
| 14 | Sum of Line 11 through Line 13 |
| 15 | Line 1 + Line 14 |
| 16 | Attachment NH-1, Page 1, Line 21, column (c) |
| 17 | Line 16 |
| 18 | N/A |
| 19 | Attachment JDO-2, Page 1 of 5, Line 29, Column (c) |
| 20 | N/A |
| 21 | Sum of Lines 18 through 20 |
| 22 | Line 15 + Line 17 + Line 21 |
| 23 | Line 25 Col (b) - Line 25 Col (a) |

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

| Line No. | | | | Fiscal Year 2018 (a) | Fiscal Year 2019 (b) | Fiscal Year 2020 (c) | Fiscal Year 2021 (d) | Fiscal Year 2022 (e) | NG 4/1/22 - 5/24/2022 2023 (f) | PPL 5/25/22 - 3/31/23 2023 (g) | Fiscal Year 2024 (h) | Fiscal Year 2025 (i) | Plan Year 2026 (j) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | | | | | | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (a) | | $4,632,718 | | | | | | | | | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (a) | | $12,059,428 | | | | | | | | | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | ($7,426,710) | ($7,426,710) | ($7,426,710) | ($7,426,710) | ($7,426,710) | ($7,426,710) | ($7,426,710) | ($7,426,710) | ($7,426,710) | ($7,426,710) |
| | Change in Net Capital Included in ISR Rate Base | | | | | | | | | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $4,632,718 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 5 | Depreciation Expense | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $4,632,718 | $4,632,718 | $4,632,718 | $4,632,718 | $4,632,718 | $4,632,718 | $4,632,718 | $4,632,718 | $4,632,718 | $4,632,718 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (a) | | $1,941,168 | | | | | | | | | |
| 8 | **Net Plant Amount** | Year 1 = Line 6 + Line 7, Then = Prior Year | | **$6,573,886** | **$6,573,886** | **$6,573,886** | **$6,573,886** | **$6,573,886** | **$6,573,886** | **$6,573,886** | **$6,573,886** | **6,573,886** | **6,573,886** |
| | Deferred Tax Calculation: | | | | | | | | | | | | |
| 9 | Composite Book Depreciation Rate | | 1/ | 3.38% | 3.15% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% |
| 10 | Number of days | | 2/ | | | | | | 54 | 311 | | | |
| 11 | Proration Percentage | | 2/ | | | | | | 14.79% | 85.21% | | | |
| 12 | Tax Depreciation and Year 1 Basis Adjustments | Year 1=Page 3 of 40, Line 30, Col (a); then = Page 3 of 40, Col (e) | | $7,820,728 | $21,720 | $20,089 | $18,585 | $17,189 | $2,353 | $213,427 | $410,861 | $380,014 | $351,557 |
| 13 | Cumulative Tax Depreciation-NG | Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12 | 3/ | $7,820,728 | $7,842,448 | $7,862,538 | $7,881,123 | $7,898,312 | $7,900,664 | | | | |
| 14 | Cumulative Tax Depreciation-PPL | Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12 | 3/ | | | | | | | $213,427 | $624,288 | $1,004,302 | $1,355,859 |
| 15 | Book Depreciation | Year 1= Line 3 × Line 9 × 50%; then = Line 3 × Line 9 | 2/ | ($125,511) | ($234,127) | ($222,059) | ($222,059) | ($222,059) | ($32,853) | ($189,206) | ($222,059) | ($222,059) | ($222,059) |
| 16 | Cumulative Book Depreciation | Year 1 = Line 14; then = Prior Year Line 15 + Current Year Line 14 | | ($125,511) | ($359,638) | ($581,697) | ($803,756) | ($1,025,814) | ($1,058,667) | ($1,247,873) | ($1,469,932) | ($1,691,990) | ($1,914,049) |
| 17 | Cumulative Book / Tax Timer | Columns (a) through (e): Line 13 - Line 16, Then Line 14 - Line 16 | | $7,946,239 | $8,202,087 | $8,444,235 | $8,684,878 | $8,924,126 | $8,959,331 | $1,461,300 | $2,094,220 | $2,696,292 | $3,269,907 |
| 18 | Less: Cumulative Book Depreciation at Acquisition | Line 16 Column (f) | 3/ | | | | | | | ($1,058,667) | ($1,058,667) | ($1,058,667) | ($1,058,667) |
| 19 | Cumulative Book / Tax Timer - PPL | Line 17 + Line 18 | | | | | | | | $402,633 | $1,035,553 | $1,637,625 | $2,211,241 |
| 20 | Effective Tax Rate | | 4/ | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% |
| 21 | Deferred Tax Reserve | Columns (a) through (f): Line 17 * Line 20, Then Line 19 * Line 20 | | $1,668,710 | $1,722,438 | $1,773,289 | $1,823,824 | $1,874,066 | $1,881,459 | $84,553 | $217,466 | $343,901 | $464,361 |
| 22 | Less: FY 2018 Federal NOL (Generation) / Utilization | -Page 31 of 40, Line 12, Col (g) | 3/ | ($6,051,855) | ($6,051,855) | ($6,051,855) | ($6,051,855) | ($6,051,855) | ($6,051,855) | $0 | $0 | $0 | $0 |
| 23 | Excess Deferred Tax | (Line 16 × 31.55% blended FY18 tax rate) - Line 20; then = Prior Year Line 22 | | $838,328 | $838,328 | $838,328 | $838,328 | $838,328 | $838,328 | $838,328 | $838,328 | $838,328 | $838,328 |
| 24 | Net Deferred Tax Reserve before Proration Adjustment | Line 21 + Line 22 + Line 23 | | ($3,544,817) | ($3,491,089) | ($3,440,238) | ($3,389,703) | ($3,339,461) | ($3,332,068) | $922,881 | $1,055,794 | $1,182,230 | $1,302,689 |
| | ISR Rate Base Calculation: | | | | | | | | | | | | |
| 25 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $6,573,886 | $6,573,886 | $6,573,886 | $6,573,886 | $6,573,886 | $6,573,886 | $6,573,886 | $6,573,886 | $6,573,886 | $6,573,886 |
| 26 | Accumulated Depreciation | - Line 16 | | $125,511 | $359,638 | $581,697 | $803,756 | $1,025,814 | $1,058,667 | $1,247,873 | $1,469,932 | $1,691,990 | $1,914,049 |
| 27 | Deferred Tax Reserve | - Line 24 | | $3,544,817 | $3,491,089 | $3,440,238 | $3,389,703 | $3,339,461 | $3,332,068 | ($922,881) | ($1,055,794) | ($1,182,230) | ($1,302,689) |
| 28 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 25 through 27 | | $10,244,214 | $10,424,613 | $10,595,821 | $10,767,344 | $10,939,161 | $10,964,620 | $6,898,878 | $6,988,023 | $7,083,647 | $7,185,246 |
| | Revenue Requirement Calculation: | | | | | | | | | | | | |
| 29 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = 0; then Average of (Prior + Current Year Line 28) | 5/ | | | | | $10,853,253 | $8,919,019 | $8,919,019 | $6,943,450 | $7,035,835 | $7,134,446 |
| 30 | Proration Adjustment | Page 4 of 40, Line 40 | | | | | | $2,157 | $3,947 | $3,947 | $5,705 | $5,427 | $5,170 |
| 31 | Average ISR Rate Base after Deferred Tax Proration | Line 29 + Line 30 | | | | | | $10,855,409 | $8,922,966 | $8,922,966 | $6,949,155 | $7,041,262 | $7,139,617 |
| 32 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | | | | | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% |
| 33 | Proration Percentage | Line 11 | 2/ | | | | | | 14.79% | 85.21% | | | |
| 34 | Return and Taxes | Cols (e), (h) through (j): L 31 * L 32; Cols (f) and (g): L 31 * L 32 * L 33 | 2/ | | | | | $912,940 | $111,021 | $639,400 | $584,424 | $592,170 | $600,442 |
| 35 | Book Depreciation | Year 1 = N/A; then = Line 15 | | | | | | ($222,059) | ($32,853) | ($189,206) | ($222,059) | ($222,059) | ($222,059) |
| 36 | **Annual Revenue Requirement** | Sum of Lines 34 through 35 | | **N/A** | **N/A** | **N/A** | **N/A** | **$690,881** | **$78,169** | **$450,194** | **$362,365** | **$370,111** | **$378,383** |

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018
2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
FY 19 Composite Book Depreciation Rate = 3.38% × 5 /12 + 2.99% × 7 / 12
2/ Columns (f) and (g) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ The Federal Income Tax rate changed from 35% to 21% on Janurary 1, 2018 per the Tax Cuts and Jobs Act of 2017
5/ Columns (f) and (g) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (e) and the end of the fiscal year on Line 32, Column (g). See note 2.

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

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

1/ Capital Repairs percentage is based on the actual results of the FY 2018 tax return.
2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2018 tax return
3/ Actual Loss for FY2018
11 (d) 5.285% / 365 x 54

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

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

| Line No. | **Deferred Tax Subject to Proration** | | Fiscal Year 2022 (a) | Fiscal Year 2023 (b) | Fiscal Year 2024 (c) | Fiscal Year 2025 (d) | Fiscal Year 2026 (e) |
|---|---|---|---|---|---|---|---|
| 1 | Book Depreciation | See the corresponding Fiscal Year on Page 2 of 40, Line 15. Note there are 2 columns to sum for FY23. | ($222,059) | ($222,059) | ($222,059) | ($222,059) | ($222,059) |
| 2 | Bonus Depreciation | | $0 | $0 | $0 | $0 | $0 |
| 3 | Remaining MACRS Tax Depreciation | See the corresponding Fiscal Year on Page 2 of 40, Line 12. Note there are 2 columns to sum for FY23. | ($17,189) | ($215,779) | ($410,861) | ($380,014) | ($351,557) |
| 4 | FY18 tax (gain)/loss on retirements | | $0 | $0 | $0 | $0 | $0 |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | ($239,248) | ($437,838) | ($632,920) | ($602,072) | ($573,615) |
| 6 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | ($50,242) | ($91,946) | ($132,913) | ($126,435) | ($120,459) |
| | Deferred Tax Not Subject to Proration | | | | | | |
| 8 | Capital Repairs Deduction | | | | | | |
| 9 | Cost of Removal | | | | | | |
| 10 | Cumulative Book / Tax Timer | Line 8 + Line 9 | | | | | |
| 11 | Effective Tax Rate | | | | | | |
| 12 | Deferred Tax Reserve | Line 10 × Line 11 | | | | | |
| 13 | Total Deferred Tax Reserve | Line 7 + Line 12 | ($50,242) | ($91,946) | ($132,913) | ($126,435) | ($120,459) |
| 14 | Net Operating Loss | | $0 | $0 | $0 | $0 | $0 |
| 15 | Net Deferred Tax Reserve | Line 13 + Line 14 | ($50,242) | ($91,946) | ($132,913) | ($126,435) | ($120,459) |
| | Allocation of FY 2018 Estimated Federal NOL | | | | | | |
| 16 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | ($239,248) | ($437,838) | ($632,920) | ($602,072) | ($573,615) |
| 17 | Cumulative Book/Tax Timer Not Subject to Proration | Line 10 | $0 | $0 | $0 | $0 | $0 |
| 18 | Total Cumulative Book/Tax Timer | Line 16 + Line 17 | ($239,248) | ($437,838) | ($632,920) | ($602,072) | ($573,615) |
| 19 | Total FY 2018 Federal NOL | | | | | | $0 |
| 20 | Allocated FY 2018 Federal NOL Not Subject to Proration | (Line 17 ÷ Line 18 ) × Line 19 | | | | | $0 |
| 21 | Allocated FY 2018 Federal NOL Subject to Proration | (Line 16 ÷ Line 18 ) × Line 19 | | | | | $0 |
| 22 | Effective Tax Rate | | | | | | 21% |
| 23 | Deferred Tax Benefit subject to proration | Line 21 × Line 22 | | | | | $0 |
| 24 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 23 | ($50,242) | ($91,946) | ($132,913) | ($126,435) | ($120,459) |

| | Proration Calculation | (f) Number of Days in Month | (g) Proration Percentage | (h) Fiscal Year 2022 | (i) Fiscal Year 2023 | (j) Fiscal Year 2024 | (k) Fiscal Year 2025 | (l) Fiscal Year 2026 |
|---|---|---|---|---|---|---|---|---|
| 25 | April | 30 | 91.78% | ($3,843) | ($7,032) | ($10,166) | ($9,670) | ($9,213) |
| 26 | May | 31 | 83.29% | ($3,487) | ($6,382) | ($9,225) | ($8,775) | ($8,361) |
| 27 | June | 30 | 75.07% | ($3,143) | ($5,752) | ($8,315) | ($7,909) | ($7,536) |
| 28 | July | 31 | 66.58% | ($2,787) | ($5,101) | ($7,374) | ($7,015) | ($6,683) |
| 29 | August | 31 | 58.08% | ($2,432) | ($4,450) | ($6,433) | ($6,120) | ($5,830) |
| 30 | September | 30 | 49.86% | ($2,088) | ($3,821) | ($5,523) | ($5,254) | ($5,005) |
| 31 | October | 31 | 41.37% | ($1,732) | ($3,170) | ($4,582) | ($4,359) | ($4,153) |
| 32 | November | 30 | 33.15% | ($1,388) | ($2,540) | ($3,672) | ($3,493) | ($3,328) |
| 33 | December | 31 | 24.66% | ($1,032) | ($1,889) | ($2,731) | ($2,598) | ($2,475) |
| 34 | January | 31 | 16.16% | ($677) | ($1,239) | ($1,790) | ($1,703) | ($1,623) |
| 35 | February | 28 | 8.49% | ($356) | ($651) | ($941) | ($895) | ($853) |
| 36 | March | 31 | 0.00% | $0 | $0 | $0 | $0 | $0 |
| 37 | Total | 365 | | ($22,964) | ($42,026) | ($60,752) | ($57,791) | ($55,059) |
| 38 | Deferred Tax Without Proration | Line 24 | | ($50,242) | ($91,946) | ($132,913) | ($126,435) | ($120,459) |
| 39 | Average Deferred Tax without Proration | Line 38 × 50% | | ($25,121) | ($45,973) | ($66,457) | ($63,218) | ($60,230) |
| 40 | Proration Adjustment | Line 37 - Line 39 | | $2,157 | $3,947 | $5,705 | $5,427 | $5,170 |

**Column Notes:**

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

(h) through (l) Current Year Line 24 ÷ 12 × Current Month Col (g)

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

| Line No. | | | | Fiscal Year 2019 (a) | Fiscal Year 2020 (b) | Fiscal Year 2021 (c) | Fiscal Year 2022 (d) | NG 4/1/22 - 5/24/2022 2023 (e) | PPL 5/25/22 - 3/31/23 2023 (f) | Fiscal Year 2024 (g) | Fiscal Year 2025 (h) | Fiscal Year 2026 (i) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | | | | | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (b) | | ($914,000) | | | | | | | | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (b) | | ($1,368,021) | | | | | | | | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $454,021 | $454,021 | $454,021 | $454,021 | $454,021 | $454,021 | $454,021 | $454,021 | $454,021 |
| | Change in Net Capital Included in ISR Rate Base | | | | | | | | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | ($914,000) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 5 | Depreciation Expense | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | ($914,000) | ($914,000) | ($914,000) | ($914,000) | ($914,000) | ($914,000) | ($914,000) | ($914,000) | ($914,000) |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (b) | | $5,626,564 | | | | | | | | |
| 8 | **Net Plant Amount** | **Line 1 = Line 6+7; Then = Prior Year** | | **$4,712,564** | **$4,712,564** | **$4,712,564** | **$4,712,564** | **$4,712,564** | **$4,712,564** | **$4,712,564** | **$4,712,564** | **$4,712,564** |
| | Deferred Tax Calculation: | | | | | | | | | | | |
| 9 | Composite Book Depreciation Rate | As Approved in RIPUC Docket No. 4323 & 4770 | 1/ | 3.15% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% |
| 10 | Number of days | | 2/ | | | | | 54 | 311 | | | |
| 11 | Proration Percentage | | 2/ | | | | | 14.79% | 85.21% | | | |
| 12 | Tax Depreciation and Year 1 Basis Adjustments | Year 1 = Page 6 of 40, Line 28, Col (a); then = Page 6 of 40, Col (e) | | $5,200,130 | ($8,390) | ($7,760) | ($7,179) | ($982) | ($36,146) | ($69,583) | ($64,359) | ($59,540) |
| 13 | Cumulative Tax Depreciation-NG | Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12 | 3/ | $5,200,130 | $5,191,739 | $5,183,979 | $5,176,799 | $5,175,817 | | | | |
| 14 | Cumulative Tax Depreciation-PPL | Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12 | 3/ | | | | | | ($36,146) | ($105,729) | ($170,088) | ($229,628) |
| 15 | Book Depreciation | Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9 | 2/ | $7,157 | $13,575 | $13,575 | $13,575 | $2,008 | $11,567 | $13,575 | $13,575 | $13,575 |
| 16 | Cumulative Book Depreciation | Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15 | | $7,157 | $20,732 | $34,307 | $47,883 | $49,891 | $61,458 | $75,033 | $88,608 | $102,184 |
| 17 | Cumulative Book / Tax Timer | Columns (a) through (e): Line 13 - Line 16, Then Line 14 - Line 16 | | $5,192,973 | $5,171,007 | $5,149,671 | $5,128,917 | $5,125,926 | ($97,604) | ($180,762) | ($258,697) | ($331,811) |
| 18 | Less: Cumulative Book Depreciation at Acquisition | Line 16 Column (e) | 3/ | | | | | | $49,891 | $49,891 | $49,891 | $49,891 |
| 19 | Cumulative Book / Tax Timer - PPL | Line 17 + Line 18 | | | | | | | ($47,713) | ($130,871) | ($208,805) | ($281,920) |
| 20 | Effective Tax Rate | | | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% |
| 21 | Deferred Tax Reserve | Columns (a) through (e): Line 17 * Line 20, Then Line 19 * Line 20 | | $1,090,524 | $1,085,911 | $1,081,431 | $1,077,072 | $1,076,444 | ($10,020) | ($27,483) | ($43,849) | ($59,203) |
| 22 | Add: FY 2019 Federal NOL (Generation) / Utilization | Page 30 of 40, Line 12, Col (b) | 3/ | $286,350 | $286,350 | $286,350 | $286,350 | $286,350 | $0 | $0 | $0 | $0 |
| 23 | Net Deferred Tax Reserve before Proration Adjustment | Line 21 + Line 22 | | $1,376,874 | $1,372,261 | $1,367,781 | $1,363,422 | $1,362,794 | ($10,020) | ($27,483) | ($43,849) | ($59,203) |
| | ISR Rate Base Calculation: | | | | | | | | | | | |
| 24 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $4,712,564 | $4,712,564 | $4,712,564 | $4,712,564 | $4,712,564 | $4,712,564 | $4,712,564 | $4,712,564 | $4,712,564 |
| 25 | Accumulated Depreciation | - Line 16 | | ($7,157) | ($20,732) | ($34,307) | ($47,883) | ($49,891) | ($61,458) | ($75,033) | ($88,608) | ($102,184) |
| 26 | Deferred Tax Reserve | - Line 23 | | ($1,376,874) | ($1,372,261) | ($1,367,781) | ($1,363,422) | ($1,362,794) | $10,020 | $27,483 | $43,849 | $59,203 |
| 27 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 24 through 26 | | $3,328,533 | $3,319,570 | $3,310,475 | $3,301,259 | $3,299,878 | $4,661,125 | $4,665,013 | $4,667,804 | $4,669,583 |
| | Revenue Requirement Calculation: | | | | | | | | | | | |
| 28 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line 27 + Current Year Line 27) ÷ 2 | 4/ | | | | $3,305,867 | $3,981,192 | $3,981,192 | $4,663,069 | $4,666,409 | $4,668,694 |
| 29 | Proration Adjustment | Page 7 of 40, Line 40 | | | | | ($187) | ($457) | ($457) | ($750) | ($702) | ($659) |
| 30 | Average ISR Rate Base after Deferred Tax Proration | Line 28 + Line 29 | | | | | $3,305,680 | $3,980,735 | $3,980,735 | $4,662,320 | $4,665,706 | $4,668,035 |
| 31 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | | | | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% |
| 32 | Proration Percentage | Line 11 | 2/ | | | | | 14.79% | 85.21% | | | |
| 33 | Return and Taxes | Cols (d), (g) through (i): L 30 * L 31; Cols (e) and (f): L 30 * L 31 * L 32 | 2/ | | | | $278,008 | $49,529 | $285,251 | $392,101 | $392,386 | $392,582 |
| 34 | Book Depreciation | Line 15 | | | | | $13,575 | $2,008 | $11,567 | $13,575 | $13,575 | $13,575 |
| 35 | **Annual Revenue Requirement** | **Sum of Lines 33 through 34** | | **N/A** | **N/A** | **N/A** | **$291,583** | **$51,537** | **$296,818** | **$405,676** | **$405,961** | **$406,157** |

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018
2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
FY 19 Composite Book Depreciation Rate = 3.38% × 5 /12 + 2.99% × 7 / 12
2/ Columns (e) and (f) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ Columns (e) and (f) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 31, Column (d) and the end of the fiscal year on Line 27, Column (f). See note 2.

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

| Line No. | | | | Fiscal Year 2019 (a) | (b) | (c) | (d) | (e) | (f) |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | | |
| 1 | Plant Additions | Page 5 of 40, Line 1 | | ($914,000) | 20 Year MACRS Depreciation | | | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 85.18% | | | | | |
| 3 | Capital Repairs Deduction | Line 1 × Line 2 | | ($778,545) | MACRS basis: | Line 21, Column (a) | | ($116,227) | |
| 4 | | | | | | | | Annual | Cumulative |
| 5 | | | | | Fiscal Year | | Prorated | | |
| 6 | Bonus Depreciation | | | | FY Mar-2019 | 3.750% | | ($4,359) | $5,200,130 |
| 7 | Plant Additions | Line 1 | | ($914,000) | FY Mar-2020 | 7.219% | | ($8,390) | $5,191,739 |
| 8 | Less Capital Repairs Deduction | Line 3 | | ($778,545) | FY Mar-2021 | 6.677% | | ($7,760) | $5,183,979 |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 7 - Line 8 | | ($135,455) | FY Mar-2022 | 6.177% | | ($7,179) | $5,176,799 |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 100.00% | FY Mar-2023 (Apr-May 2022) | 5.713% | 0.845% | ($982) | $5,175,817 |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 × Line 10 | | ($135,455) | | | | | |
| 12 | Bonus Depreciation Rate (30% Eligible) | 1 × 30% × 11.65% | 2/ | 3.50% | Book Cost | Line 1, Column (a) | | ($914,000) | |
| 13 | Bonus Depreciation Rate (40% Eligible) | 1 × 40% × 26.75% | 2/ | 10.70% | Cumulative Book Depreciation | - Page 5 of 40, Line 16, Col (e) | | ($49,891) | |
| 14 | Total Bonus Depreciation Rate | Line 12 + Line 13 | | 14.20% | PPL MACRS basis: | Line 12 + Line 13 | | ($963,891) | |
| 15 | Bonus Depreciation | Line 11 × Line 14 | | ($19,228) | | | | | |
| 16 | | | | | FY Mar-2023 (Jun-Mar 2023) | 3.750% | | ($36,146) | ($36,146) |
| 17 | Remaining Tax Depreciation | | | | Mar-2024 | 7.219% | | ($69,583) | ($105,729) |
| 18 | Plant Additions | Line 1 | | ($914,000) | Mar-2025 | 6.677% | | ($64,359) | ($170,088) |
| 19 | Less Capital Repairs Deduction | Line 3 | | ($778,545) | Mar-2026 | 6.177% | | ($59,540) | ($229,628) |
| 20 | Less Bonus Depreciation | Line 15 | | ($19,228) | Mar-2027 | 5.713% | | ($55,067) | ($284,695) |
| 21 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 18 - Line 19 - Line 20 | | ($116,227) | Mar-2028 | 5.285% | | ($50,942) | ($335,637) |
| 22 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2029 | 4.888% | | ($47,115) | ($382,751) |
| 23 | Remaining Tax Depreciation | Line 21 × Line 22 | | ($4,359) | Mar-2030 | 4.522% | | ($43,587) | ($426,339) |
| 24 | | | | | Mar-2031 | 4.462% | | ($43,009) | ($469,347) |
| 25 | FY19 tax (gain)/loss on retirements | Per Tax Department | 3/ | $375,698 | Mar-2032 | 4.461% | | ($42,999) | ($512,347) |
| 26 | Cost of Removal | Page 5 of 40, Line 7 | | $5,626,564 | Mar-2033 | 4.462% | | ($43,009) | ($555,355) |
| 27 | | | | | Mar-2034 | 4.461% | | ($42,999) | ($598,355) |
| 28 | Total Tax Depreciation and Repairs Deduction | Sum of Lines 3, 15, 23, 25 & 26 | | $5,200,130 | Mar-2035 | 4.462% | | ($43,009) | ($641,363) |
| | | | | | Mar-2036 | 4.461% | | ($42,999) | ($684,363) |
| | | | | | Mar-2037 | 4.462% | | ($43,009) | ($727,371) |
| | | | | | Mar-2038 | 4.461% | | ($42,999) | ($770,371) |
| | | | | | Mar-2039 | 4.462% | | ($43,009) | ($813,379) |
| | | | | | Mar-2040 | 4.461% | | ($42,999) | ($856,379) |
| | | | | | Mar-2041 | 4.462% | | ($43,009) | ($899,387) |
| | | | | | Mar-2042 | 4.461% | | ($42,999) | ($942,387) |
| | | | | | Mar-2043 | 2.231% | | ($21,504) | ($963,891) |
| | | | | | | 100.000% | | ($963,891) | |

1/ Capital Repairs percentage is the actual result of FY2019 tax return
2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2019 tax return
3/ Actual Loss the actual result of FY2019 tax return
10 (d) 5.713% / 365 x 54

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

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

| Line No. | Deferred Tax Subject to Proration | | Fiscal Year 2022 (a) | Fiscal Year 2023 (b) | Fiscal Year 2024 (c) | Fiscal Year 2025 (d) | Fiscal Year 2026 (e) |
|---|---|---|---|---|---|---|---|
| 1 | Book Depreciation | See the corresponding Fiscal Year on Page 5 of 40, Line 15. Note there are 2 columns to sum for FY23. | $13,575 | $13,575 | $13,575 | $13,575 | $13,575 |
| 2 | Bonus Depreciation | | $0 | $0 | $0 | $0 | $0 |
| 3 | Remaining MACRS Tax Depreciation | See the corresponding Fiscal Year on Page 5 of 40, Line 12. Note there are 2 columns to sum for FY23. | $7,179 | $37,128 | $69,583 | $64,359 | $59,540 |
| 4 | FY19 tax (gain)/loss on retirements | | $0 | $0 | $0 | $0 | $0 |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | $20,755 | $50,703 | $83,159 | $77,934 | $73,115 |
| 6 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | $4,358 | $10,648 | $17,463 | $16,366 | $15,354 |
| | Deferred Tax Not Subject to Proration | | | | | | |
| 8 | Capital Repairs Deduction | | | | | | |
| 9 | Cost of Removal | | | | | | |
| 10 | Cumulative Book / Tax Timer | Line 8 + Line 9 | | | | | $0 |
| 11 | Effective Tax Rate | | | | | | 21% |
| 12 | Deferred Tax Reserve | Line 10 × Line 11 | | | | | $0 |
| 13 | Total Deferred Tax Reserve | Line 7 + Line 12 | $4,358 | $10,648 | $17,463 | $16,366 | $15,354 |
| 14 | Net Operating Loss | | $0 | $0 | $0 | $0 | $0 |
| 15 | Net Deferred Tax Reserve | Line 13 + Line 14 | $4,358 | $10,648 | $17,463 | $16,366 | $15,354 |
| | Allocation of FY 2019 Estimated Federal NOL | | | | | | |
| 16 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | $20,755 | $50,703 | $83,159 | $77,934 | $73,115 |
| 17 | Cumulative Book/Tax Timer Not Subject to Proration | Line 10 | $0 | $0 | $0 | $0 | $0 |
| 18 | Total Cumulative Book/Tax Timer | Line 16 + Line 17 | $20,755 | $50,703 | $83,159 | $77,934 | $73,115 |
| 19 | Total FY 2019 Federal NOL | | | | | | $0 |
| 20 | Allocated FY 2019 Federal NOL Not Subject to Proration | (Line 17 ÷ Line 18 ) × Line 19 | | | | | $0 |
| 21 | Allocated FY 2019 Federal NOL Subject to Proration | (Line 16 ÷ Line 18 ) × Line 19 | | | | | $0 |
| 22 | Effective Tax Rate | | | | | | 21% |
| 23 | Deferred Tax Benefit subject to proration | Line 21 × Line 22 | | | | | $0 |
| 24 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 23 | $4,358 | $10,648 | $17,463 | $16,366 | $15,354 |

| Line No. | Proration Calculation | (f) Number of Days in Month | (g) Proration Percentage | (h) Fiscal Year 2022 | (i) Fiscal Year 2023 | (j) Fiscal Year 2024 | (k) Fiscal Year 2025 | (l) Fiscal Year 2026 |
|---|---|---|---|---|---|---|---|---|
| 25 | April | 30 | 91.78% | $333 | $814 | $1,336 | $1,252 | $1,174 |
| 26 | May | 31 | 83.29% | $303 | $739 | $1,212 | $1,136 | $1,066 |
| 27 | June | 30 | 75.07% | $273 | $666 | $1,092 | $1,024 | $961 |
| 28 | July | 31 | 66.58% | $242 | $591 | $969 | $908 | $852 |
| 29 | August | 31 | 58.08% | $211 | $515 | $845 | $792 | $743 |
| 30 | September | 30 | 49.86% | $181 | $442 | $726 | $680 | $638 |
| 31 | October | 31 | 41.37% | $150 | $367 | $602 | $564 | $529 |
| 32 | November | 30 | 33.15% | $120 | $294 | $482 | $452 | $424 |
| 33 | December | 31 | 24.66% | $90 | $219 | $359 | $336 | $315 |
| 34 | January | 31 | 16.16% | $59 | $143 | $235 | $220 | $207 |
| 35 | February | 28 | 8.49% | $31 | $75 | $124 | $116 | $109 |
| 36 | March | 31 | 0.00% | $0 | $0 | $0 | $0 | $0 |
| 37 | Total | 365 | | $1,992 | $4,867 | $7,982 | $7,481 | $7,018 |
| 38 | Deferred Tax Without Proration | Line 24 | | $4,358 | $10,648 | $17,463 | $16,366 | $15,354 |
| 39 | Average Deferred Tax without Proration | Line 38 × 50% | | $2,179 | $5,324 | $8,732 | $8,183 | $7,677 |
| 40 | Proration Adjustment | Line 37 - Line 39 | | ($187) | ($457) | ($750) | ($702) | ($659) |

Column Notes:
(g) Sum of remaining days in the year (Col (f)) ÷ 365
(h) through (l) Current Year Line 24 ÷ 12 × Current Month Col (g)

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

| Line No. | | | | Fiscal Year 2020 (a) | Fiscal Year 2021 (b) | Fiscal Year 2022 (c) | NG 4/1/22 - 5/24/2022 2023 (d) | PPL 5/25/22 - 3/31/23 2023 (e) | Fiscal Year 2024 (f) | Fiscal Year 2025 (g) | Fiscal Year 2026 (h) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | | | | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (c) | | $105,296,046 | | | | | | | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (c) | | $4,276,135 | | | | | | | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $101,019,911 | $101,019,911 | $101,019,911 | $101,019,911 | $101,019,911 | $101,019,911 | $101,019,911 | $101,019,911 |
| | Change in Net Capital Included in ISR Rate Base | | | | | | | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $105,296,046 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 5 | Depreciation Expense | Page 34 of 40, Line 72(c) | | $23,534,853 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $81,761,193 | $81,761,193 | $81,761,193 | $81,761,193 | $81,761,193 | $81,761,193 | $81,761,193 | $81,761,193 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (c) | | $7,055,630 | | | | | | $0 | $0 |
| 8 | **Net Plant Amount** | Line 1 = Line 6+7; Then = Prior Year | | **$88,816,823** | **$88,816,823** | **$88,816,823** | **$88,816,823** | **$88,816,823** | **$88,816,823** | **$88,816,823** | **$88,816,823** |
| | Deferred Tax Calculation: | | | | | | | | | | |
| 9 | Composite Book Depreciation Rate | Page 32 of 40, Line 86(e) | 1/ | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% |
| 10 | Number of days | | 2/ | | | | 54 | 311 | | | |
| 11 | Proration Percentage | | 2/ | | | | 14.79% | 85.21% | | | |
| 12 | Tax Depreciation and Year 1 Basis Adjustments | Year 1 =Page 9 of 40, Line 28, Col (a); then =Page 9 of 40, Col (e) | | $89,531,414 | $1,753,362 | $1,621,720 | $221,959 | $3,648,673 | $7,023,938 | $6,496,583 | $6,010,094 |
| 13 | Cumulative Tax Depreciation-NG | Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12 | 3/ | $89,531,414 | $91,284,775 | $92,906,495 | $93,128,454 | | | | |
| 14 | Cumulative Tax Depreciation-PPL | Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12 | 3/ | | | | | $3,648,673 | $10,672,611 | $17,169,194 | $23,179,288 |
| 15 | Book Depreciation | Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9 | 2/ | $1,510,248 | $3,020,495 | $3,020,495 | $446,868 | $2,573,628 | $3,020,495 | $3,020,495 | $3,020,495 |
| 16 | Cumulative Book Depreciation | Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15 | | $1,510,248 | $4,530,743 | $7,551,238 | $7,998,106 | $10,571,734 | $13,592,229 | $16,612,724 | $19,633,220 |
| 17 | Cumulative Book / Tax Timer | Columns (a) through (d): Line 13 - Line 16, Then Line 14 - Line 16 | | $88,021,166 | $86,754,032 | $85,355,257 | $85,130,348 | ($6,923,061) | ($2,919,618) | $556,470 | $3,546,068 |
| 18 | Less: Cumulative Book Depreciation at Acquisition | Line 16 Column (d) | 3/ | | | | | $7,998,106 | $7,998,106 | $7,998,106 | $7,998,106 |
| 19 | Cumulative Book / Tax Timer - PPL | Line 17 + Line 18 | | | | | | $1,075,045 | $5,078,488 | $8,554,576 | $11,544,175 |
| 20 | Effective Tax Rate | | | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% |
| 21 | Deferred Tax Reserve | Columns (a) through (d): Line 17 * Line 20, Then Line 19 * Line 20 | | $18,484,445 | $18,218,347 | $17,924,604 | $17,877,373 | $225,759 | $1,066,483 | $1,796,461 | $2,424,277 |
| 22 | Add: FY 2020 Federal NOL (Generation) / Utilization | Page 30 of 40, Line 12, Col (c) | 3/ | ($3,063,059) | ($3,063,059) | ($3,063,059) | ($3,063,059) | $0 | $0 | $0 | $0 |
| 23 | Net Deferred Tax Reserve before Proration Adjustment | Line 21 + Line 22 | | $15,421,386 | $15,155,288 | $14,861,545 | $14,814,315 | $225,759 | $1,066,483 | $1,796,461 | $2,424,277 |
| | ISR Rate Base Calculation: | | | | | | | | | | |
| 24 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $88,816,823 | $88,816,823 | $88,816,823 | $88,816,823 | $88,816,823 | $88,816,823 | $88,816,823 | $88,816,823 |
| 25 | Accumulated Depreciation | - Line 16 | | ($1,510,248) | ($4,530,743) | ($7,551,238) | ($7,998,106) | ($10,571,734) | ($13,592,229) | ($16,612,724) | ($19,633,220) |
| 26 | Deferred Tax Reserve | - Line 23 | | ($15,421,386) | ($15,155,288) | ($14,861,545) | ($14,814,315) | ($225,759) | ($1,066,483) | ($1,796,461) | ($2,424,277) |
| 27 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 24 through 26 | | $71,885,189 | $69,130,792 | $66,404,039 | $66,004,402 | $78,019,330 | $74,158,111 | $70,407,638 | $66,759,327 |
| | Revenue Requirement Calculation: | | | | | | | | | | |
| 28 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = Line 27 × Page 11 of 40, Line 16; then = Average of (Prior Year Line 27 + Current Year Line 27/2) | 4/ | | | $67,767,415 | $72,211,684 | $72,211,684 | $76,088,721 | $72,282,875 | $68,583,482 |
| 29 | Proration Adjustment | Page 10 of 40, Line 40 | | | | ($12,608) | $7,663 | $7,663 | $36,086 | $31,332 | $26,947 |
| 30 | Average ISR Rate Base after Deferred Tax Proration | Line 28 + Line 29 | | | | $67,754,807 | $72,219,347 | $72,219,347 | $76,124,806 | $72,314,207 | $68,610,429 |
| 31 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | | | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% |
| 32 | Proration Percentage | Line 11 | 2/ | | | | 14.79% | 85.21% | | | |
| 33 | Return and Taxes | Cols (c), (f) through (h): L 30 * L 31; Cols (d) and (e): L 30 * L 31 * L 32 | 2/ | | | $5,698,179 | $898,567 | $5,175,080 | $6,402,096 | $6,081,625 | $5,770,137 |
| 34 | Book Depreciation | Line 15 | | | | $3,020,495 | $446,868 | $2,573,628 | $3,020,495 | $3,020,495 | $3,020,495 |
| 35 | **Annual Revenue Requirement** | Sum of Lines 33 through 34 | | **N/A** | **N/A** | **$8,718,675** | **$1,345,435** | **$7,748,708** | **$9,422,592** | **$9,102,120** | **$8,790,632** |

1/ 2.99%, Composite Book Depreciation Rate of Distirbution Plant approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ Columns (d) and (e) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ Columns (d) and (e) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (c) and the end of the fiscal year on Line 31, Column (e). See note 2.

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

| Line No. | | | | Fiscal Year 2020 (a) | (b) | (c) | (d) | (e) | (f) |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | | |
| 1 | Plant Additions | Page 8 of 40, Line 1 | | $105,296,046 | 20 Year MACRS Depreciation | | | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 76.14% | | | | | |
| 3 | Capital Repairs Deduction | Line 1 × Line 2 | | $80,172,409 | MACRS basis: | Line 21, Column (a) | | $24,288,150 | |
| 4 | | | | | | | | Annual | Cumulative |
| 5 | | | | | Fiscal Year | | Prorated | | |
| 6 | Bonus Depreciation | | | | FY Mar-2020 | 3.750% | | $910,806 | $89,531,414 |
| 7 | Plant Additions | Line 1 | | $105,296,046 | FY Mar-2021 | 7.219% | | $1,753,362 | $91,284,775 |
| 8 | Less Capital Repairs Deduction | Line 3 | | $80,172,409 | FY Mar-2022 | 6.677% | | $1,621,720 | $92,906,495 |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 4 - Line 5 | | $25,123,637 | FY Mar-2023 (Apr-May 2022) | 6.177% | 0.914% | $221,959 | $93,128,454 |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 100.00% | | | | | |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 × Line 10 | | $25,123,637 | Book Cost | Line 1, Column (a) | | $105,296,046 | |
| 12 | Bonus Depreciation Rate 30%, up to December 31, 2019 | 14.78% × 30% × 75% | 2/ | 3.33% | Cumulative Book Depreciation | - Page 8 of 40, Line 16, Col (d) | | ($7,998,106) | |
| 13 | Bonus Depreciation Rate 0%, after December 31, 2019 | | | 0.00% | PPL MACRS basis: | Line 11 + Line 12 | | $97,297,940 | |
| 14 | Total Bonus Depreciation Rate | Line 12 + Line 13 | | 3.33% | | | | | |
| 15 | Bonus Depreciation | Line 11 × Line 14 | | $835,487 | FY Mar-2023 (Jun-Mar 2023) | 3.750% | | $3,648,673 | $3,648,673 |
| 16 | | | | | Mar-2024 | 7.219% | | $7,023,938 | $10,672,611 |
| 17 | Remaining Tax Depreciation | | | | Mar-2025 | 6.677% | | $6,496,583 | $17,169,194 |
| 18 | Plant Additions | Line 1 | | $105,296,046 | Mar-2026 | 6.177% | | $6,010,094 | $23,179,288 |
| 19 | Less Capital Repairs Deduction | Line 3 | | $80,172,409 | Mar-2027 | 5.713% | | $5,558,631 | $28,737,919 |
| 20 | Less Bonus Depreciation | Line 15 | | $835,487 | Mar-2028 | 5.285% | | $5,142,196 | $33,880,116 |
| 21 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 18 - Line 19 - Line 20 | | $24,288,150 | Mar-2029 | 4.888% | | $4,755,923 | $38,636,039 |
| 22 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2030 | 4.522% | | $4,399,813 | $43,035,852 |
| 23 | Remaining Tax Depreciation | Line 21 × Line 22 | | $910,806 | Mar-2031 | 4.462% | | $4,341,434 | $47,377,286 |
| 24 | | | | | Mar-2032 | 4.461% | | $4,340,461 | $51,717,747 |
| 25 | FY20 tax (gain)/loss on retirements | Per Tax Department | 3/ | $557,081 | Mar-2033 | 4.462% | | $4,341,434 | $56,059,181 |
| 26 | Cost of Removal | Page 8 of 40, Line 7 | | $7,055,630 | Mar-2034 | 4.461% | | $4,340,461 | $60,399,642 |
| 27 | | | | | Mar-2035 | 4.462% | | $4,341,434 | $64,741,076 |
| 28 | Total Tax Depreciation and Repairs Deduction | Sum of Lines 3, 15, 23, 25 & 26 | | $89,531,414 | Mar-2036 | 4.461% | | $4,340,461 | $69,081,537 |
| 29 | | | | | Mar-2037 | 4.462% | | $4,341,434 | $73,422,971 |
| 30 | | | | | Mar-2038 | 4.461% | | $4,340,461 | $77,763,432 |
| 31 | | | | | Mar-2039 | 4.462% | | $4,341,434 | $82,104,866 |
| 32 | | | | | Mar-2040 | 4.461% | | $4,340,461 | $86,445,327 |
| 33 | | | | | Mar-2041 | 4.462% | | $4,341,434 | $90,786,762 |
| 34 | | | | | Mar-2042 | 4.461% | | $4,340,461 | $95,127,223 |
| 35 | | | | | Mar-2043 | 2.231% | | $2,170,717 | $97,297,940 |
| 36 | | | | | | 100.000% | | $97,297,940 | |
| 37 | | | | | | | | | |

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

1/ Capital Repairs percentage is the actual result of FY2020 tax return
2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2020 tax return
3/ Actual Loss based on FY2020 tax return
9 (d) 6.177% / 365 x 54

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

| Line No. | **Deferred Tax Subject to Proration** | | Fiscal Year 2022 (a) | Fiscal Year 2023 (b) | Fiscal Year 2024 (c) | Fiscal Year 2025 (d) | Fiscal Year 2026 (e) |
|---|---|---|---|---|---|---|---|
| 1 | Book Depreciation | See the corresponding Fiscal Year on Page 8 of 40, Line 15. Note there are 2 columns to sum for FY23. | $3,020,495 | $3,020,495 | $3,020,495 | $3,020,495 | $3,020,495 |
| 2 | Bonus Depreciation | | $0 | $0 | $0 | $0 | $0 |
| 3 | Remaining MACRS Tax Depreciation | See the corresponding Fiscal Year on Page 8 of 40, Line 12. Note there are 2 columns to sum for FY23. | ($1,621,720) | ($3,870,632) | ($7,023,938) | ($6,496,583) | ($6,010,094) |
| 4 | FY20 tax (gain)/loss on retirements | Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0 | $0 | $0 | $0 | $0 | $0 |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | $1,398,776 | ($850,136) | ($4,003,443) | ($3,476,088) | ($2,989,598) |
| 6 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | $293,743 | ($178,529) | ($840,723) | ($729,979) | ($627,816) |
| | Deferred Tax Not Subject to Proration | | | | | | |
| 8 | Capital Repairs Deduction | Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0 | | | | | |
| 9 | Cost of Removal | Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0 | | | | | |
| 10 | Cumulative Book / Tax Timer | Line 8 + Line 9 | | | | | |
| 11 | Effective Tax Rate | | | | | | |
| 12 | Deferred Tax Reserve | Line 10 × Line 11 | | | | | |
| 13 | Total Deferred Tax Reserve | Line 7 + Line 12 | $293,743 | ($178,529) | ($840,723) | ($729,979) | ($627,816) |
| 14 | Net Operating Loss | | | | | | |
| 15 | Net Deferred Tax Reserve | Line 13 + Line 14 | $293,743 | ($178,529) | ($840,723) | ($729,979) | ($627,816) |
| | Allocation of FY 2018 Estimated Federal NOL | | | | | | |
| 16 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | $1,398,776 | ($850,136) | ($4,003,443) | ($3,476,088) | ($2,989,598) |
| 17 | Cumulative Book/Tax Timer Not Subject to Proration | Line 10 | $0 | $0 | $0 | $0 | $0 |
| 18 | Total Cumulative Book/Tax Timer | Line 16 + Line 17 | $1,398,776 | ($850,136) | ($4,003,443) | ($3,476,088) | ($2,989,598) |
| 19 | Total FY 2020 Federal NOL | Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0 | | | | | |
| 20 | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 17 ÷ Line 18 ) × Line 19 | | | | | |
| 21 | Allocated FY 2020 Federal NOL Subject to Proration | (Line 16 ÷ Line 18 ) × Line 19 | | | | | |
| 22 | Effective Tax Rate | | | | | | |
| 23 | Deferred Tax Benefit subject to proration | Line 21 × Line 22 | | | | | |
| 24 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 23 | $293,743 | ($178,529) | ($840,723) | ($729,979) | ($627,816) |

| Line No. | **Proration Calculation** | (f) Number of Days in Month | (g) Proration Percentage | (h) Fiscal Year 2022 | (i) Fiscal Year 2023 | (j) Fiscal Year 2024 | (k) Fiscal Year 2025 | (l) Fiscal Year 2026 |
|---|---|---|---|---|---|---|---|---|
| 25 | April | 30 | 91.78% | $22,467 | ($13,655) | ($64,302) | ($55,832) | ($48,018) |
| 26 | May | 31 | 83.29% | $20,388 | ($12,391) | ($58,352) | ($50,665) | ($43,574) |
| 27 | June | 30 | 75.07% | $18,376 | ($11,168) | ($52,593) | ($45,665) | ($39,274) |
| 28 | July | 31 | 66.58% | $16,297 | ($9,905) | ($46,643) | ($40,499) | ($34,831) |
| 29 | August | 31 | 58.08% | $14,218 | ($8,641) | ($40,693) | ($35,332) | ($30,387) |
| 30 | September | 30 | 49.86% | $12,206 | ($7,418) | ($34,934) | ($30,332) | ($26,087) |
| 31 | October | 31 | 41.37% | $10,127 | ($6,155) | ($28,984) | ($25,166) | ($21,644) |
| 32 | November | 30 | 33.15% | $8,115 | ($4,932) | ($23,225) | ($20,166) | ($17,344) |
| 33 | December | 31 | 24.66% | $6,036 | ($3,668) | ($17,275) | ($15,000) | ($12,900) |
| 34 | January | 31 | 16.16% | $3,957 | ($2,405) | ($11,325) | ($9,833) | ($8,457) |
| 35 | February | 28 | 8.49% | $2,079 | ($1,264) | ($5,950) | ($5,167) | ($4,443) |
| 36 | March | 31 | 0.00% | $0 | $0 | $0 | $0 | $0 |
| 37 | Total | 365 | | $134,263 | ($81,601) | ($384,276) | ($333,657) | ($286,960) |
| 38 | Deferred Tax Without Proration | Line 24 | | $293,743 | ($178,529) | ($840,723) | ($729,979) | ($627,816) |
| 39 | Average Deferred Tax without Proration | Line 38 × 50% | | $146,871 | ($89,264) | ($420,362) | ($364,989) | ($313,908) |
| 40 | Proration Adjustment | Line 37 - Line 39 | | ($12,608) | $7,663 | $36,086 | $31,332 | $26,947 |

**Column Notes:**
(g) Sum of remaining days in the year (Col (f)) ÷ 366
(h) through (l) Current Year Line 24 ÷ 12 × Current Month Col (g)

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

| Line No. | Month No. | Month | FY 2020 ISR Additions | In Rates | Not In Rates | Weight for Days | Weighted Average | Weight for Investment |
|---|---|---|---|---|---|---|---|---|
| 1 | | | (a) | (b) | (c) = (a) - (b) | (d) | (e) = (d) × (c) | (f)=(c)÷Total(c) |
| 2 | 1 | Apr-19 | $12,009,983 | $7,764,750 | $4,245,233 | 0.958 | $4,068,348 | 4.03% |
| 3 | 2 | May-19 | $12,009,983 | $7,764,750 | $4,245,233 | 0.875 | $3,714,579 | 4.03% |
| 4 | 3 | Jun-19 | $12,009,983 | $7,764,750 | $4,245,233 | 0.792 | $3,360,809 | 4.03% |
| 5 | 4 | Jul-19 | $12,009,983 | $7,764,750 | $4,245,233 | 0.708 | $3,007,040 | 4.03% |
| 6 | 5 | Aug-19 | $12,009,983 | $7,764,750 | $4,245,233 | 0.625 | $2,653,271 | 4.03% |
| 7 | 6 | Sep-19 | $12,009,983 | $0 | $12,009,983 | 0.542 | $6,505,407 | 11.41% |
| 8 | 7 | Oct-19 | $12,009,983 | $0 | $12,009,983 | 0.458 | $5,504,576 | 11.41% |
| 9 | 8 | Nov-19 | $12,009,983 | $0 | $12,009,983 | 0.375 | $4,503,744 | 11.41% |
| 10 | 9 | Dec-19 | $12,009,983 | $0 | $12,009,983 | 0.292 | $3,502,912 | 11.41% |
| 11 | 10 | Jan-20 | $12,009,983 | $0 | $12,009,983 | 0.208 | $2,502,080 | 11.41% |
| 12 | 11 | Feb-20 | $12,009,983 | $0 | $12,009,983 | 0.125 | $1,501,248 | 11.41% |
| 13 | 12 | Mar-20 | $12,009,983 | $0 | $12,009,983 | 0.042 | $500,416 | 11.41% |
| 14 | | Total | $144,119,796 | $38,823,750 | $105,296,046 | | $41,324,429 | 100.00% |
| 15 | **Total Additions September 2019 through March 2020** | | | | **$84,069,881** | | | |
| 16 | **FY 2020 Weighted Average Incremental Rate Base Percentage** | | | | | | **39.25%** | |

Column (a)=Page 30 of 40 , Line 1 ,Col (c)
Column (b)=Page 30 of 40 , Line 2 ,Col (c)
Column (d) = (12.5 - Month No.) ÷ 12
Line 14 = Page 30 of 40 Line 1 Col (c)
Line 15 = Sum of Lines 7(c) through 13(c)
Line 16 = Line 14(e)/Line 14(c)

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

| Line No. | | | | Fiscal Year 2021 (a) | Fiscal Year 2022 (b) | NG 4/1/22 - 5/24/2022 2023 (c) | PPL 5/25/22 - 3/31/23 2023 (d) | Fiscal Year 2024 (e) | Fiscal Year 2025 (f) | Fiscal Year 2026 (g) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | | | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (d) | | $110,177,659 | | | | | | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (d) | | $3,860,987 | | | | | | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $106,316,672 | $106,316,672 | $106,316,672 | $106,316,672 | $106,316,672 | $106,316,672 | $106,316,672 |
| | Change in Net Capital Included in ISR Rate Base | | | | | | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $110,177,659 | $0 | $0 | $0 | $0 | $0 | $0 |
| 5 | Depreciation Expense | Page 34 of 40, Line 78(c) | | $40,700,586 | $0 | $0 | $0 | $0 | $0 | $0 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $69,477,072 | $69,477,072 | $69,477,072 | $69,477,072 | $69,477,072 | $69,477,072 | $69,477,072 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (d) | | $8,861,636 | | | | | | |
| 8 | **Net Plant Amount** | **Line 6 + Line 7** | | **$78,338,709** | **$78,338,709** | **$78,338,709** | **$78,338,709** | **$78,338,709** | **$78,338,709** | **$78,338,709** |
| | Deferred Tax Calculation: | | | | | | | | | |
| 9 | Composite Book Depreciation Rate | Page 32 of 40, Line 86(e) | 1/ | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% |
| 10 | Number of days | | 2/ | | | 54 | 311 | | | |
| 11 | Proration Percentage | | 2/ | | | 14.79% | 85.21% | | | |
| 12 | Tax Depreciation and Year 1 Basis Adjustments | Year 1 =Page 13 of 40, Line 28, Col (a); then = Page 13 of 40, Col (e) | | $63,538,144 | $4,232,177 | $579,121 | $3,935,215 | $7,575,551 | $7,006,781 | $6,482,086 |
| 13 | Cumulative Tax Depreciation-NG | Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12 | 3/ | $63,538,144 | $67,770,322 | $68,349,442 | | | | |
| 14 | Cumulative Tax Depreciation-PPL | Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12 | 3/ | | | | $3,935,215 | $11,510,765 | $18,517,546 | $24,999,632 |
| 15 | Book Depreciation | Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9 | 2/ | $1,589,434 | $3,178,868 | $470,298 | $2,708,570 | $3,178,868 | $3,178,868 | $3,178,868 |
| 16 | Cumulative Book Depreciation | Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15 | | $1,589,434 | $4,768,303 | $5,238,601 | $7,947,171 | $11,126,040 | $14,304,908 | $17,483,777 |
| 17 | Cumulative Book / Tax Timer | Columns (a) through (c): Line 13 - Line 16, Then Line 14 - Line 16 | | $61,948,710 | $63,002,019 | $63,110,841 | ($4,011,957) | $384,726 | $4,212,638 | $7,515,855 |
| 18 | Less: Cumulative Book Depreciation at Acquisition | Line 16 Column (c) | 3/ | | | | $5,238,601 | $5,238,601 | $5,238,601 | $5,238,601 |
| 19 | Cumulative Book / Tax Timer - PPL | Line 17 + Line 18 | | | | | $1,226,645 | $5,623,327 | $9,451,239 | $12,754,456 |
| 20 | Effective Tax Rate | | | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% |
| 21 | Deferred Tax Reserve | Columns (a) through (c): Line 17 * Line 20, Then Line 19 * Line 20 | | $13,009,229 | $13,230,424 | $13,253,277 | $257,595 | $1,180,899 | $1,984,760 | $2,678,436 |
| 22 | Add: FY 2021 Federal NOL (Generation) / Utilization | Page 30 of 40, Line 12, Col (d) | 3/ | ($5,525,796) | ($5,525,796) | ($5,525,796) | $0 | $0 | $0 | $0 |
| 23 | Net Deferred Tax Reserve before Proration Adjustment | Line 21 + Line 22 | | $7,483,434 | $7,704,628 | $7,727,481 | $257,595 | $1,180,899 | $1,984,760 | $2,678,436 |
| | ISR Rate Base Calculation: | | | | | | | | | |
| 24 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $78,338,709 | $78,338,709 | $78,338,709 | $78,338,709 | $78,338,709 | $78,338,709 | $78,338,709 |
| 25 | Accumulated Depreciation | - Line 16 | | ($1,589,434) | ($4,768,303) | ($5,238,601) | ($7,947,171) | ($11,126,040) | ($14,304,908) | ($17,483,777) |
| 26 | Deferred Tax Reserve | - Line 23 | | ($7,483,434) | ($7,704,628) | ($7,727,481) | ($257,595) | ($1,180,899) | ($1,984,760) | ($2,678,436) |
| 27 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 24 through 26 | | $69,265,841 | $65,865,777 | $65,372,626 | $70,133,942 | $66,031,770 | $62,049,040 | $58,176,496 |
| | Revenue Requirement Calculation: | | | | | | | | | |
| 28 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line 27 + Current Year Line 27) ÷ 2 | 4/ | | $67,565,809 | $67,999,860 | $67,999,860 | $68,082,856 | $64,040,405 | $60,112,768 |
| 29 | Proration Adjustment | Page 14 of 40, Line 40 | | | $9,494 | $12,037 | $12,037 | $39,630 | $34,504 | $29,774 |
| 30 | Average ISR Rate Base after Deferred Tax Proration | Line 28 + Line 29 | | | $67,575,303 | $68,011,897 | $68,011,897 | $68,122,487 | $64,074,909 | $60,142,542 |
| 31 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% |
| 32 | Proration Percentage | Line 11 | 2/ | | | 14.79% | 85.21% | | | |
| 33 | Return and Taxes | Cols (b), (e) and (f): L 30 * L 31; Cols (c) and (d): L 30 * L 31 * L 32 | 2/ | | $5,683,083 | $846,217 | $4,873,583 | $5,729,101 | $5,388,700 | $5,057,988 |
| 34 | Book Depreciation | Line 15 | | | $3,178,868 | $470,298 | $2,708,570 | $3,178,868 | $3,178,868 | $3,178,868 |
| 35 | **Annual Revenue Requirement** | **Sum of Lines 33 through 34** | | **N/A** | **$8,861,951** | **$1,316,515** | **$7,582,154** | **$8,907,970** | **$8,567,568** | **$8,236,856** |

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ Columns (c) and (d) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ Columns (c) and (d) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (b) and the end of the fiscal year on Line 27, Column (d). See note 2.

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

| Line No. | | | | Fiscal Year 2021 (a) | (b) | (c) | (d) | (e) | (f) |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | | |
| 1 | Plant Additions | Page 12 of 40, Line 1 | | $110,177,659 | | 20 Year MACRS Depreciation | | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 46.79% | | | | | |
| 3 | Capital Repairs Deduction | Line 1 × Line 2 | | $51,552,126 | MACRS basis: | Line 21, Column (a) | | $58,625,533 | |
| 4 | | | | | | | | Annual | Cumulative |
| 5 | | | | | Fiscal Year | | Prorated | | |
| 6 | Bonus Depreciation | | | | FY Mar-2021 | 3.750% | | $2,198,457 | $63,538,144 |
| 7 | Plant Additions | Line 1 | | $110,177,659 | FY Mar-2022 | 7.219% | | $4,232,177 | $67,770,322 |
| 8 | Less Capital Repairs Deduction | Line 3 | | $51,552,126 | FY Mar-2023 (Apr-May 2022) | 6.677% | 0.988% | $579,121 | $68,349,442 |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 7 - Line 8 | | $58,625,533 | | | | | |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% | PPL Acquisition - May 25, 2022 | | | | |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 × Line 10 | | $0 | Book Cost | Line 1, Column (a) | | $110,177,659 | |
| 12 | Bonus Depreciation Rate () | Per Tax Department | | 0.00% | Cumulative Book Depreciation | - Page 12 of 40, Line 16, Col (c) | | ($5,238,601) | |
| 13 | Bonus Depreciation Rate () | Per Tax Department | | 0.00% | PPL MACRS basis: | Line 11 + Line 12 | | $104,939,057 | |
| 14 | Total Bonus Depreciation Rate | Line 12 + Line 13 | | 0.00% | | | | | |
| 15 | Bonus Depreciation | Line 11 × Line 14 | | $0 | FY Mar-2023 (Jun-Mar 2023) | 3.750% | | $3,935,215 | $3,935,215 |
| 16 | | | | | Mar-2024 | 7.219% | | $7,575,551 | $11,510,765 |
| 17 | Remaining Tax Depreciation | | | | Mar-2025 | 6.677% | | $7,006,781 | $18,517,546 |
| 18 | Plant Additions | Line 1 | | $110,177,659 | Mar-2026 | 6.177% | | $6,482,086 | $24,999,632 |
| 19 | Less Capital Repairs Deduction | Line 3 | | $51,552,126 | Mar-2027 | 5.713% | | $5,995,168 | $30,994,800 |
| 20 | Less Bonus Depreciation | Line 15 | | $0 | Mar-2028 | 5.285% | | $5,546,029 | $36,540,829 |
| 21 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 18 - Line 19 - Line 20 | | $58,625,533 | Mar-2029 | 4.888% | | $5,129,421 | $41,670,250 |
| 22 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2030 | 4.522% | | $4,745,344 | $46,415,595 |
| 23 | Remaining Tax Depreciation | Line 21 × Line 22 | | $2,198,457 | Mar-2031 | 4.462% | | $4,682,381 | $51,097,975 |
| 24 | | | | | Mar-2032 | 4.461% | | $4,681,331 | $55,779,307 |
| 25 | FY21 tax (gain)/loss on retirements | Per Tax Department | 2/ | 925,925 | Mar-2033 | 4.462% | | $4,682,381 | $60,461,687 |
| 26 | Cost of Removal | Page 12 of 40, Line 7 | | $8,861,636 | Mar-2034 | 4.461% | | $4,681,331 | $65,143,019 |
| 27 | | | | | Mar-2035 | 4.462% | | $4,682,381 | $69,825,399 |
| 28 | Total Tax Depreciation and Repairs Deduction | Sum of Lines 3, 15, 23, 25 & 26 | | $63,538,144 | Mar-2036 | 4.461% | | $4,681,331 | $74,506,731 |
| 29 | | | | | Mar-2037 | 4.462% | | $4,682,381 | $79,189,112 |
| 30 | | | | | Mar-2038 | 4.461% | | $4,681,331 | $83,870,443 |
| 31 | | | | | Mar-2039 | 4.462% | | $4,682,381 | $88,552,824 |
| 32 | | | | | Mar-2040 | 4.461% | | $4,681,331 | $93,234,155 |
| 33 | | | | | Mar-2041 | 4.462% | | $4,682,381 | $97,916,536 |
| 34 | | | | | Mar-2042 | 4.461% | | $4,681,331 | $102,597,867 |
| 35 | | | | | Mar-2043 | 2.231% | | $2,341,190 | $104,939,057 |
| 36 | | | | | | 100.000% | | $104,939,057 | |
| 37 | | | | | | | | | |

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

1/ Capital Repairs percentage is the actual result of FY2021 tax return
2/ Actual Loss based on FY2021 tax return

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

| Line No. | | | Fiscal Year 2022 (a) | Fiscal Year 2023 (b) | Fiscal Year 2024 (c) | Fiscal Year 2025 (d) | Fiscal Year 2026 (e) |
|---|---|---|---|---|---|---|---|
| | **Deferred Tax Subject to Proration** | | | | | | |
| 1 | Book Depreciation | See the corresponding Fiscal Year on Page 12 of 40, Line 15. Note there are 2 columns to sum for FY23. | $3,178,868 | $3,178,868 | $3,178,868 | $3,178,868 | $3,178,868 |
| 2 | Bonus Depreciation | | | | | | |
| 3 | Remaining MACRS Tax Depreciation | See the corresponding Fiscal Year on Page 12 of 40, Line 12. Note there are 2 columns to sum for FY23. | ($4,232,177) | ($4,514,335) | ($7,575,551) | ($7,006,781) | ($6,482,086) |
| 4 | FY21 tax (gain)/loss on retirements | Page 13 of 40 , Line 25 ,Col (a) | $0 | $0 | $0 | $0 | $0 |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | ($1,053,309) | ($1,335,467) | ($4,396,682) | ($3,827,912) | ($3,303,217) |
| 6 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | ($221,195) | ($280,448) | ($923,303) | ($803,862) | ($693,676) |
| | Deferred Tax Not Subject to Proration | | | | | | |
| 8 | Capital Repairs Deduction | Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 Col (a) | | | | | |
| 9 | Cost of Removal | Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 Col (a) | | | | | |
| 10 | Cumulative Book / Tax Timer | Line 8 + Line 9 | | | | | |
| 11 | Effective Tax Rate | | | | | | |
| 12 | Deferred Tax Reserve | Line 10 × Line 11 | | | | | |
| 13 | Total Deferred Tax Reserve | Line 7 + Line 12 | ($221,195) | ($280,448) | ($923,303) | ($803,862) | ($693,676) |
| 14 | Net Operating Loss | Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 Col (a) | | | | | |
| 15 | Net Deferred Tax Reserve | Line 13 + Line 14 | ($221,195) | ($280,448) | ($923,303) | ($803,862) | ($693,676) |
| | Allocation of FY 2021 Estimated Federal NOL | | | | | | |
| 16 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | ($1,053,309) | ($1,335,467) | ($4,396,682) | ($3,827,912) | ($3,303,217) |
| 17 | Cumulative Book/Tax Timer Not Subject to Proration | Line 10 | $0 | $0 | $0 | $0 | $0 |
| 18 | Total Cumulative Book/Tax Timer | Line 16 + Line 17 | ($1,053,309) | ($1,335,467) | ($4,396,682) | ($3,827,912) | ($3,303,217) |
| 19 | Total FY 2021 Federal NOL | Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 Col (a) | | | | | |
| 20 | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 17 ÷ Line 18 ) × Line 19 | | | | | |
| 21 | Allocated FY 2021 Federal NOL Subject to Proration | (Line 16 ÷ Line 18 ) × Line 19 | | | | | |
| 22 | Effective Tax Rate | | | | | | |
| 23 | Deferred Tax Benefit subject to proration | Line 21 × Line 22 | | | | | |
| 24 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 23 | ($221,195) | ($280,448) | ($923,303) | ($803,862) | ($693,676) |

| Line No. | **Proration Calculation** | (f) Number of Days in Month | (g) Proration Percentage | (h) Fiscal Year 2022 | (i) Fiscal Year 2023 | (j) Fiscal Year 2024 | (k) Fiscal Year 2025 | (l) Fiscal Year 2026 |
|---|---|---|---|---|---|---|---|---|
| 25 | April | 30 | 91.78% | ($16,918) | ($21,450) | ($70,618) | ($61,483) | ($53,055) |
| 26 | May | 31 | 83.29% | ($15,352) | ($19,465) | ($64,083) | ($55,793) | ($48,146) |
| 27 | June | 30 | 75.07% | ($13,837) | ($17,544) | ($57,759) | ($50,287) | ($43,394) |
| 28 | July | 31 | 66.58% | ($12,272) | ($15,559) | ($51,224) | ($44,598) | ($38,485) |
| 29 | August | 31 | 58.08% | ($10,706) | ($13,574) | ($44,690) | ($38,908) | ($33,575) |
| 30 | September | 30 | 49.86% | ($9,191) | ($11,653) | ($38,366) | ($33,402) | ($28,824) |
| 31 | October | 31 | 41.37% | ($7,626) | ($9,668) | ($31,831) | ($27,713) | ($23,914) |
| 32 | November | 30 | 33.15% | ($6,111) | ($7,748) | ($25,507) | ($22,207) | ($19,163) |
| 33 | December | 31 | 24.66% | ($4,545) | ($5,763) | ($18,972) | ($16,518) | ($14,254) |
| 34 | January | 31 | 16.16% | ($2,980) | ($3,778) | ($12,437) | ($10,828) | ($9,344) |
| 35 | February | 28 | 8.49% | ($1,566) | ($1,985) | ($6,535) | ($5,689) | ($4,910) |
| 36 | March | 31 | 0.00% | $0 | $0 | $0 | $0 | $0 |
| 37 | Total | 365 | | ($101,103) | ($128,187) | ($422,021) | ($367,427) | ($317,064) |
| 38 | Deferred Tax Without Proration | Line 24 | | ($221,195) | ($280,448) | ($923,303) | ($803,862) | ($693,676) |
| 39 | Average Deferred Tax without Proration | Line 38 × 0.5 | | ($110,597) | ($140,224) | ($461,652) | ($401,931) | ($346,838) |
| 40 | Proration Adjustment | Line 37 - Line 39 | | $9,494 | $12,037 | $39,630 | $34,504 | $29,774 |

**Column Notes:**
(g) Sum of remaining days in the year (Col (f)) ÷ 365
(h) through (l) Current Year Line 24 ÷ 12 × Current Month Col (g)

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

| Line No. | | | | Fiscal Year 2022 (a) | NG 4/1/22 - 5/24/2022 2023 (b) | PPL 5/25/22 - 3/31/23 2023 (c) | Fiscal Year 2024 (d) | Fiscal Year 2025 (e) | Fiscal Year 2026 (f) |
|---|---|---|---|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (e) | | $156,694,227 | | | | | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (e) | | $6,258,509 | | | | | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $150,435,718 | $150,435,718 | $150,435,718 | $150,435,718 | $150,435,718 | $150,435,718 |
| | Change in Net Capital Included in ISR Rate Base | | | | | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $156,694,227 | $0 | $0 | $0 | $0 | $0 |
| 5 | Depreciation Expense | Page 34 of 40, Line 77(c) | | $40,954,246 | $0 | $0 | $0 | $0 | $0 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $115,739,981 | $115,739,981 | $115,739,981 | $115,739,981 | $115,739,981 | $115,739,981 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (e) | | $10,773,005 | | | | | |
| 8 | **Net Plant Amount** | **Line 6 + Line 7** | | **$126,512,985** | **$126,512,985** | **$126,512,985** | **$126,512,985** | **$126,512,985** | **$126,512,985** |
| | Deferred Tax Calculation: | | | | | | | | |
| 9 | Composite Book Depreciation Rate | Page 32 of 40, Line 86(e) | 1/ | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% |
| 10 | Number of days | | 2/ | | 54 | 311 | | | |
| 11 | Proration Percentage | | 2/ | | 14.79% | 85.21% | | | |
| 12 | Tax Depreciation and Year 1 Basis Adjustments | Year 1 =Page 16 of 40, Line 28, Col (a); then = Page 16 of 40, Col (e) | | $127,609,589 | $448,503 | $5,766,741 | $11,101,360 | $10,267,874 | $9,498,975 |
| 13 | Cumulative Tax Depreciation-NG | Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12 | 3/ | $127,609,589 | $128,058,092 | | | | |
| 14 | Cumulative Tax Depreciation-PPL | Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12 | 3/ | | | $5,766,741 | $16,868,101 | $27,135,975 | $36,634,950 |
| 15 | Book Depreciation | Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9 | 2/ | $2,249,014 | $665,462 | $3,832,566 | $4,498,028 | $4,498,028 | $4,498,028 |
| 16 | Cumulative Book Depreciation | Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15 | | $2,249,014 | $2,914,476 | $6,747,042 | $11,245,070 | $15,743,098 | $20,241,126 |
| 17 | Cumulative Book / Tax Timer | Columns (a) and (b): Line 13 - Line 16, Then Line 14 - Line 16 | | $125,360,575 | $125,143,617 | ($980,301) | $5,623,031 | $11,392,877 | $16,393,824 |
| 18 | Less: Cumulative Book Depreciation at Acquisition | Line 16 Column (b) | 3/ | | | $2,914,476 | $2,914,476 | $2,914,476 | $2,914,476 |
| 19 | Cumulative Book / Tax Timer - PPL | Line 17 + Line 18 | | | | $1,934,174 | $8,537,507 | $14,307,353 | $19,308,300 |
| 20 | Effective Tax Rate | | | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% |
| 21 | Deferred Tax Reserve | Columns (a) through (b): Line 17 * Line 20, Then Line 19 * Line 20 | | $26,325,721 | $26,280,159 | $406,177 | $1,792,876 | $3,004,544 | $4,054,743 |
| 22 | Add: FY 2022 Federal NOL (Generation) / Utilization | Page 30 of 40 , Line 12 ,Col (e) | 3/ | ($3,264,442) | ($3,264,442) | $0 | $0 | $0 | $0 |
| 23 | Net Deferred Tax Reserve before Proration Adjustment | Line 21 + Line 22 | | $23,061,278 | $23,015,717 | $406,177 | $1,792,876 | $3,004,544 | $4,054,743 |
| | ISR Rate Base Calculation: | | | | | | | | |
| 24 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $126,512,985 | $126,512,985 | $126,512,985 | $126,512,985 | $126,512,985 | $126,512,985 |
| 25 | Accumulated Depreciation | - Line 16 | | ($2,249,014) | ($2,914,476) | ($6,747,042) | ($11,245,070) | ($15,743,098) | ($20,241,126) |
| 26 | Deferred Tax Reserve | - Line 23 | | ($23,061,278) | ($23,015,717) | ($406,177) | ($1,792,876) | ($3,004,544) | ($4,054,743) |
| 27 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 24 through 26 | | $101,202,693 | $100,582,792 | $119,359,767 | $113,475,039 | $107,765,343 | $102,217,116 |
| | Revenue Requirement Calculation: | | | | | | | | |
| 28 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line 27 + Current Year Line 27) ÷ 2 | 4/ | $50,601,346 | $110,281,230 | $110,281,230 | $116,417,403 | $110,620,191 | $104,991,230 |
| 29 | Proration Adjustment | Page 17 of 40, Line 40 | | ($6,077) | $15,478 | $15,478 | $59,520 | $52,008 | $45,077 |
| 30 | Average ISR Rate Base after Deferred Tax Proration | Line 28 + Line 29 | | $50,595,269 | $110,296,708 | $110,296,708 | $116,476,923 | $110,672,199 | $105,036,307 |
| 31 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% |
| 32 | Proration Percentage | Line 11 | 2/ | | 14.79% | 85.21% | | | |
| 33 | Return and Taxes | Cols (a), (d) and (e): L 30 * L 31; Cols (b) and (c): L 30 * L 31 * L 32 | 2/ | $4,255,062 | $1,372,333 | $7,903,620 | $9,795,709 | $9,307,532 | $8,833,553 |
| 34 | Book Depreciation | Line 15 | | $2,249,014 | $665,462 | $3,832,566 | $4,498,028 | $4,498,028 | $4,498,028 |
| 35 | **Annual Revenue Requirement** | **Sum of Lines 33 through 34** | | **$6,504,076** | **$2,037,794** | **$11,736,187** | **$14,293,737** | **$13,805,560** | **$13,331,581** |

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

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

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

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

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

| Line No. | | | | Fiscal Year 2022 (a) | (b) | (c) | (d) | (e) | (f) |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | | |
| 1 | Plant Additions | Page 15 of 40, Line 1 | | $156,694,227 | | 20 Year MACRS Depreciation | | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 73.20% | | | | | |
| 3 | Capital Repairs Deduction | Line 1 × Line 2 | | $114,700,174 | MACRS basis: | Line 21, Column (a) | | $41,994,053 | |
| 4 | | | | | | | | Annual | Cumulative |
| 5 | | | | | Fiscal Year | | Prorated | | |
| 6 | Bonus Depreciation | | | | FY Mar-2022 | 3.750% | | $1,574,777 | $127,609,589 |
| 7 | Plant Additions | Line 1 | | $156,694,227 | FY Mar-2023 (Apr-May 2022) | 7.219% | 1.068% | $448,503 | $128,058,092 |
| 8 | Less Capital Repairs Deduction | Line 3 | | $114,700,174 | | | | | |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 7 - Line 8 | | $41,994,053 | PPL Acquisition - May 25, 2022 | | | | |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% | Book Cost | Line 1, Column (a) | | $156,694,227 | |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 × Line 10 | | $0 | Cumulative Book Depreciation | - Page 15 of 40, Line 16, Col (b) | | ($2,914,476) | |
| 12 | Bonus Depreciation Rate 30% | Per Tax Department | | 0.00% | PPL MACRS basis: | Line 10 + Line 11 | | $153,779,751 | |
| 13 | Bonus Depreciation Rate 0% | Per Tax Department | | 0.00% | | | | | |
| 14 | Total Bonus Depreciation Rate | Line 12 + Line 13 | | 0.00% | FY Mar-2023 (Jun-Mar 2023) | 3.750% | | $5,766,741 | $5,766,741 |
| 15 | Bonus Depreciation | Line 11 × Line 14 | | $0 | Mar-2024 | 7.219% | | $11,101,360 | $16,868,101 |
| 16 | | | | | Mar-2025 | 6.677% | | $10,267,874 | $27,135,975 |
| 17 | Remaining Tax Depreciation | | | | Mar-2026 | 6.177% | | $9,498,975 | $36,634,950 |
| 18 | Plant Additions | Line 1 | | $156,694,227 | Mar-2027 | 5.713% | | $8,785,437 | $45,420,387 |
| 19 | Less Capital Repairs Deduction | Line 3 | | $114,700,174 | Mar-2028 | 5.285% | | $8,127,260 | $53,547,647 |
| 20 | Less Bonus Depreciation | Line 15 | | $0 | Mar-2029 | 4.888% | | $7,516,754 | $61,064,401 |
| 21 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 18 - Line 19 - Line 20 | | $41,994,053 | Mar-2030 | 4.522% | | $6,953,920 | $68,018,322 |
| 22 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2031 | 4.462% | | $6,861,653 | $74,879,974 |
| 23 | Remaining Tax Depreciation | Line 21 × Line 22 | | $1,574,777 | Mar-2032 | 4.461% | | $6,860,115 | $81,740,089 |
| 24 | | | | | Mar-2033 | 4.462% | | $6,861,653 | $88,601,742 |
| 25 | FY22 tax (gain)/loss on retirements | Per Tax Department | 2/ | 561,633 | Mar-2034 | 4.461% | | $6,860,115 | $95,461,856 |
| 26 | Cost of Removal | Page 15 of 40, Line 7 | | $10,773,005 | Mar-2035 | 4.462% | | $6,861,653 | $102,323,509 |
| 27 | | | | | Mar-2036 | 4.461% | | $6,860,115 | $109,183,623 |
| 28 | Total Tax Depreciation and Repairs Deduction | Sum of Lines 3, 15, 23, 25 & 26 | | $127,609,589 | Mar-2037 | 4.462% | | $6,861,653 | $116,045,276 |
| 29 | | | | | Mar-2038 | 4.461% | | $6,860,115 | $122,905,391 |
| 30 | | | | | Mar-2039 | 4.462% | | $6,861,653 | $129,767,043 |
| 31 | | | | | Mar-2040 | 4.461% | | $6,860,115 | $136,627,158 |
| 32 | | | | | Mar-2041 | 4.462% | | $6,861,653 | $143,488,810 |
| 33 | | | | | Mar-2042 | 4.461% | | $6,860,115 | $150,348,925 |
| 34 | | | | | Mar-2043 | 2.231% | | $3,430,826 | $153,779,751 |
| 35 | | | | | | 100.000% | | $153,779,751 | |
| 36 | | | | | | | | | |

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

1/ Capital Repairs percentage is the actual result of FY2022 tax return
2/ Actual Loss based on FY2022 tax return

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

| Line No. | | | Fiscal Year 2022 (a) | Fiscal Year 2023 (b) | Fiscal Year 2024 (c) | Fiscal Year 2025 (d) | Fiscal Year 2026 (e) |
|---|---|---|---|---|---|---|---|
| | **Deferred Tax Subject to Proration** | | | | | | |
| 1 | Book Depreciation | See the corresponding Fiscal Year on Page 15 of 40, Line 15. Note there are 2 columns to sum for FY23. | $2,249,014 | $4,498,028 | $4,498,028 | $4,498,028 | $4,498,028 |
| 2 | Bonus Depreciation | | | | | | |
| 3 | Remaining MACRS Tax Depreciation | Col (a): - Page 16 of 40, Line 23, column (a), thereafter, see the corresponding Fiscal Year on Page 15 of 40, Line 12. Note there are 2 columns to sum for FY23. | ($1,574,777) | ($6,215,244) | ($11,101,360) | ($10,267,874) | ($9,498,975) |
| 4 | FY22 tax (gain)/loss on retirements | - Page 16 of 40 , Line 25 ,Col (a) | $0 | $0 | $0 | $0 | $0 |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | $674,237 | ($1,717,216) | ($6,603,332) | ($5,769,846) | ($5,000,947) |
| 6 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | $141,590 | ($360,615) | ($1,386,700) | ($1,211,668) | ($1,050,199) |
| | Deferred Tax Not Subject to Proration | | | | | | |
| 8 | Capital Repairs Deduction | | | | | | |
| 9 | Cost of Removal | | | | | | |
| 10 | Cumulative Book / Tax Timer | Line 8 + Line 9 | | | | | |
| 11 | Effective Tax Rate | | | | | | |
| 12 | Deferred Tax Reserve | Line 10 × Line 11 | | | | | |
| 13 | Total Deferred Tax Reserve | Line 7 + Line 12 | $141,590 | ($360,615) | ($1,386,700) | ($1,211,668) | ($1,050,199) |
| 14 | Net Operating Loss | - Page 15 of 40 , Line 22 ,Col (a) | | | | | |
| 15 | Net Deferred Tax Reserve | Line 13 + Line 14 | $141,590 | ($360,615) | ($1,386,700) | ($1,211,668) | ($1,050,199) |
| | Allocation of FY 2022 Estimated Federal NOL | | | | | | |
| 16 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | $674,237 | ($1,717,216) | ($6,603,332) | ($5,769,846) | ($5,000,947) |
| 17 | Cumulative Book/Tax Timer Not Subject to Proration | Line 10 | $0 | $0 | $0 | $0 | $0 |
| 18 | Total Cumulative Book/Tax Timer | Line 16 + Line 17 | $674,237 | ($1,717,216) | ($6,603,332) | ($5,769,846) | ($5,000,947) |
| 19 | Total FY 2022 Federal NOL | - Page 15 of 40 , Line 22 ,Col (a)÷21% | | | | | |
| 20 | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 17 ÷ Line 18 ) × Line 19 | | | | | |
| 21 | Allocated FY 2022 Federal NOL Subject to Proration | (Line 16 ÷ Line 18 ) × Line 19 | | | | | |
| 22 | Effective Tax Rate | | | | | | |
| 23 | Deferred Tax Benefit subject to proration | Line 21 × Line 22 | | | | | |
| 24 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 23 | $141,590 | ($360,615) | ($1,386,700) | ($1,211,668) | ($1,050,199) |

| Line No. | **Proration Calculation** | (f) Number of Days in Month | (g) Proration Percentage | (h) Fiscal Year 2022 | (i) Fiscal Year 2023 | (j) Fiscal Year 2024 | (k) Fiscal Year 2025 | (l) Fiscal Year 2026 |
|---|---|---|---|---|---|---|---|---|
| 25 | April | 30 | 91.78% | $10,829 | ($27,581) | ($106,060) | ($92,673) | ($80,323) |
| 26 | May | 31 | 83.29% | $9,827 | ($25,029) | ($96,246) | ($84,097) | ($72,891) |
| 27 | June | 30 | 75.07% | $8,857 | ($22,559) | ($86,748) | ($75,798) | ($65,697) |
| 28 | July | 31 | 66.58% | $7,855 | ($20,007) | ($76,933) | ($67,223) | ($58,264) |
| 29 | August | 31 | 58.08% | $6,853 | ($17,454) | ($67,119) | ($58,647) | ($50,832) |
| 30 | September | 30 | 49.86% | $5,883 | ($14,984) | ($57,621) | ($50,348) | ($43,638) |
| 31 | October | 31 | 41.37% | $4,881 | ($12,432) | ($47,806) | ($41,772) | ($36,205) |
| 32 | November | 30 | 33.15% | $3,911 | ($9,962) | ($38,308) | ($33,473) | ($29,012) |
| 33 | December | 31 | 24.66% | $2,909 | ($7,410) | ($28,494) | ($24,897) | ($21,579) |
| 34 | January | 31 | 16.16% | $1,907 | ($4,858) | ($18,679) | ($16,322) | ($14,147) |
| 35 | February | 28 | 8.49% | $1,002 | ($2,552) | ($9,815) | ($8,576) | ($7,433) |
| 36 | March | 31 | 0.00% | $0 | $0 | $0 | $0 | $0 |
| 37 | Total | 365 | | $64,718 | ($164,829) | ($633,829) | ($553,826) | ($480,022) |
| 38 | Deferred Tax Without Proration | Line 24 | | $141,590 | ($360,615) | ($1,386,700) | ($1,211,668) | ($1,050,199) |
| 39 | Average Deferred Tax without Proration | Line 38 × 0.5 | | $70,795 | ($180,308) | ($693,350) | ($605,834) | ($525,099) |
| 40 | Proration Adjustment | Line 37 - Line 39 | | ($6,077) | $15,478 | $59,520 | $52,008 | $45,077 |

**Column Notes:**
(g) Sum of remaining days in the year (Col (f)) ÷ 365
(h) through (l) Current Year Line 24 ÷ 12 × Current Month Col (g)

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

| Line No. | | | | NG 4/1/22 - 5/24/2022 2023 (a) | PPL 5/25/22 - 3/31/23 2023 (b) | Fiscal Year 2024 (c) | Fiscal Year 2025 (d) | Fiscal Year 2026 (e) |
|---|---|---|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (f) | 2/ | $22,362,231 | $128,789,885 | | | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (f) | 2/ | 1,256,752 | 7,237,958 | | | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $21,105,479 | $121,551,927 | $142,657,406 | $142,657,406 | $142,657,406 |
| | Change in Net Capital Included in ISR Rate Base | | | | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $22,362,231 | $128,789,885 | | | |
| 5 | Depreciation Expense | Page 34 of 40, Line 77(c) | 2/ | $6,058,984 | $34,895,262 | | | |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $16,303,246 | $93,894,623 | $110,197,870 | $110,197,870 | $110,197,870 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (f) | 2/ | $1,569,324 | $9,038,142 | | | |
| 8 | **Net Plant Amount** | **Line 6 + Line 7** | | **$17,872,570** | **$102,932,765** | **$120,805,335** | **$120,805,335** | **$120,805,335** |
| | Deferred Tax Calculation: | | | | | | | |
| 9 | Composite Book Depreciation Rate | Page 32 of 40, Line 86(e) | 1/ | 2.99% | 2.99% | 2.99% | 2.99% | 2.99% |
| 10 | Proration Percentage | | | | | | | |
| 11 | Tax Depreciation and Year 1 Basis Adjustments | Col (a) = Page 19 of 40, Column (a), Line 28; Col (b) = Page 19 of 40, Col (b), Lines 19,25,26 + Col (f), Line 15, Then remaining years from Page 19 of 40, Col (f) | | $13,049,405 | $75,981,653 | $6,648,376 | $6,149,218 | $5,688,740 |
| 12 | Cumulative Tax Depreciation-NG | Col (a) = Line 11; then = zero | 3/ | $13,049,405 | | | | |
| 13 | Cumulative Tax Depreciation-PPL | Col (b) = Line 11; then = Prior Year Line 13 + Current Year Line 11 | 3/ | | $75,981,653 | $82,630,029 | $88,779,247 | $94,467,987 |
| 14 | Book Depreciation | Year 1 (Columns (a) and (b)) = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9 | | $315,527 | $1,817,201 | $4,265,456 | $4,265,456 | $4,265,456 |
| 15 | Cumulative Book Depreciation | Year 1 = Line 14; then = Prior Year Line 15 + Current Year Line 14 | | $315,527 | $2,132,728 | $6,398,185 | $10,663,641 | $14,929,098 |
| 16 | Book / Tax Timer | Line 11 - Line 14 | | $12,733,878 | $74,164,451 | $2,382,919 | $1,883,762 | $1,423,284 |
| 17 | Cumulative Book / Tax Timer -NG | Line 16, Column (a), then = zero | 3/ | $12,733,878 | | | | |
| 18 | Cumulative Book / Tax Timer - PPL | Col (a) = zero; Col (b) = Line 16, Column (b); then = Prior Year Line 18 + Current Year Line 16 | 3/ | | $74,164,451 | $76,547,371 | $78,431,132 | $79,854,416 |
| 19 | Cumulative Book / Tax Timer - Total | Line 17 + Line 18 | | $12,733,878 | $74,164,451 | $76,547,371 | $78,431,132 | $79,854,416 |
| 20 | Effective Tax Rate | | | 21.00% | 21.00% | 21.00% | 21.00% | 21.00% |
| 21 | Deferred Tax Reserve | Line 19 × Line 20 | | $2,674,114 | $15,574,535 | $16,074,948 | $16,470,538 | $16,769,427 |
| 22 | Add: FY 2023-NG Federal NOL (Generation) / Utilization | Page 30 of 40 , Line 12 ,Col (f) | 3/ | $43,762,725 | $0 | $0 | $0 | $0 |
| 23 | Net Deferred Tax Reserve before Proration Adjustment | Line 21 + Line 22 | | $46,436,839 | $15,574,535 | $16,074,948 | $16,470,538 | $16,769,427 |
| | ISR Rate Base Calculation: | | | | | | | |
| 24 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $17,872,570 | $102,932,765 | $120,805,335 | $120,805,335 | $120,805,335 |
| 25 | Accumulated Depreciation | Year 1 (Cols (a) and (b)) = -Line 14; Then = -Line 15 | | ($315,527) | ($1,817,201) | ($6,398,185) | ($10,663,641) | ($14,929,098) |
| 26 | Deferred Tax Reserve | - Line 23 | | ($46,436,839) | ($15,574,535) | ($16,074,948) | ($16,470,538) | ($16,769,427) |
| 27 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 24 through 26 | | ($28,879,796) | $85,541,029 | $98,332,203 | $93,671,156 | $89,106,810 |
| | Revenue Requirement Calculation: | | | | | | | |
| 28 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 (Cols (a) and (b)) = Current Year, Line 27 * 50%; Then = (Prior Year Line 27 + Current Year Line 27) ÷ 2 | | ($14,439,898) | $42,770,514 | $77,496,718 | $96,001,679 | $91,388,983 |
| 29 | Proration Adjustment | Page 20 of 40, Line 40 | 2/ | $601,320 | $115,433 | $21,479 | $16,980 | $12,829 |
| 30 | Average ISR Rate Base after Deferred Tax Proration | Line 28 + Line 29 | | ($13,838,578) | $42,885,947 | $77,518,197 | $96,018,659 | $91,401,812 |
| 31 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | 8.41% | 8.41% | 8.41% | 8.41% | 8.41% |
| 32 | Proration | Line 10 | | | | | | |
| 33 | Return and Taxes | Line 30 x Line 31 | | ($1,163,824) | $3,606,708 | $6,519,280 | $8,075,169 | $7,686,892 |
| 34 | Book Depreciation | Line 14 | | $315,527 | $1,817,201 | $4,265,456 | $4,265,456 | $4,265,456 |
| 35 | **Annual Revenue Requirement** | **Sum of Lines 33 through 34** | | **($848,298)** | **$5,423,909** | **$10,784,737** | **$12,340,626** | **$11,952,349** |

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ Columns (a) and (b) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

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

| Line No. | | | | NG Apr 1-May 24, 2022 FY 2023 (a) | PPL May 25-Mar 31, 2023 FY 2023 (b) | (c) | (d) | (e) | (f) | (g) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | | | |
| 1 | Plant Additions | Page 18 of 40, Line 1 | | $22,362,231 | $128,789,885 | | 20 Year MACRS Depreciation | | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 45.61% | 45.61% | | | | | |
| 3 | Capital Repairs Deduction | Line 1 × Line 2 | | $10,199,414 | $58,741,067 | MACRS basis: | Line 21, Column (a) | | $12,162,817 | |
| 4 | | | | | | | | | Annual | Cumulative |
| 5 | | | | | | Fiscal Year | | Prorated | MACRS | Tax Depr |
| 6 | Bonus Depreciation | | | | | FY Mar-2023 (Apr-May 2022) | 3.750% | 0.555% | $67,479 | $13,049,405 |
| 7 | Plant Additions | Line 1 | | $22,362,231 | $128,789,885 | | | | | |
| 8 | Less Capital Repairs Deduction | Line 3 | | $10,199,414 | $58,741,067 | PPL Acquisition - May 25, 2022 | | | | |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 7 - Line 8 | | $12,162,817 | $70,048,818 | Book Cost | Line 1, Column (a) | | $22,362,231 | |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% | 0.00% | Cumulative Book Depreciation | - Page 18 of 40, Line 14, Col (a) | | ($315,527) | |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 × Line 10 | | $0 | $0 | MACRS basis from Acquisition: | Line 9(f) + Line 10(f) | | $22,046,704 | |
| 12 | Bonus Depreciation Rate 1 | Per Tax Department | | 0.00% | 0.00% | MACRS basis (Jun-Mar 2023) | Line 21, Column (b) | | $70,048,818 | |
| 13 | Bonus Depreciation Rate 2 | Per Tax Department | | 0.00% | 0.00% | Total MACRS Basis thru 3/2023 | Line 11(f) + Line 12(f) | | $92,095,522 | |
| 14 | Total Bonus Depreciation Rate | Line 12 + Line 13 | | 0.00% | 0.00% | | | | | |
| 15 | Bonus Depreciation | Line 11 × Line 14 | | $0 | $0 | FY Mar-2023 (Jun-Mar 2023) | 3.750% | | $3,453,582 | $75,981,653 |
| 16 | | | | | | Mar-2024 | 7.219% | | $6,648,376 | $82,630,029 |
| 17 | Remaining Tax Depreciation | | | | | Mar-2025 | 6.677% | | $6,149,218 | $88,779,247 |
| 18 | Plant Additions | Line 1 | | $22,362,231 | $128,789,885 | Mar-2026 | 6.177% | | $5,688,740 | $94,467,987 |
| 19 | Less Capital Repairs Deduction | Line 3 | | $10,199,414 | $58,741,067 | Mar-2027 | 5.713% | | $5,261,417 | $99,729,404 |
| 20 | Less Bonus Depreciation | Line 15 | | $0 | $0 | Mar-2028 | 5.285% | | $4,867,248 | $104,596,652 |
| 21 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 18 - Line 19 - Line 20 | | $12,162,817 | $70,048,818 | Mar-2029 | 4.888% | | $4,501,629 | $109,098,282 |
| 22 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | 3.75% | Mar-2030 | 4.522% | | $4,164,560 | $113,262,841 |
| 23 | Remaining Tax Depreciation | Line 21 × Line 22 | | $456,106 | $2,626,831 | Mar-2031 | 4.462% | | $4,109,302 | $117,372,143 |
| 24 | | | | | | Mar-2032 | 4.461% | | $4,108,381 | $121,480,525 |
| 25 | FY23 tax (gain)/loss on retirements | Per Tax Department | 1/ | 824,561 | 4,748,862 | Mar-2033 | 4.462% | | $4,109,302 | $125,589,827 |
| 26 | Cost of Removal | Page 18 of 40, Line 7 | | $1,569,324 | $9,038,142 | Mar-2034 | 4.461% | | $4,108,381 | $129,698,208 |
| 27 | | | | | | Mar-2035 | 4.462% | | $4,109,302 | $133,807,510 |
| 28 | Total Tax Depreciation and Repairs Deduction | Sum of Lines 3, 15, 23, 25 & 26 | | $13,049,405 | $75,154,902 | Mar-2036 | 4.461% | | $4,108,381 | $137,915,891 |
| 29 | | | | | | Mar-2037 | 4.462% | | $4,109,302 | $142,025,194 |
| 30 | Reconcilation of MACRS Tax Depreciation: | | | | | Mar-2038 | 4.461% | | $4,108,381 | $146,133,575 |
| 31 | Apr 1 -May 24, 2022 Plant Additions | Line 1, Column | | | $22,362,231 | Mar-2039 | 4.462% | | $4,109,302 | $150,242,877 |
| 32 | Cumulative Book Depreciaiton through May 24, 2022 | , Line 19, Col | | | ($315,527) | Mar-2040 | 4.461% | | $4,108,381 | $154,351,258 |
| 33 | 2022 Plant Additions (Net Book) through Acquisition | Line 31 + Line 32 | | | $22,046,704 | Mar-2041 | 4.462% | | $4,109,302 | $158,460,561 |
| 34 | 20 YR MACRS Tax Depreciation Rates | Per IRS Publication 946 | | | 3.750% | Mar-2042 | 4.461% | | $4,108,381 | $162,568,942 |
| 35 | Tax Depreciation | Line 33 * Line 34 | | | $826,751 | Mar-2043 | 2.231% | | $2,054,651 | $164,623,593 |
| 36 | | | | | | | 100.00% | | $92,095,522 | |
| 37 | MACRS Basis in May 25-Mar 2023 Plant Additions | Line 20, Column (a) | | | $70,048,818 | | | | | |
| 38 | 20 YR MACRS Tax Depreciation Rates | Per IRS Publication 946 | | | 3.750% | Column (e), Line 6 = MACRS Rate 3.75% / 365 days x 54 days | | | | |
| 39 | Tax Depreciation | Line 37 * Line 38 | | | $2,626,831 | | | | | |
| 40 | | | | | | | | | | |
| 41 | Total MACRS Tax Depreciation | Sum of Lines 35, 39, Column (b) | | | $3,453,582 | | | | | |

1/ The capital repairs percentage and tax loss on retirements are based on the actual results of National Grid's short period FY2023 tax return and PPL's short period CY2022 tax return, which covers the period from April 2022 through December 2022; and one-fourth (January 2023 thru March 2023) of PPL's CY2023 tax return.

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

| Line No. | **Deferred Tax Subject to Proration** | | NG 4/1/22 - 5/24/2022 2023 (a) | PPL 5/25/22 - 3/31/23 2023 (b) | Fiscal Year 2024 (c) | Fiscal Year 2025 (d) | Fiscal Year 2026 (e) |
|---|---|---|---|---|---|---|---|
| 1 | Book Depreciation | See the corresponding Fiscal Year on Page 18 of 40, Line 14 | $315,527 | $1,817,201 | $4,265,456 | $4,265,456 | $4,265,456 |
| 2 | Bonus Depreciation | - Page 19 of 40 , Line 15 ,Col (a) | $0 | $0 | $0 | | |
| 3 | Remaining MACRS Tax Depreciation | - Page 19 of 40 ,column (f), Lines 6 and 15 through 18 | ($67,479) | ($3,453,582) | ($6,648,376) | ($6,149,218) | ($5,688,740) |
| 4 | FY23-NG tax (gain)/loss on retirements | - Page 19 of 40 , Line 25 ,Col (a) | ($824,561) | ($4,748,862) | $0 | | |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | ($576,513) | ($6,385,243) | ($2,382,919) | ($1,883,762) | ($1,423,284) |
| 6 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | ($121,068) | ($1,340,901) | ($500,413) | ($395,590) | ($298,890) |
| | Deferred Tax Not Subject to Proration | | | | | | |
| 8 | Capital Repairs Deduction | - Page 19 of 40 , Line 3 ,Cols (a) and (b), Then = 0 | ($10,199,414) | ($58,741,067) | | | |
| 9 | Cost of Removal | - Page 18 of 40 , Line 7 ,Cols (a) and (b), Then = 0 | ($1,569,324) | ($9,038,142) | | | |
| 10 | Cumulative Book / Tax Timer | Line 8 + Line 9 | ($11,768,738) | ($67,779,209) | $0 | $0 | $0 |
| 11 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 12 | Deferred Tax Reserve | Line 10 × Line 11 | ($2,471,435) | ($14,233,634) | $0 | $0 | $0 |
| 13 | Total Deferred Tax Reserve | Line 7 + Line 12 | ($2,592,503) | ($15,574,535) | ($500,413) | ($395,590) | ($298,890) |
| 14 | Net Operating Loss | - Page 18 of 40 , Line 22 ,Col (a) | $0 | | | | |
| 15 | Net Deferred Tax Reserve | Line 13 + Line 14 | ($2,592,503) | ($15,574,535) | ($500,413) | ($395,590) | ($298,890) |
| | Allocation of FY 2023-NG Estimated Federal NOL | | | | | | |
| 16 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | ($576,513) | ($6,385,243) | ($2,382,919) | ($1,883,762) | ($1,423,284) |
| 17 | Cumulative Book/Tax Timer Not Subject to Proration | Line 10 | ($11,768,738) | ($67,779,209) | $0 | $0 | $0 |
| 18 | Total Cumulative Book/Tax Timer | Line 16 + Line 17 | ($12,345,251) | ($74,164,451) | ($2,382,919) | ($1,883,762) | ($1,423,284) |
| 19 | Total FY 2023-NG Federal NOL | - Page 18 of 40 , Line 22 ,Col (a)÷21% | ($208,393,929) | $0 | $0 | $0 | $0 |
| 20 | Allocated FY 2023-NG Federal NOL Not Subject to Proration | (Line 17 ÷ Line 18 ) × Line 19 | ($198,662,105) | $0 | $0 | $0 | $0 |
| 21 | Allocated FY 2023-NG Federal NOL Subject to Proration | (Line 16 ÷ Line 18 ) × Line 19 | ($9,731,823) | $0 | $0 | $0 | $0 |
| 22 | Effective Tax Rate | | 21% | 21% | 21% | 21% | 21% |
| 23 | Deferred Tax Benefit subject to proration | Line 21 × Line 22 | ($2,043,683) | $0 | $0 | $0 | $0 |
| 24 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 23 | ($2,164,751) | ($1,340,901) | ($500,413) | ($395,590) | ($298,890) |

| Line No. | **Proration Calculation** | (f) Number of Days in Month | (g) Proration Percentage | (h) NG 4/1/22 - 5/24/2022 2023 | (i) PPL 5/25/22 - 3/31/23 2023 | (j) Fiscal Year 2024 | (k) Fiscal Year 2025 | (l) Fiscal Year 2026 |
|---|---|---|---|---|---|---|---|---|
| 25 | April | 30 | 91.78% | ($481,056) | | ($38,274) | ($30,256) | ($22,860) |
| 26 | May | 31 | 83.29% | $0 | ($107,006) | ($34,732) | ($27,456) | ($20,745) |
| 27 | June | 30 | 75.07% | | ($95,247) | ($31,304) | ($24,747) | ($18,698) |
| 28 | July | 31 | 66.58% | | ($83,096) | ($27,763) | ($21,947) | ($16,582) |
| 29 | August | 31 | 58.08% | | ($70,945) | ($24,221) | ($19,147) | ($14,467) |
| 30 | September | 30 | 49.86% | | ($59,186) | ($20,793) | ($16,438) | ($12,420) |
| 31 | October | 31 | 41.37% | | ($47,035) | ($17,252) | ($13,638) | ($10,304) |
| 32 | November | 30 | 33.15% | | ($35,277) | ($13,824) | ($10,928) | ($8,257) |
| 33 | December | 31 | 24.66% | | ($23,126) | ($10,282) | ($8,129) | ($6,142) |
| 34 | January | 31 | 16.16% | | ($10,975) | ($6,741) | ($5,329) | ($4,026) |
| 35 | February | 28 | 8.49% | | ($23,126) | ($3,542) | ($2,800) | ($2,115) |
| 36 | March | 31 | 0.00% | | $0 | $0 | $0 | $0 |
| 37 | Total | 365 | | ($481,056) | ($555,018) | ($228,728) | ($180,815) | ($136,616) |
| 38 | Deferred Tax Without Proration | Line 24 | | ($2,164,751) | ($1,340,901) | ($500,413) | ($395,590) | ($298,890) |
| 39 | Average Deferred Tax without Proration | Line 38 × 0.5 | | ($1,082,375) | ($670,450) | ($250,207) | ($197,795) | ($149,445) |
| 40 | Proration Adjustment | Line 37 - Line 39 | | $601,320 | $115,433 | $21,479 | $16,980 | $12,829 |

**Column Notes:**

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

(h) through (l) Current Year Line 24 ÷ 12 × Current Month Col (g)

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

| Line No. | | | | Fiscal Year 2024 (a) | Fiscal Year 2025 (b) | Fiscal Year 2026 (c) |
|---|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (g) | | $133,114,306 | | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (g) | | $46,411,734 | | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $86,702,573 | $86,702,573 | $86,702,573 |
| | Change in Net Capital Included in ISR Rate Base | | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $133,114,306 | $0 | $0 |
| 5 | Depreciation Expense | Page 34 of 40, Line 77(c) | | $40,954,246 | $0 | $0 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $92,160,060 | $92,160,060 | $92,160,060 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (g) | | $16,008,363 | | |
| 8 | **Net Plant Amount** | **Line 6 + Line 7** | | **$108,168,423** | **$108,168,423** | **$108,168,423** |
| | Deferred Tax Calculation: | | | | | |
| 9 | Composite Book Depreciation Rate | Page 32 of 40, Line 86(e) | 1/ | 2.99% | 2.99% | 2.99% |
| 10 | Proration Percentage | | | | | |
| 11 | Tax Depreciation and Year 1 Basis Adjustments | Year 1 =Page 22 of 40, Line 28, Col (a); then = Page 22 of 40, Col (d) | | $80,403,993 | $5,535,085 | $5,119,512 |
| 12 | Cumulative Tax Depreciation-PPL | Prior Year Line 12 + Current Year Line 11 | | $80,403,993 | $85,939,078 | $91,058,590 |
| 13 | Book Depreciation | Year 1 = Line 3 × Line 9 × 50% x Line 10; then = Line 3 × Line 9 | | $1,296,203 | $2,592,407 | $2,592,407 |
| 14 | Cumulative Book Depreciation | Prior Year Line 14 + Current Year Line 13 | | $1,296,203 | $3,888,610 | $6,481,017 |
| 15 | Cumulative Book / Tax Timer | Line 11 - Line 13 | | $79,107,790 | $82,050,468 | $84,577,573 |
| 16 | Effective Tax Rate | | | 21.00% | 21.00% | 21.00% |
| 17 | Deferred Tax Reserve | Line 15 × Line 16 | | $16,612,636 | $17,230,598 | $17,761,290 |
| 18 | Add: CY 2024 Federal NOL (Generation) / Utilization | Company's Record | | $0 | $0 | $0 |
| 19 | Net Deferred Tax Reserve before Proration Adjustment | Line 17 + Line 18 | | $16,612,636 | $17,230,598 | $17,761,290 |
| | ISR Rate Base Calculation: | | | | | |
| 20 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $108,168,423 | $108,168,423 | $108,168,423 |
| 21 | Accumulated Depreciation | - Line 14 | | ($1,296,203) | ($3,888,610) | ($6,481,017) |
| 22 | Deferred Tax Reserve | - Line 19 | | ($16,612,636) | ($17,230,598) | ($17,761,290) |
| 23 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 20 through 22 | | $90,259,584 | $87,049,215 | $83,926,116 |
| | Revenue Requirement Calculation: | | | | | |
| 24 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = Current Year Line 23 ÷ 2; then = (Prior Year Line 23 + Current Year Line 23) ÷ 2 | | $45,129,792 | $88,654,399 | $85,487,665 |
| 25 | Proration Adjustment | Page 23 of 40, Line 40 | | $60,022 | $26,524 | $22,779 |
| 26 | Average ISR Rate Base after Deferred Tax Proration | Line 23 + Line 24 | | $45,189,814 | $88,680,924 | $85,510,444 |
| 27 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | 8.41% | 8.41% | 8.41% |
| 28 | Proration Percentage | Line 10 | | | | |
| 29 | Return and Taxes | Line 26 × Line 27 | | $3,800,463 | $7,458,066 | $7,191,428 |
| 30 | Book Depreciation | Line 13 | | $1,296,203 | $2,592,407 | $2,592,407 |
| 31 | **Annual Revenue Requirement** | **Sum of Lines 29 through 30** | | **$5,096,667** | **$10,050,473** | **$9,783,835** |

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

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

| Line No. | | | | Fiscal Year 2024 (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | |
| 1 | Plant Additions | Page 21 of 40, Line 1 | | $133,114,306 | 20 Year MACRS Depreciation | | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 42.40% | | | | |
| 3 | Capital Repairs Deduction | Line 1 × Line 2 | | $56,440,466 | MACRS basis: | | $76,673,840 | |
| 4 | | | | | | | Annual | Cumulative |
| 5 | | | | | Calendar Year | | | |
| 6 | Bonus Depreciation | | | | Mar-2024 | 3.75% | $2,875,269 | $80,403,993 |
| 7 | Plant Additions | Line 1 | | $133,114,306 | Mar-2025 | 7.22% | $5,535,085 | $85,939,078 |
| 8 | Less Capital Repairs Deduction | Line 3 | | $56,440,466 | Mar-2026 | 6.68% | $5,119,512 | $91,058,590 |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 7 - Line 8 | | $76,673,840 | Mar-2027 | 6.18% | $4,736,143 | $95,794,733 |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% | Mar-2028 | 5.71% | $4,380,376 | $100,175,110 |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 × Line 10 | | $0 | Mar-2029 | 5.29% | $4,052,212 | $104,227,322 |
| 12 | Bonus Depreciation Rate 30% | Per Tax Department | | 0.00% | Mar-2030 | 4.89% | $3,747,817 | $107,975,140 |
| 13 | Bonus Depreciation Rate 0% | Per Tax Department | | 0.00% | Mar-2031 | 4.52% | $3,467,191 | $111,442,331 |
| 14 | Total Bonus Depreciation Rate | Line 12 + Line 13 | | 0.00% | Mar-2032 | 4.46% | $3,421,187 | $114,863,517 |
| 15 | Bonus Depreciation | Line 11 × Line 15 | | $0 | Mar-2033 | 4.46% | $3,420,420 | $118,283,937 |
| 16 | | | | | Mar-2034 | 4.46% | $3,421,187 | $121,705,124 |
| 17 | Remaining Tax Depreciation | | | | Mar-2035 | 4.46% | $3,420,420 | $125,125,544 |
| 18 | Plant Additions | Line 1 | | $133,114,306 | Mar-2036 | 4.46% | $3,421,187 | $128,546,731 |
| 19 | Less Capital Repairs Deduction | Line 3 | | $56,440,466 | Mar-2037 | 4.46% | $3,420,420 | $131,967,151 |
| 20 | Less Bonus Depreciation | Line 15 | | $0 | Mar-2038 | 4.46% | $3,421,187 | $135,388,338 |
| 21 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 18 - Line 19 - Line 20 | | $76,673,840 | Mar-2039 | 4.46% | $3,420,420 | $138,808,758 |
| 22 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2040 | 4.46% | $3,421,187 | $142,229,945 |
| 23 | Remaining Tax Depreciation | Line 21 × Line 22 | | $2,875,269 | Mar-2041 | 4.46% | $3,420,420 | $145,650,365 |
| 24 | | | | | Mar-2042 | 4.46% | $3,421,187 | $149,071,551 |
| 25 | CY24 tax (gain)/loss on retirements | Per Tax Department | 1/ | 5,079,895 | Mar-2043 | 4.46% | $3,420,420 | $152,491,971 |
| 26 | Cost of Removal | Page 21 of 40, Line 7 | | $16,008,363 | Mar-2044 | 2.23% | $1,710,593 | $154,202,565 |
| 27 | | | | | | 100.00% | $76,673,840 | |
| 28 | Total Tax Depreciation and Repairs Deduction | Sum of Lines 3, 15, 23, 25 & 26 | | $80,403,993 | | | | |

1/ The capital repairs percentage and tax loss on retirements are based on on three-fourths (April 2023 thru December 2023) of PPL's CY2023 tax return and one-fourth (January 2024 thru March 2024) of PPL's CY2024 tax return.

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

| Line No. | **Deferred Tax Subject to Proration** | | | Fiscal Year 2024 (a) | Fiscal Year 2025 (b) | Fiscal Year 2026 (c) |
|---|---|---|---|---|---|---|
| 1 | Book Depreciation | Page 21 of 40 , Line 15 | | $1,296,203 | $2,592,407 | $2,592,407 |
| 2 | Bonus Depreciation | - Page 22 of 40 , Line 15 ,Col (a) | | | | |
| 3 | Remaining MACRS Tax Depreciation | - Page 22 of 40 , Col (d), Lines 6 through 8 | | ($2,875,269) | ($5,535,085) | ($5,119,512) |
| 4 | CY24 tax (gain)/loss on retirements | - Page 22 of 40 , Line 25 ,Col (a) | | ($5,079,895) | | |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | | ($6,658,961) | ($2,942,678) | ($2,527,105) |
| 6 | Effective Tax Rate | | | 21% | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | | ($1,398,382) | ($617,962) | ($530,692) |
| | Deferred Tax Not Subject to Proration | | | | | |
| 8 | Capital Repairs Deduction | - Page 22 of 40 , Line 3 ,Col (a), Then = 0 | | (56,440,466) | | |
| 9 | Cost of Removal | - Page 21 of 40 , Line 7 ,Col (a), Then = 0 | | ($16,008,363) | | |
| 10 | Cumulative Book / Tax Timer | Line 8 + Line 9 | | ($72,448,829) | $0 | $0 |
| 11 | Effective Tax Rate | | | 21% | 21% | 21% |
| 12 | Deferred Tax Reserve | Line 10 × Line 11 | | ($15,214,254) | $0 | $0 |
| 13 | Total Deferred Tax Reserve | Line 7 + Line 12 | | ($16,612,636) | ($617,962) | ($530,692) |
| 14 | Net Operating Loss | - Page 21 of 40 , Line 18 ,Col (a) | | | | |
| 15 | Net Deferred Tax Reserve | Line 13 + Line 14 | | ($16,612,636) | ($617,962) | ($530,692) |
| | Allocation of CY 2023 Estimated Federal NOL | | | | | |
| 16 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | | ($6,658,961) | ($2,942,678) | ($2,527,105) |
| 17 | Cumulative Book/Tax Timer Not Subject to Proration | Line 10 | | ($72,448,829) | $0 | $0 |
| 18 | Total Cumulative Book/Tax Timer | Line 16 + Line 17 | | ($79,107,790) | ($2,942,678) | ($2,527,105) |
| 19 | Total FY 2024 Federal NOL | - Page 21 of 40 , Line 18 ,Col (a)÷21% | | $0 | $0 | $0 |
| 20 | Allocated FY 2024 Federal NOL Not Subject to Proration | (Line 17 ÷ Line 18 ) × Line 19 | | $0 | $0 | $0 |
| 21 | Allocated FY 2024 Federal NOL Subject to Proration | (Line 16 ÷ Line 18 ) × Line 19 | | $0 | $0 | $0 |
| 22 | Effective Tax Rate | | | 21% | 21% | 21% |
| 23 | Deferred Tax Benefit subject to proration | Line 21 × Line 22 | | $0 | $0 | $0 |
| 24 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 23 | | ($1,398,382) | ($617,962) | ($530,692) |
| | | (d) | (e) | (f) | (g) | (h) |
| | **Proration Calculation** | Number of Days in Month | Proration Percentage | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 |
| 25 | April | 30 | 91.78% | ($106,954) | ($47,264) | ($40,589) |
| 26 | May | 31 | 83.29% | ($97,057) | ($42,891) | ($36,833) |
| 27 | June | 30 | 75.07% | ($87,479) | ($38,658) | ($33,199) |
| 28 | July | 31 | 66.58% | ($77,581) | ($34,284) | ($29,443) |
| 29 | August | 31 | 58.08% | ($67,684) | ($29,911) | ($25,686) |
| 30 | September | 30 | 49.86% | ($58,106) | ($25,678) | ($22,052) |
| 31 | October | 31 | 41.37% | ($48,209) | ($21,304) | ($18,296) |
| 32 | November | 30 | 33.15% | ($38,631) | ($17,072) | ($14,661) |
| 33 | December | 31 | 24.66% | ($28,734) | ($12,698) | ($10,905) |
| 34 | January | 31 | 16.16% | ($18,837) | ($8,324) | ($7,149) |
| 35 | February | 28 | 8.49% | ($9,897) | ($4,374) | ($3,756) |
| 36 | March | 31 | 0.00% | $0 | $0 | $0 |
| 37 | Total | 365 | | ($639,169) | ($282,457) | ($242,567) |
| 38 | Deferred Tax Without Proration | Line 24 | | ($1,398,382) | ($617,962) | ($530,692) |
| 39 | Average Deferred Tax without Proration | Line 38 × 0.5 | | ($699,191) | ($308,981) | ($265,346) |
| 40 | Proration Adjustment | Line 37 - Line 39 | | $60,022 | $26,524 | $22,779 |

**Column Notes:**
(e) Sum of remaining days in the year (Col (d)) ÷ 365
(f) through (h) Current Year Line 24 ÷ 12 × Current Month Col (e)

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

| Line No. | | | | Fiscal Year 2025 (a) | Fiscal Year 2026 (b) |
|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (h) | | $165,432,668 | |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (h) | | $30,320,801 | |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $135,111,867 | $135,111,867 |
| | Change in Net Capital Included in ISR Rate Base | | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $165,432,668 | $0 |
| 5 | Depreciation Expense | Page 34 of 40, Line 77(c) | | $40,954,246 | $0 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $124,478,421 | $124,478,421 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (h) | | $15,319,000 | |
| 8 | **Net Plant Amount** | **Line 6 + Line 7** | | **$139,797,421** | **$139,797,421** |
| | Deferred Tax Calculation: | | | | |
| 9 | Composite Book Depreciation Rate | Page 32 of 40, Line 86(e) | 1/ | 2.99% | 2.99% |
| 10 | Tax Depreciation and Year 1 Basis Adjustments | Year 1 =Page 25 of 40, Line 32, Col (a); then = Page 25 of 40, Col (d) | | $121,373,627 | $4,696,394 |
| 11 | Cumulative Tax Depreciation-PPL | Prior Year Line 11 + Current Year Line 10 | | $121,373,627 | $126,070,021 |
| 12 | Book Depreciation | Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9 | | $2,019,922 | $4,039,845 |
| 13 | Cumulative Book Depreciation | Prior Year Line 13 + Current Year Line 12 | | $2,019,922 | $6,059,767 |
| 14 | Cumulative Book / Tax Timer | Line 11 - Line 13 | | $119,353,705 | $120,010,254 |
| 15 | Effective Tax Rate | | | 21.00% | 21.00% |
| 16 | Deferred Tax Reserve | Line 14 × Line 15 | | $25,064,278 | $25,202,153 |
| 17 | Add: CY 2025 Federal NOL (Generation) / Utilization | Company's Record | | $0 | $0 |
| 18 | Net Deferred Tax Reserve before Proration Adjustment | Line 16 + Line 17 | | $25,064,278 | $25,202,153 |
| | ISR Rate Base Calculation: | | | | |
| 19 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $139,797,421 | $139,797,421 |
| 20 | Accumulated Depreciation | - Line 13 | | ($2,019,922) | ($6,059,767) |
| 21 | Deferred Tax Reserve | - Line 18 | | ($25,064,278) | ($25,202,153) |
| 22 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 19 through 21 | | $112,713,221 | $108,535,501 |
| | Revenue Requirement Calculation: | | | | |
| 23 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = Current Year Line 22 ÷ 2; then = (Prior Year Line 22 + Current Year Line 22) ÷ 2 | | $56,356,610 | $110,624,361 |
| 24 | Proration Adjustment | Page 26 of 40 | | $32,973 | $5,918 |
| 25 | Average ISR Rate Base after Deferred Tax Proration | Line 23 + Line 24 | | $56,389,583 | $110,630,279 |
| 26 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | 8.41% | 8.41% |
| 27 | Return and Taxes | Line 25 × Line 26 | | $4,742,364 | $9,304,006 |
| 28 | Book Depreciation | Line 12 | | $2,019,922 | $4,039,845 |
| 29 | **Annual Revenue Requirement** | **Sum of Lines 27 through 28** | | **$6,762,286** | **$13,343,851** |
| 30 | Annual Revenue Requirement per Docket No. 23-49-NG FY 2025 Gas ISR Reconciliation, Schedule JDO-1 | | | $6,715,432 | |
| 31 | Change in Revenue Requirement | | | $46,854 | |
| 32 | Change in Plant | | | $25,266 | |
| 33 | 2025 Tax Return True-up | | | $21,588 | |
| 34 | Total Explanation of Change in Revenue Requirement | | | $46,854 | |

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

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

| Line No. | | | | Fiscal Year 2025 (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | |
| 1 | Plant Additions | Page 24 of 40, Line 1 | | $165,432,668 | 20 Year MACRS Depreciation | | | |
| 2 | Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs | Docket No. 23-49-NG, Section 3, Attachment 1 (Compliance), Page 1, Line 1, Column (b) | 1/ | $11,350,000 | | | | |
| 3 | Tax Basis in Plant Additions | Line 1 + Line 2 | | $176,782,668 | MACRS basis: | | $65,056,022 | |
| 4 | Capital Repairs Deduction Rate | Per Tax Department | 2/ | 63.20% | | | Annual | Cumulative |
| 5 | Capital Repairs Deduction | Line 3 × Line 4 | | $111,726,646 | Calendar Year | | | |
| 6 | | | | | Mar-2025 | 3.75% | $2,439,601 | $121,373,627 |
| 7 | Internal Revenue Code ("IRC") 263a Tax Capitalization | | | | Mar-2026 | 7.22% | $4,696,394 | $126,070,021 |
| 8 | Paving Costs | Line 2 | 1/ | $11,350,000 | Mar-2027 | 6.68% | $4,343,791 | $130,413,812 |
| 9 | | | | | Mar-2028 | 6.18% | $4,018,510 | $134,432,322 |
| 10 | Bonus Depreciation | | | | Mar-2029 | 5.71% | $3,716,651 | $138,148,973 |
| 11 | Tax Basis in Plant Additions | Line 3 | | $176,782,668 | Mar-2030 | 5.29% | $3,438,211 | $141,587,184 |
| 12 | Less Capital Repairs Deduction | Line 5 | | $111,726,646 | Mar-2031 | 4.89% | $3,179,938 | $144,767,122 |
| 13 | Plant Additions Net of Capital Repairs Deduction | Line 11 - Line 12 | | $65,056,022 | Mar-2032 | 4.52% | $2,941,833 | $147,708,955 |
| 14 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% | Mar-2033 | 4.46% | $2,902,800 | $150,611,755 |
| 15 | Plant Eligible for Bonus Depreciation | Line 13 × Line 14 | | $0 | Mar-2034 | 4.46% | $2,902,149 | $153,513,904 |
| 16 | Bonus Depreciation Rate 30% | Per Tax Department | | 0.00% | Mar-2035 | 4.46% | $2,902,800 | $156,416,704 |
| 17 | Bonus Depreciation Rate 0% | Per Tax Department | | 0.00% | Mar-2036 | 4.46% | $2,902,149 | $159,318,853 |
| 18 | Total Bonus Depreciation Rate | Line 16 + Line 17 | | 0.00% | Mar-2037 | 4.46% | $2,902,800 | $162,221,653 |
| 19 | Bonus Depreciation | Line 15 × Line 18 | | $0 | Mar-2038 | 4.46% | $2,902,149 | $165,123,802 |
| 20 | | | | | Mar-2039 | 4.46% | $2,902,800 | $168,026,601 |
| 21 | Remaining Tax Depreciation | | | | Mar-2040 | 4.46% | $2,902,149 | $170,928,751 |
| 22 | Tax Basis in Plant Additions | Line 3 | | $176,782,668 | Mar-2041 | 4.46% | $2,902,800 | $173,831,550 |
| 23 | Less Capital Repairs Deduction | Line 5 | | $111,726,646 | Mar-2042 | 4.46% | $2,902,149 | $176,733,699 |
| 24 | Less Bonus Depreciation | Line 19 | | $0 | Mar-2043 | 4.46% | $2,902,800 | $179,636,499 |
| 25 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 22 - Line 23 - Line 24 | | $65,056,022 | Mar-2044 | 4.46% | $2,902,149 | $182,538,648 |
| 26 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2045 | 2.23% | $1,451,400 | $183,990,048 |
| 27 | Remaining Tax Depreciation | Line 25 × Line 26 | | $2,439,601 | | 100.00% | $65,056,022 | |
| 28 | | | | | | | | |
| 29 | FY25 tax (gain)/loss on retirements | Per Tax Department | 2/ | 3,238,380 | | | | |
| 30 | Cost of Removal | Page 24 of 40, Line 7 | | $15,319,000 | | | | |
| 31 | | | | | | | | |
| 32 | Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs | Sum of Lines 5, 19, 27, 29 and 30 Less Line 8 | | $121,373,627 | | | | |

1/ Paving costs that are expensed for book purposes per Docket 23-49-NG, are capitalized for tax purposes. Capitalized paving costs are included in tax basis to determine tax repairs on Line 5. In addition, this basis difference between book and tax plant offsets the deductions for tax depreciation and repairs on Line 32 and offsets the deferred tax liability reflected in rate base.

2/ The capital repairs percentage and tax loss on retirements are based on on three-fourths (April 2024 thru December 2024) of PPL's CY2024 tax return and one-fourth (January 2025 thru March 2025) of PPL's CY2025 tax return.

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

| Line No. | Deferred Tax Subject to Proration | | (a) Fiscal Year 2025 | (b) Fiscal Year 2026 |
|---|---|---|---|---|
| 1 | Book Depreciation | Page 24 of 40 , Line 12 | $2,019,922 | $4,039,845 |
| 2 | Bonus Depreciation | - Page 25 of 40 , Line 19 ,Col (a) | | |
| 3 | Remaining MACRS Tax Depreciation | - Page 25 of 40, Col (a), Line 27 | ($2,439,601) | ($4,696,394) |
| 4 | CY25 tax (gain)/loss on retirements | - Page 25 of 40 , Line 29 ,Col (a) | ($3,238,380) | |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | ($3,658,058) | ($656,549) |
| 6 | Effective Tax Rate | | 21% | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | ($768,192) | ($137,875) |
| | Deferred Tax Not Subject to Proration | | | |
| 8 | Capital Repairs Deduction | - Page 25 of 40 , Line 5 ,Col (a), Then = 0 | ($111,726,646) | |
| 9 | IRC 263a Tax Capitalization of Paving Costs | Page 25 of 40 , Line 8 ,Col (a), Then = 0 | $11,350,000 | |
| 10 | Cost of Removal | - Page 24 of 40 , Line 7 ,Col (a), Then = 0 | ($15,319,000) | |
| 11 | Cumulative Book / Tax Timer | Line 8 + Line 9 + Line 10 | ($115,695,646) | $0 |
| 12 | Effective Tax Rate | | 21% | 21% |
| 13 | Deferred Tax Reserve | Line 11 × Line 12 | ($24,296,086) | $0 |
| 14 | Total Deferred Tax Reserve | Line 7 + Line 13 | ($25,064,278) | ($137,875) |
| 15 | Net Operating Loss | - Page 24 of 40 , Line 17 ,Col (a) | $0 | |
| 16 | Net Deferred Tax Reserve | Line 14 + Line 15 | ($25,064,278) | ($137,875) |
| | Allocation of CY 2025 Estimated Federal NOL | | | |
| 17 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | ($3,658,058) | ($656,549) |
| 18 | Cumulative Book/Tax Timer Not Subject to Proration | Line 11 | ($115,695,646) | $0 |
| 19 | Total Cumulative Book/Tax Timer | Line 17 + Line 18 | ($119,353,704) | ($656,549) |
| 20 | Total CY 2025 Federal NOL | - Page 24 of 40 , Line 17 ,Col (a)÷21% | $0 | $0 |
| 21 | Allocated FY 2025 Federal NOL Not Subject to Proration | (Line 18 ÷ Line 19 ) × Line 20 | $0 | $0 |
| 22 | Allocated FY 2025 Federal NOL Subject to Proration | (Line 17 ÷ Line 19 ) × Line 20 | $0 | $0 |
| 23 | Effective Tax Rate | | 21% | 21% |
| 24 | Deferred Tax Benefit subject to proration | Line 22 × Line 23 | $0 | $0 |
| 25 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 24 | ($768,192) | ($137,875) |

| Line No. | Proration Calculation | (c) Number of Days in Month | (d) Proration Percentage | (e) Fiscal Year 2025 | (f) Fiscal Year 2026 |
|---|---|---|---|---|---|
| 26 | April | 30 | 91.78% | ($58,754) | ($10,545) |
| 27 | May | 31 | 83.29% | ($53,317) | ($9,569) |
| 28 | June | 30 | 75.07% | ($48,056) | ($8,625) |
| 29 | July | 31 | 66.58% | ($42,619) | ($7,649) |
| 30 | August | 31 | 58.08% | ($37,182) | ($6,673) |
| 31 | September | 30 | 49.86% | ($31,920) | ($5,729) |
| 32 | October | 31 | 41.37% | ($26,483) | ($4,753) |
| 33 | November | 30 | 33.15% | ($21,222) | ($3,809) |
| 34 | December | 31 | 24.66% | ($15,785) | ($2,833) |
| 35 | January | 31 | 16.16% | ($10,348) | ($1,857) |
| 36 | February | 28 | 8.49% | ($5,437) | ($976) |
| 37 | March | 31 | 0.00% | $0 | $0 |
| 38 | Total | 365 | | ($351,123) | ($63,020) |
| 39 | Deferred Tax Without Proration | Line 25 | | ($768,192) | ($137,875) |
| 40 | Average Deferred Tax without Proration | Line 39 × 0.5 | | ($384,096) | ($68,938) |
| 41 | Proration Adjustment | Line 38 - Line 40 | | $32,973 | $5,918 |

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

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

| Line No. | | | | Fiscal Year 2026 (a) |
|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | Page 30 of 40 , Line 3 ,Col (i) | | $173,620,000 |
| 2 | Retirements | Page 30 of 40 , Line 9 ,Col (i) | | $20,671,998 |
| 3 | Net Depreciable Capital Included in ISR Rate Base | Year 1 = Line 1 - Line 2; then = Prior Year Line 3 | | $152,948,002 |
| | Change in Net Capital Included in ISR Rate Base | | | |
| 4 | Capital Included in ISR Rate Base | Line 1 | | $173,620,000 |
| 5 | Depreciation Expense | Page 34 of 40, Line 77(c) | | $40,954,246 |
| 6 | Incremental Capital Amount | Year 1 = Line 4 - Line 5; then = Prior Year Line 6 | | $132,665,754 |
| 7 | Cost of Removal | Page 30 of 40 , Line 6 ,Col (i) | 2/ | $13,305,000 |
| 8 | **Net Plant Amount** | **Line 6 + Line 7** | | **$145,970,754** |
| | Deferred Tax Calculation: | | | |
| 9 | Composite Book Depreciation Rate | Page 32 of 40, Line 86(e) | 1/ | 2.99% |
| 10 | Tax Depreciation and Year 1 Basis Adjustments | Year 1 =Page 28 of 40, Line 30, Col (a); then = Page 28 of 40, Col (d) | | $112,459,594 |
| 11 | Cumulative Tax Depreciation-PPL | Prior Year Line 11 + Current Year Line 10 | | $112,459,594 |
| 12 | Book Depreciation | Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9 | | $2,286,573 |
| 13 | Cumulative Book Depreciation | Prior Year Line 13 + Current Year Line 12 | | $2,286,573 |
| 14 | Cumulative Book / Tax Timer | Line 11 - Line 13 | | $110,173,021 |
| 15 | Effective Tax Rate | | | 21.00% |
| 16 | Deferred Tax Reserve | Line 14 × Line 15 | | $23,136,334 |
| 17 | Add: CY 2026 Federal NOL (Generation) / Utilization | Company's Record | | $0 |
| 18 | Net Deferred Tax Reserve before Proration Adjustment | Line 16 + Line 17 | | $23,136,334 |
| | ISR Rate Base Calculation: | | | |
| 19 | Cumulative Incremental Capital Included in ISR Rate Base | Line 8 | | $145,970,754 |
| 20 | Accumulated Depreciation | - Line 13 | | ($2,286,573) |
| 21 | Deferred Tax Reserve | - Line 18 | | ($23,136,334) |
| 22 | Year End Rate Base before Deferred Tax Proration | Sum of Lines 19 through 21 | | $120,547,846 |
| | Revenue Requirement Calculation: | | | |
| 23 | Average Rate Base before Deferred Tax Proration Adjustment | Year 1 = Current Year Line 22 ÷ 2; then = (Prior Year Line 22 + Current Year Line 22) ÷ 2 | | $60,273,923 |
| 24 | Proration Adjustment | Page 29 of 40, Line 41 | | $12,255 |
| 25 | Average ISR Rate Base after Deferred Tax Proration | Line 23 + Line 24 | | $60,286,179 |
| 26 | Pre-Tax ROR | Page 40 of 40, Line 30, Column (e) | | 8.41% |
| 27 | Return and Taxes | Line 25 × Line 26 | | $5,070,068 |
| 28 | Book Depreciation | Line 12 | | $2,286,573 |
| 29 | **Annual Revenue Requirement** | **Sum of Lines 27 through 28** | | **$7,356,640** |

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ does not reflect any adjustment due to the $38,361,000 exclusion of Plant in Service, The Company will adjust COR in the FY 2026 Reconciliation

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

| Line No. | | | | Fiscal Year 2026 (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | |
| 1 | Plant Additions | Page 27 of 40, Line 1 | | $173,620,000 | 20 Year MACRS Depreciation | | | |
| 2 | Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs | Section 2, Table 1 | | $9,140,000 | | | | |
| 3 | Tax Basis in Plant Additions | Line 1 + Line 2 | | $182,760,000 | MACRS basis: | | $78,111,624 | |
| 4 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 57.26% | | | Annual | Cumulative |
| 5 | Capital Repairs Deduction | Line 3 × Line 4 | | $104,648,376 | Calendar Year | | | |
| 6 | | | | | Mar-2026 | 3.75% | $2,929,186 | $112,459,594 |
| 7 | Internal Revenue Code ("IRC") 263a Tax Capitalization | | | | Mar-2027 | 7.22% | $5,638,878 | $118,098,472 |
| 8 | Paving Costs | Line 2 | | $9,140,000 | Mar-2028 | 6.68% | $5,215,513 | $123,313,985 |
| 9 | | | | | Mar-2029 | 6.18% | $4,824,955 | $128,138,940 |
| 10 | Bonus Depreciation | | | | Mar-2030 | 5.71% | $4,462,517 | $132,601,457 |
| 11 | Tax Basis in Plant Additions | Line 3 | | $182,760,000 | Mar-2031 | 5.29% | $4,128,199 | $136,729,657 |
| 12 | Less Capital Repairs Deduction | Line 5 | | $104,648,376 | Mar-2032 | 4.89% | $3,818,096 | $140,547,753 |
| 13 | Plant Additions Net of Capital Repairs Deduction | Line 11 - Line 12 | | $78,111,624 | Mar-2033 | 4.52% | $3,532,208 | $144,079,961 |
| 14 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% | Mar-2034 | 4.46% | $3,485,341 | $147,565,301 |
| 15 | Plant Eligible for Bonus Depreciation | Line 13 × Line 14 | | $0 | Mar-2035 | 4.46% | $3,484,560 | $151,049,861 |
| 16 | Bonus Depreciation Rate 30% | Per Tax Department | | 0.00% | Mar-2036 | 4.46% | $3,485,341 | $154,535,201 |
| 17 | Bonus Depreciation Rate 0% | Per Tax Department | | 0.00% | Mar-2037 | 4.46% | $3,484,560 | $158,019,761 |
| 18 | Total Bonus Depreciation Rate | Line 16 + Line 17 | | 0.00% | Mar-2038 | 4.46% | $3,485,341 | $161,505,102 |
| 19 | Bonus Depreciation | Line 15 × Line 18 | | $0 | Mar-2039 | 4.46% | $3,484,560 | $164,989,661 |
| 20 | | | | | Mar-2040 | 4.46% | $3,485,341 | $168,475,002 |
| 21 | Remaining Tax Depreciation | | | | Mar-2041 | 4.46% | $3,484,560 | $171,959,561 |
| 22 | Tax Basis in Plant Additions | Line 3 | | $182,760,000 | Mar-2042 | 4.46% | $3,485,341 | $175,444,902 |
| 23 | Less Capital Repairs Deduction | Line 5 | | $104,648,376 | Mar-2043 | 4.46% | $3,484,560 | $178,929,462 |
| 24 | Less Bonus Depreciation | Line 19 | | $0 | Mar-2044 | 4.46% | $3,485,341 | $182,414,802 |
| 25 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 22 - Line 23 - Line 24 | | $78,111,624 | Mar-2045 | 4.46% | $3,484,560 | $185,899,362 |
| 26 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2046 | 2.23% | $1,742,670 | $187,642,032 |
| 27 | Remaining Tax Depreciation | Line 25 × Line 26 | | $2,929,186 | | 100.00% | $78,111,624 | |
| 28 | | | | | | | | |
| 29 | FY26 tax (gain)/loss on retirements | Per Tax Department | 1/ | 717,032 | | | | |
| 30 | Cost of Removal | Page 27 of 40, Line 7 | | $13,305,000 | | | | |
| 31 | | | | | | | | |
| 32 | Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs | Sum of Lines 5, 19, 27, 29 and 30 Less Line 8 | | $112,459,594 | | | | |

1/ The capital repairs percentage and tax loss on retirements are based on on three-fourths (April 2025 thru December 2025) of PPL's CY2025 consolidated tax return. When PPL's CY2026 consolidated tax return is finalized in year 2027, these tax items will be updated to include one-fourth (January thru March 2026) of the CY 2026 tax return.

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

| Line No. | **Deferred Tax Subject to Proration** | | | (a) Fiscal Year 2026 |
|---|---|---|---|---|
| 1 | Book Depreciation | Page 27 of 40 , Line 12 | | $2,286,573 |
| 2 | Bonus Depreciation | - Page 28 of 40 , Line 17 ,Col (a) | | |
| 3 | Remaining MACRS Tax Depreciation | - Page 28 of 40, Col (a), Line 27 | | ($2,929,186) |
| 4 | CY26 tax (gain)/loss on retirements | - Page 28 of 40 , Line 29 ,Col (a) | | ($717,032) |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | | ($1,359,645) |
| 6 | Effective Tax Rate | | | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | | ($285,526) |
| | Deferred Tax Not Subject to Proration | | | |
| 8 | Capital Repairs Deduction | - Page 28 of 40 , Line 5 ,Col (a), Then = 0 | | ($104,648,376) |
| 9 | IRC 263a Tax Capitalization of Paving Costs | Page 28 of 40 , Line 8 ,Col (a), Then = 0 | | $9,140,000 |
| 10 | Cost of Removal | - Page 27 of 40 , Line 7 ,Col (a), Then = 0 | | ($13,305,000) |
| 11 | Book/Tax Depreciation Timing Difference at 3/31/2026 | | | |
| 12 | Cumulative Book / Tax Timer | Line 8 + Line 10 + Line 11 | | ($108,813,376) |
| 13 | Effective Tax Rate | | | 21% |
| 14 | Deferred Tax Reserve | Line 12 × Line 13 | | ($22,850,809) |
| 15 | Total Deferred Tax Reserve | Line 7 + Line 14 | | ($23,136,334) |
| 16 | Net Operating Loss | - Page 27 of 40 , Line 17 ,Col (a) | | $0 |
| 17 | Net Deferred Tax Reserve | Line 15 + Line 16 | | ($23,136,334) |
| | Allocation of CY 2026 Estimated Federal NOL | | | |
| 18 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | | ($1,359,645) |
| 19 | Cumulative Book/Tax Timer Not Subject to Proration | Line 12 | | ($108,813,376) |
| 20 | Total Cumulative Book/Tax Timer | Line 18 + Line 19 | | ($110,173,021) |
| 21 | Total CY 2026 Federal NOL | - Page 27 of 40 , Line 21 ,Col (a)÷21% | | $0 |
| 22 | Allocated FY 2026 Federal NOL Not Subject to Proration | (Line 19 ÷ Line 20 ) × Line 21 | | $0 |
| 23 | Allocated FY 2026 Federal NOL Subject to Proration | (Line 18 ÷ Line 20 ) × Line 21 | | $0 |
| 24 | Effective Tax Rate | | | 21% |
| 25 | Deferred Tax Benefit subject to proration | Line 23 × Line 24 | | $0 |
| 26 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 25 | | ($285,526) |
| | **Proration Calculation** | (b) Number of Days in Month | (c) Proration Percentage | (d) Fiscal Year 2026 |
| 27 | April | 30 | 91.78% | ($21,838) |
| 28 | May | 31 | 83.29% | ($19,817) |
| 29 | June | 30 | 75.07% | ($17,862) |
| 30 | July | 31 | 66.58% | ($15,841) |
| 31 | August | 31 | 58.08% | ($13,820) |
| 32 | September | 30 | 49.86% | ($11,864) |
| 33 | October | 31 | 41.37% | ($9,843) |
| 34 | November | 30 | 33.15% | ($7,888) |
| 35 | December | 31 | 24.66% | ($5,867) |
| 36 | January | 31 | 16.16% | ($3,846) |
| 37 | February | 28 | 8.49% | ($2,021) |
| 38 | March | 31 | 0.00% | $0 |
| 39 | Total | 365 | | ($130,507) |
| 40 | Deferred Tax Without Proration | Line 26 | | ($285,526) |
| 40 | Average Deferred Tax without Proration | Line 40 × 0.5 | | ($142,763) |
| 41 | Proration Adjustment | Line 39 - Line 40 | | $12,255 |

**Column Notes:**

(c) Sum of remaining days in the year (Col (b)) ÷ 365

(d) through (f) Current Year Line 26 ÷ 12 × Current Month Col (c)

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

| Line No. | | | Actual Fiscal Year 2018 (a) | Actual Fiscal Year 2019 (b) | Actual Fiscal Year 2020 (c) | Actual Fiscal Year 2021 (d) | Actual Fiscal Year 2022 (e) | Actual Fiscal Year 2023 (f) | Actual Fiscal Year 2024 (g) | Actual Fiscal Year 2025 (h) | Actual Fiscal Year 2026 (i) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Investment | | | | | | | | | | |
| 1 | ISR-eligible Capital Investment | Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing | $97,809,718 | $92,263,000 | $144,119,796 | $110,177,659 | $156,694,227 | $151,152,116 | $133,114,306 | $165,432,668 | $173,620,000 |
| 2 | ISR-eligible Capital Additions included in Rate Base per RIPUC Docket No. 4770 | Docket No. 4770 Schedule MAL-11-Gas Page 5, Col (a)=Lines 1(a) + 1(b); Col(b)=Lines 1(c) + 1(d); Col(c)= Line 1(e); Col(d) = Line 1(h) + 1(j) | $93,177,000 | $93,177,000 | $38,823,750 | $0 | $0 | $0 | $0 | $0 | $0 |
| 3 | Incremental ISR Capital Investment | Line 1 - Line 2 | $4,632,718 | ($914,000) | $105,296,046 | $110,177,659 | $156,694,227 | $151,152,116 | $133,114,306 | $165,432,668 | $173,620,000 |
| | Cost of Removal | | | | | | | | | | |
| 4 | ISR-eligible Cost of Removal | Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing | $8,603,224 | $11,583,085 | $10,161,508 | $9,975,152 | $11,244,351 | $10,607,466 | $16,008,363 | $15,319,000 | $13,305,000 |
| 5 | ISR-eligible Cost of Removal in Rate Base per RIPUC Docket No. 4770 | Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L23+L42×7÷12+Docket 4678 Page 2, Line 7x3÷12; Col(b)=[P1]L42×5÷12+[P2]L18×7÷12; Col (c)=[P2]L18×5÷12+L39×7÷12; Col (d) = [P2] L39×5÷12+L60×7÷12; Col (e)= [P2] L60×5÷12 | $6,662,056 | $5,956,522 | $3,105,878 | $1,113,515 | $471,346 | $0 | $0 | $0 | $0 |
| 6 | Incremental Cost of Removal | Line 4 - Line 5 | $1,941,168 | $5,626,564 | $7,055,630 | $8,861,636 | $10,773,005 | $10,607,466 | $16,008,363 | $15,319,000 | $13,305,000 |
| | Retirements | | | | | | | | | | |
| 7 | ISR-eligible Retirements | Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Plan Filing; | $24,056,661 | $6,531,844 | $8,395,321 | $5,337,792 | $6,883,634 | $8,494,710 | $46,411,734 | $30,320,801 | $20,671,998 |
| 8 | ISR-eligible Retirements per RIPUC Docket No. 4770 | Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L24+L43×7÷12+ Docket 4678 Page 2, Line 2x3÷12; Col(b)=[P1]L43×5÷12+[P2]L19×7÷12 Col (c)=[P2]L19×5÷12+L40×7÷12; Col (d) = [P2]L40×5÷12+L61×7÷12; Col (e)= L61×5÷12 | $11,997,233 | $7,899,865 | $4,119,186 | $1,476,805 | $625,125 | $0 | $0 | $0 | $0 |
| 9 | Incremental Retirements | Line 7 - Line 8 | $12,059,428 | ($1,368,021) | $4,276,135 | $3,860,987 | $6,258,509 | $8,494,710 | $46,411,734 | $30,320,801 | $20,671,998 |
| | (NOL)/ NOL Utilization | | | | | | | | | | |
| 10 | ISR (NOL)/NOL Utilization Per ISR | Page 31 of 40, Line 12 | ($6,051,855) | $1,091,119 | $0 | $2,072,387 | $893,329 | $43,762,725 | $0 | $0 | $0 |
| 11 | ISR NOL Utilization Per Docket 4770 | Schedule 11-Gas Page 11, Docket No. 4770: Col (a)= L40×5÷12; Col (b) = L40×5÷12+L48×7÷12; Col (c) = P11,L48×5÷12+P12,L39×7÷12; Col (d) = P12,L39×5÷12+P12,L49×7÷12; Col (e)= P12,L49×5÷12 | $0 | $804,769 | $3,063,059 | $7,598,182 | $4,157,771 | $0 | $0 | $0 | $0 |
| 12 | Incremental (NOL)/NOL Utilization | Line 10 - Line 11 | ($6,051,855) | $286,350 | ($3,063,059) | ($5,525,796) | ($3,264,442) | $43,762,725 | $0 | $0 | $0 |

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

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Test Year July 2016 - June 2017 | | | | | Jul & Aug 2017 | 12 Mths Aug 31 2018 | 12 Mths Aug 31 2019 | 12 Mths Aug 31 2020 | 12 Mths Aug 31 2021 | 12 Mths Aug 31 2022 |
| 1 | Total Base Rate Plant DIT Provision | | $29,439,421 | | | | | $5,223,437 | $20,453,237 | $16,078,372 | $5,085,206 | $7,746,916 | $0 |
| 2 | Excess DIT amortization | | | | | | | $0 | $0 | ($1,470,238) | ($1,470,238) | ($1,470,238) | $0 |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023-NG | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| 3 | Total Base Rate Plant DIT Provision | | | | | | | $24,514,347.17 | $17,043,594 | $8,195,453.84 | $5,167,632 | $2,615,282.52 | $0 |
| 4 | Incremental FY 18 | $2,507,039 | $2,560,766 | $2,611,618 | $2,662,153 | $2,712,395 | $2,719,788 | $2,507,039 | $53,728 | $50,851 | $50,535 | $50,242 | $7,393 |
| 5 | Incremental FY 19 | | $1,090,524 | $1,085,911 | $1,081,431 | $1,077,072 | $1,076,444 | $0 | $1,090,524 | ($4,613) | ($4,480) | ($4,358) | ($628) |
| 6 | Incremental FY 20 | | | $18,484,445 | $18,218,347 | $17,924,604 | $17,877,373 | $0 | $0 | $18,484,445 | ($266,098) | ($293,743) | ($47,231) |
| 7 | Incremental FY 21 | | | | $13,009,229 | $13,230,424 | $13,253,277 | | | $0 | $13,009,229 | $221,195 | $22,853 |
| 8 | Incremental FY 22 | | | | | $26,325,721 | $26,280,159 | | | | | $26,325,721 | ($45,561) |
| 9 | Incremental FY 23 | | | | | | $2,674,114 | | | | | | $2,674,114 |
| 10 | TOTAL Plant DIT Provision | $2,507,039 | $3,651,291 | $22,181,974 | $34,971,160 | $61,270,216 | $63,881,156 | $27,021,386 | $18,187,846 | $26,726,137 | $17,956,818 | $28,914,339 | $2,610,940 |
| 11 | NOL (Utilization) | | | | | | | $6,051,855 | ($1,091,119) | $0 | ($2,072,387) | ($893,329) | ($43,762,725) |
| 12 | Lesser of NOL or DIT Provision | | | | | | | $6,051,855 | ($1,091,119) | $0 | ($2,072,387) | ($893,329) | ($43,762,725) |

Line Notes:
1(b) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 2 of 23, Line 29, Col (e) minus Col (b)
1(g) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 3 plus Line 4
1(h) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 7
1(i) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 50
1(j) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 41
1(k) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 51
1(l) RIPUC Docket Nos. 4770/4780 third rate year ends at Aug 31, 2021
2 RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 52
3 Col (f) = Line 1(b) × 25% + Line 1(f) + Line 1(g) × 7/12; Col (g) = Line 1(g) × 5/12 + Line 1(h) × 7/12 + Line (2(g) x 5/12 + Line 2(h) × 7/12; Col (h) = Line 1(h) × 5/12 + Line 1(i) × 7/12 + Line (2(h) x 5/12 + Line 2(i)
4(a)-9(f) Cumulative DIT plus Deferred Income Tax (Page 2, Line 21 + Line 23; Page 5, Line 21; Page 8, Line 21; Page 12, Line 21; Page 15, Line 21; Page 18, Line 21)
4(g)-9(m) Year over year change in cumulative DIT shown in Cols (a) through (f)
10 Sum of Lines 3 through 9
11 Col (g)~(h) = Docket no. 4916 FY 20 ISR Rec, Att. MAL-1, p.19, L. 8; Col (i) ~Col (l) Per Tax Department
12 Lesser of Line 9 or Line 10

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

| | Account No. | Account Title | Test Year 1/ June 30, 2017 (a) | ARO Adjustment (b) | Adjustments June 30, 2017 (c) | Adjusted Balance (d) = (a) + (b) + (c) | Proposed Rate (e) | Depreciation Expense (f) = (d) x (e) |
|---|---|---|---|---|---|---|---|---|
| | | Intangible Plant | | | | | | |
| 1 | 302.00 | Franchises And Consents | $213,499 | $0 | $0 | $213,499 | 0.00% | $0 |
| 2 | 303.00 | Misc. Intangible Plant | $25,427 | $0 | $0 | $25,427 | 0.00% | $0 |
| 3 | 303.01 | Misc. Int Cap Software | $19,833,570 | $0 | $9,991,374 | $29,824,944 | 0.00% | $0 |
| 4 | | | | | | | | |
| 5 | | Total Intangible Plant | $20,072,496 | $0 | $9,991,374 | $30,063,870 | | $0 |
| 6 | | | | | | | | |
| 7 | | Production Plant | | | | | | |
| 8 | | | | | | | | |
| 9 | 304.00 | Production Land Land Rights | $364,912 | $0 | $0 | $364,912 | 0.00% | $0 |
| 10 | 305.00 | Prod. Structures & Improvements | $2,693,397 | $0 | $0 | $2,693,397 | 15.05% | $405,356 |
| 11 | 307.00 | Production Other Power | $46,159 | $0 | $0 | $46,159 | 7.16% | $3,305 |
| 12 | 311.00 | Production LNG Equipme | $3,167,445 | $0 | $0 | $3,167,445 | 11.40% | $361,089 |
| 13 | 320.00 | Prod. Other Equipment | $1,106,368 | $0 | $0 | $1,106,368 | 6.69% | $74,016 |
| 14 | | | | | | | | |
| 15 | | Total Production Plant | $7,378,281 | $0 | $0 | $7,378,281 | | $843,766 |
| 16 | | | | | | | | |
| 17 | | Storage Plant | | | | | | |
| 18 | | | | | | | | |
| 19 | 360.00 | Stor Land & Land Rights | $261,151 | $0 | $0 | $261,151 | 0.00% | $0 |
| 20 | 361.03 | Storage Structures Improvements | $3,385,049 | $0 | $0 | $3,385,049 | 0.99% | $33,512 |
| 21 | 362.04 | Storage Gas Holders | $4,606,338 | $0 | $0 | $4,606,338 | 0.04% | $1,843 |
| 22 | 363.00 | Stor. Purification Equipment | $13,891,210 | $0 | $0 | $13,891,210 | 3.37% | $468,134 |
| 23 | | | | | | | | |
| 24 | | Total Storage Plant | $22,143,748 | $0 | $0 | $22,143,748 | | $503,488 |
| 25 | | | | | | | | |
| 26 | | Distribution Plant | | | | | | |
| 27 | | | | | | | | |
| 28 | 374.00 | Dist. Land & Land Rights | $956,717 | $0 | $0 | $956,717 | 0.00% | $0 |
| 29 | 375.00 | Gas Dist Station Structure | $10,642,632 | $0 | $0 | $10,642,632 | 1.15% | $122,390 |
| 30 | 376.00 | Distribution Mains | $46,080,760 | $0 | $0 | $46,080,760 | 3.61% | $1,663,515 |
| 31 | 376.03 | Dist. River Crossing Main | $695,165 | $0 | $0 | $695,165 | 3.61% | $25,095 |
| 32 | 376.04 | Mains - Steel And Other - Sl | $4,190 | $0 | $0 | $4,190 | 0.00% | $0 |
| 33 | 376.06 | Dist. District Regulator | $14,213,837 | $0 | $0 | $14,213,837 | 3.61% | $513,120 |
| 34 | 376.11 | Gas Mains Steel | $57,759,572 | $0 | $0 | $57,759,572 | 3.31% | $1,908,954 |
| 35 | 376.12 | Gas Mains Plastic | $382,797,443 | $0 | $0 | $382,797,443 | 2.70% | $10,316,391 |
| 36 | 376.13 | Gas Mains Cast Iron | $5,556,209 | $0 | $0 | $5,556,209 | 8.39% | $465,888 |
| 37 | 376.14 | Gas Mains Valves | $222,104 | $0 | $0 | $222,104 | 3.61% | $8,018 |
| 38 | 376.15 | Propane Lines | $0 | $0 | $0 | $0 | 3.61% | $0 |
| 39 | 376.16 | Dist. Cathodic Protect | $1,569,576 | $0 | $0 | $1,569,576 | 3.61% | $56,662 |
| 40 | 376.17 | Dist. Joint Seals | $63,067,055 | $0 | $0 | $63,067,055 | 4.63% | $2,920,005 |
| 41 | 377.00 | T&D Compressor Sta Equipment | $248,656 | $0 | $0 | $248,656 | 1.07% | $2,661 |
| 42 | 377.62 | 1/ 5360-Tanks ARO | $299 | ($299) | $0 | $0 | 0.00% | $0 |
| 43 | 378.10 | Gas Measur & Reg Sta Equipment | $19,586,255 | $0 | $0 | $19,586,255 | 2.08% | $407,394 |
| 44 | 378.55 | Gas M&Reg Sta Eqp RTU | $372,772 | $0 | $0 | $372,772 | 6.35% | $23,671 |
| 45 | 379.00 | Dist. Measur. Reg. Gs | $11,033,164 | $0 | $0 | $11,033,164 | 2.22% | $244,936 |
| 46 | 379.01 | Dist. Meas. Reg. Gs Eq | $1,399,586 | $0 | $0 | $1,399,586 | 0.00% | $0 |
| 47 | 380.00 | Gas Services All Sizes | $331,205,854 | $0 | $0 | $331,205,854 | 3.05% | $10,101,779 |
| 48 | 381.10 | Sml Meter& Reg Bare Co | $26,829,565 | $0 | $0 | $26,829,565 | 1.76% | $472,200 |
| 49 | 381.30 | Lrg Meter& Reg Bare Co | $15,779,214 | $0 | $0 | $15,779,214 | 1.76% | $277,714 |
| 50 | 381.40 | Meters | $9,332,227 | $0 | $0 | $9,332,227 | 0.96% | $89,589 |
| 51 | 382.00 | Meter Installations | $675,201 | $0 | $0 | $675,201 | 3.66% | $24,712 |
| 52 | 382.20 | Sml Meter& Reg Installation | $43,145,998 | $0 | $0 | $43,145,998 | 3.66% | $1,579,144 |
| 53 | 382.30 | Lrg Meter&Reg Installation | $2,524,025 | $0 | $0 | $2,524,025 | 3.66% | $92,379 |
| 54 | 383.00 | Dist. House Regulators | $937,222 | $0 | $0 | $937,222 | 0.67% | $6,279 |
| 55 | 384.00 | T&D Gas Reg Installs | $1,216,551 | $0 | $0 | $1,216,551 | 1.56% | $18,978 |
| 56 | 385.00 | Industrial Measuring And Regulating Station Equipment | $540,187 | $0 | $0 | $540,187 | 4.18% | $22,580 |
| 57 | 385.01 | Industrial Measuring And Regulating Station Equipment | $255,921 | $0 | $0 | $255,921 | 0.00% | $0 |
| 58 | 386.00 | Other Property On Customer Premises | $271,765 | $0 | $0 | $271,765 | 0.23% | $625 |
| 59 | 386.02 | Dist. Consumer Prem Equipment | $110,131 | $0 | $0 | $110,131 | 0.00% | $0 |
| 60 | 387.00 | Dist. Other Equipment | $930,079 | $0 | $0 | $930,079 | 2.15% | $19,997 |
| 61 | 388.00 | 1/ ARO | $5,736,827 | ($5,736,827) | $0 | $0 | 0.00% | $0 |
| 62 | | | | | | | | |
| 63 | | Total Distribution Plant | $1,055,696,761 | ($5,737,126) | $0 | $1,049,959,635 | 2.99% | $31,384,677 |
| 64 | | | | | | | | |
| 65 | | General Plant | | | | | | |
| 66 | | | | | | | | |
| 67 | 389.01 | General Plant Land Lan | $285,357 | $0 | $0 | $285,357 | 0.00% | $0 |
| 68 | 390.00 | Structures And Improvements | $7,094,532 | $0 | $0 | $7,094,532 | 3.12% | $221,349 |
| 69 | 391.01 | Gas Office Furniture & Fixture | $274,719 | $0 | $0 | $274,719 | 6.67% | $18,324 |
| 70 | 394.00 | General Plant Tools Shop (Fully Dep) | $26,487 | $0 | $0 | $26,487 | 0.00% | $0 |
| 71 | 394.00 | General Plant Tools Shop | $5,513,613 | $0 | $0 | $5,513,613 | 5.00% | $275,681 |
| 72 | 395.00 | General Plant Laboratory | $221,565 | $0 | $0 | $221,565 | 6.67% | $14,778 |
| 73 | 397.30 | Communication Radio Site Specific | $387,650 | $0 | $0 | $387,650 | 5.00% | $19,383 |
| 74 | 397.42 | Communication Equip Tel Site | $63,481 | $0 | $0 | $63,481 | 20.00% | $12,696 |
| 75 | 398.10 | Miscellaneous Equipment (Fully Dep) | $1,341,386 | $0 | $0 | $1,341,386 | 0.00% | $0 |
| 76 | 398.10 | Miscellaneous Equipment | $2,789,499 | $0 | $0 | $2,789,499 | 6.67% | $186,060 |
| 77 | 399.10 | 1/ ARO | $342,146 | ($342,146) | $0 | $0 | 0.00% | $0 |
| 78 | | | | | | | | |
| 79 | | Total General Plant | $18,340,436 | ($342,146) | $0 | $17,998,289 | 4.16% | $748,271 |
| 80 | | | | | | | | |
| 81 | | Grand Total - All Categories | $1,123,631,722 | ($6,079,273) | $9,991,374 | $1,127,543,823 | 3.05% | $33,480,202 |
| 82 | | | | | | | 2.97% | |
| 83 | | Other Utility Plant Assets | | | | | | |
| 84 | | | Line 63 | | Total Distribution Plant | $1,049,959,635 | 2.99% | $31,384,677 |
| 85 | | | Line 73 + Line 74 | | Communication Equipment | $451,132 | 7.11% | $32,079 |
| 86 | | | | | Total ISR Tangible Plant | $1,050,410,767 | 2.99% | $31,416,756 |
| | | | | | Non ISR Assets | $77,133,057 | | |

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

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

The Narragansett Electric Company d/b/a National Grid
Depreciation Expense - Gas
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2019

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

| Line No | Description | | Reference | Amount | Less non-ISR eligible Plant | ISR Amount |
|---|---|---|---|---|---|---|
| | | | | (a) | (b) | (c) |
| 1 | Total Company Rate Year Depreciation | | Sum of Page 2, Line 16 and Line 17 | $39,136,909 | | |
| 2 | Total Company Test Year Depreciation | | Per Company Books | $33,311,851 | | |
| 3 | Less: Reserve adjustments | | Page 4, Line 29, Col (b) + Col (c) | ($15,649) | | |
| 4 | Adjusted Total Company Test Year Depreciation Expense | | Line 2 + Line 3 | $33,296,202 | | |
| 5 | Depreciation Expense Adjustment | | Line 1 - Line 4 | $5,840,707 | | |
| 6 | | | | | | |
| 7 | | | | Per Book | | |
| 8 | Test Year Depreciation Expense 12 Months Ended 06/30/17: | | | Amount | | |
| 9 | Total Gas Utility Plant 06/30/17 | | Page 4, Line 27, Col (d) | $1,405,994,678 | ($77,133,057) | $1,328,861,622 |
| 10 | Less Non Depreciable Plant | | Sum of Page 3, Line 5, Col (d) and Page 4, Line 25, Col (e) | ($308,514,725) | | ($308,514,725) |
| 11 | Depreciable Utility Plant 06/30/17 | | Line 9 + Line 10 | $1,097,479,953 | ($77,133,057) | $1,020,346,897 |
| 12 | | | | | | |
| 13 | Plus: Added Plant 2 Mos Ended 08/31/17 | | Schedule 11-GAS, Page 3, Line 4 | $19,592,266 | | $19,592,266 |
| 14 | Less: Retired Plant 2 Months Ended 08/31/17 | 1/ | Line 13 x Retirement Rate | ($1,345,989) | | ($1,345,989) |
| 15 | Depreciable Utility Plant 08/31/17 | | Line 11 + Line 13 + Line 14 | $1,115,726,231 | ($77,133,057) | $1,020,346,897 |
| 16 | | | | | | |
| 17 | Average Depreciable Plant for Year Ended 08/31/17 | | (Line 11 + Line 15)/2 | $1,106,603,092 | | $1,106,603,092 |
| 18 | | | | | | |
| 19 | Composite Book Rate % | | As Approved in RIPUC Docket No. 4323 | 3.38% | | |
| 20 | | | | | | |
| 21 | Book Depreciation Reserve 06/30/17 | | Page 5, Line 72, Col (d) | $357,576,825 | | $357,576,825 |
| 22 | Plus: Book Depreciation Expense | | Line 17 x Line 19 | $6,233,864 | | $6,233,864 |
| 23 | Less: Net Cost of Removal/(Salvage) | 2/ | Line 13 x Cost of Removal Rate | ($1,014,879) | | ($1,014,879) |
| 24 | Less: Retired Plant | | Line 14 | ($1,345,989) | | ($1,345,989) |
| 25 | Book Depreciation Reserve 08/31/17 | | Sum of Line 21 through Line 24 | $361,449,821 | | |
| 26 | | | | | | |
| 27 | Depreciation Expense 12 Months Ended 08/31/18 | | | | | |
| 28 | Total Utility Plant 08/31/17 | | Line 9 + Line 13 + Line 14 | $1,424,240,956 | ($77,133,057) | $1,347,107,900 |
| 29 | Less Non Depreciable Plant | | Line 10 | ($308,514,725) | | ($308,514,725) |
| 30 | Depreciable Utility Plant 08/31/17 | | Line 28 + Line 29 | $1,115,726,231 | | $1,038,593,175 |
| 31 | | | | | | |
| 32 | Plus: Plant Added in 12 Months Ended 08/31/18 | | Schedule 11-GAS, Page 3, Line 11 | $115,710,016 | | $115,710,016 |
| 33 | Less: Plant Retired in 12 Months Ended 08/31/18 | | Line 32 x Retirement rate | ($7,949,278) | | ($7,949,278) |
| 34 | Depreciable Utility Plant 08/31/18 | | Sum of Line 30 through Line 33 | $1,223,486,969 | | $1,146,353,912 |
| 35 | | | | | | |
| 36 | Average Depreciable Plant for 12 Months Ended 08/31/18 | | (Line 30 + Line 34)/2 | $1,169,606,600 | | $1,092,473,543 |
| 37 | | | | | | |
| 38 | Composite Book Rate % | | As Approved in RIPUC Docket No. 4323 | 3.38% | | 3.38% |
| 39 | | | | | | |
| 40 | Book Depreciation Reserve 08/31/17 | | Line 25 | $361,449,821 | | |
| 41 | Plus: Book Depreciation 08/31/18 | | Line 36 x Line 38 | $39,532,703 | | $36,925,606 |
| 42 | Less: Net Cost of Removal/(Salvage) | | Line 32 x Cost of Removal Rate | ($5,993,779) | | |
| 43 | Less: Retired Plant | | Line 33 | ($7,949,278) | | |
| 44 | Book Depreciation Reserve 08/31/18 | | Sum of Line 40 through Line 43 | $387,039,467 | | |

1/ 3 year average retirement over plant addition in service FY 15 ~ FY17 6.87% Retirements
2/ 3 year average Cost of Removal over plant addition in service FY 15 ~ FY17 5.18% COR

The Narragansett Electric Company d/b/a National Grid
Depreciation Expense - Gas
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2021

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

| Line No | Description | | Reference | Amount (a) | Less non-ISR eligible Plant (b) | ISR Amount (c) |
|---|---|---|---|---|---|---|
| 1 | Rate Year Depreciation Expense 12 Months Ended 08/31/19: | | | | | |
| 2 | Total Utility Plant 08/31/18 | | Page 1, Line 28 + Line 32 + Line 33 | $1,532,001,694 | ($77,133,057) | $1,454,868,637 |
| 3 | Less Non-Depreciable Plant | | Page 1, Line 10 | ($308,514,725) | | ($308,514,725) |
| 4 | Depreciable Utility Plant 08/31/18 | | Line 2 + Line 3 | $1,223,486,969 | | $1,146,353,912 |
| 5 | | | | | | |
| 6 | Plus: Added Plant 12 Months Ended 08/31/19 | | Schedule 11-GAS, Page 3, Line 35 | $114,477,000 | ($1,348,000) | $113,129,000 |
| 7 | Less: Depreciable Retired Plant | 1/ | Line 6 x Retirement rate | ($7,864,570) | $92,608 | ($7,771,962) |
| 8 | | | | | | |
| 9 | Depreciable Utility Plant 08/31/19 | | Sum of Line 4 through Line 7 | $1,330,099,399 | ($78,388,449) | $1,251,710,950 |
| 10 | | | | | | |
| 11 | Average Depreciable Plant for Rate Year Ended 08/31/19 | | (Line 4 + Line 9)/2 | $1,276,793,184 | | $1,199,032,431 |
| 12 | | | | | | |
| 13 | Proposed Composite Rate % | | Page 4, Line 17, Col (e) | 3.05% | | 2.99% |
| 14 | | | | | | |
| 15 | Book Depreciation Reserve 08/31/18 | | Page 1, Line 44 | $387,039,467 | | $0 |
| 16 | Plus: Book Depreciation Expense | | Line 11 x Line 13 | $38,950,409 | | $35,851,070 |
| 17 | Plus: Unrecovered Reserve Adjustment | | Schedule NWA-1-GAS, Part VI, Page 6 | $186,500 | | $186,500 |
| 18 | Less: Net Cost of Removal/(Salvage) | 2/ | Line 6 x Cost of Removal Rate | ($5,929,909) | | $0 |
| 19 | Less: Retired Plant | | Line 7 | ($7,864,570) | | $0 |
| 20 | Book Depreciation Reserve 08/31/19 | | Sum of Line 15 through Line 19 | $412,381,898 | | $36,037,570 |
| 21 | | | | | | |
| 22 | Rate Year Depreciation Expense 12 Months Ended 08/31/20: | | | | | |
| 23 | Total Utility Plant 08/31/19 | | Line 2 + Line 6 + Line 7 | $1,638,614,124 | ($78,388,449) | $1,560,225,675 |
| 24 | Less Non-Depreciable Plant | | Page 1, Line 10 | ($308,514,725) | | ($308,514,725) |
| 25 | Depreciable Utility Plant 08/31/19 | | Line 23 + Line 24 | $1,330,099,399 | | $1,251,710,950 |
| 26 | | | | | | |
| 27 | Plus: Added Plant 12 Months Ended 08/31/20 | | Schedule 11-GAS, Page 5, Line 11(i) | $21,017,630 | ($750,000) | $20,267,630 |
| 28 | Less: Depreciable Retired Plant | 1/ | Line 27 x Retirement rate | ($1,443,911) | $51,525 | ($1,392,386) |
| 29 | | | | | | $0 |
| 30 | Depreciable Utility Plant 08/31/20 | | Sum of Line 25 through Line 28 | $1,349,673,118 | ($79,086,924) | $1,270,586,194 |
| 31 | | | | | | |
| 32 | Average Depreciable Plant for Rate Year Ended 08/31/20 | | (Line 25 + Line 30)/2 | $1,339,886,258 | | $1,261,148,572 |
| 33 | | | | | | |
| 34 | Proposed Composite Rate % | | Page 4, Line 17, Col (e) | 3.05% | | 2.99% |
| 35 | | | | | | |
| 36 | Book Depreciation Reserve 08/31/20 | | Line 20 | $412,381,898 | | $0 |
| 37 | Plus: Book Depreciation Expense | | Line 32 x Line 34 | $40,875,154 | | $37,708,342 |
| 38 | Plus: Unrecovered Reserve Adjustment | | Schedule NWA-1-GAS, Part VI, Page 6 | $186,500 | | $186,500 |
| 39 | Less: Net Cost of Removal/(Salvage) | 2/ | Line 27 x Cost of Removal Rate | ($1,088,713) | | $0 |
| 40 | Less: Retired Plant | | Line 28 | ($1,443,911) | | $0 |
| 41 | Book Depreciation Reserve 08/31/20 | | Sum of Line 36 through Line 40 | $450,910,927 | | $37,894,842 |
| 42 | | | | | | |
| 43 | Rate Year Depreciation Expense 12 Months Ended 08/31/21: | | | | | |
| 44 | Total Utility Plant 08/31/20 | | Line 23 + Line 27 + Line 28 | $1,658,187,843 | ($79,086,924) | $1,579,100,919 |
| 45 | Less Non-Depreciable Plant | | Page 1, Line 10 | ($308,514,725) | | ($308,514,725) |
| 46 | Depreciable Utility Plant 08/31/20 | | Line 44 + Line 45 | $1,349,673,118 | | $1,270,586,194 |
| 47 | | | | | | |
| 48 | Plus: Added Plant 12 Months Ended 08/31/21 | | Schedule 11-GAS, Page 5, Line 11(l) | $21,838,436 | ($750,000) | $21,088,436 |
| 49 | Less: Depreciable Retired Plant | 1/ | Line 48 x Retirement rate | ($1,500,301) | $51,525 | ($1,448,776) |
| 50 | | | | | | |
| 51 | Depreciable Utility Plant 08/31/21 | | Sum of Line 46 through Line 49 | $1,370,011,253 | ($79,785,399) | $1,290,225,854 |
| 52 | | | | | | |
| 53 | Average Depreciable Plant for Rate Year Ended 08/31/21 | | (Line 46 + Line 51)/2 | $1,359,842,185 | | $1,280,406,024 |
| 54 | | | | | | |
| 55 | Proposed Composite Rate % | | Page 4, Line 17, Col (e) | 3.05% | | 2.99% |
| 56 | | | | | | |
| 57 | Book Depreciation Reserve 08/31/20 | | Line 41 | $450,910,927 | | $0 |
| 58 | Plus: Book Depreciation Expense | | Line 53 x Line 55 | $41,483,938 | | $38,284,140 |
| 59 | Plus: Unrecovered Reserve Adjustment | | Schedule NWA-1-GAS, Part VI, Page 6 | $186,500 | | $186,500 |
| 60 | Less: Net Cost of Removal/(Salvage) | 2/ | Line 48 x Cost of Removal Rate | ($1,131,231) | | $0 |
| 61 | Less: Retired Plant | | Line 49 | ($1,500,301) | | $0 |
| 62 | Book Depreciation Reserve 08/31/21 | | Sum of Line 57 through Line 61 | $489,949,834 | | $38,470,640 |
| 63 | | | | | | |
| 64 1/ | 3 year average retirement over plant addition in service FY 15 ~ FY17 | | 0.0687 | Retirements | | |
| 65 2/ | 3 year average Cost of Removal over plant addition in service FY 15 ~ FY17 | | 0.0518 | COR | | |
| 66 | | | | | | |
| 67 | Book Depreciation RY2 | | Line 37 (a) + Line 38 (b) | | | $41,061,654 |
| 68 | Less: General Plant Depreciation (assuming add=retirement) | | Page 10, Line 79(f) | | | ($748,271) |
| 69 | Plus: Comm Equipment Depreciation | | Page 10, Line 73 + Line 74 | | | $32,079 |
| 70 | Total | | | | | $40,345,462 |
| 71 | 7 Months | | | | | x7/12 |
| 72 | FY 2020 Depreciation Expense | | | | | $23,534,853 |
| 73 | | | | | | |
| 74 | Book Depreciation RY3 | | Line 58 (a) + Line 59 (b) | | | $41,670,438 |
| 75 | Less: General Plant Depreciation | | Page 10, Line 79(f) | | | ($748,271) |
| 76 | Plus: Comm Equipment Depreciation | | Page 10, Line 73 + Line 74 | | | $32,079 |
| 77 | Total | | | | | $40,954,246 |
| 78 | FY 2021 Depreciation Expense | | 5 Months of RY 2 and 7 Months of RY 3 | | | $40,700,586 |

**The Narragansett Electric Company**
**d/b/a Rhode Island Energy**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment**
**(000s)**

| Line | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **End of FY 2018** | **ISR Additions** | **Non-ISR Add's** | **Total Add's** | **Bk Depr (1)** | **Retirements** | **COR** | **Adjustment** | **End of FY 2019** |
| 1 | Plant In Service | $1,195,705 | $92,263 | $24,845 | $117,108 | | ($6,844) | | $0 | $1,305,969 |
| 2 | Accumulated Depr | $414,713 | | | | $40,858 | ($6,844) | ($6,123) | | $442,604 |
| 3 | Net Plant | $780,992 | | | | | | | | $863,364 |
| 4 | Property Tax Expense | $22,678 | | | | | | | | $23,283 |
| 5 | Effective Prop tax Rate | 2.90% | | | | | | | | 2.70% |
| | | **End of FY 2019** | **ISR Additions** | **Non-ISR Add's** | **Total Add's** | **Bk Depr (1)** | **Retirements** | **COR** | **Adjustment** | **End of FY 2020** |
| 6 | Plant In Service | $1,305,969 | $144,120 | $22,074 | $166,193 | | ($8,567) | | $0 | $1,463,595 |
| 7 | Accumulated Depr | $442,604 | | | | $41,588 | ($8,567) | ($10,162) | | $465,463 |
| 8 | Net Plant | $863,364 | | | | | | | | $998,132 |
| 9 | Property Tax Expense | $23,283 | | | | | | | | $25,959 |
| 10 | Effective Prop tax Rate | 2.70% | | | | | | | | 2.60% |
| | | **End of FY 2020** | **ISR Additions** | **Non-ISR Add's** | **Total Add's** | **Bk Depr (1)** | **Retirements** | **COR** | **Adjustment** | **End of FY 2021** |
| 11 | Plant In Service | $1,463,595 | $110,178 | $97,667 | $207,844 | | ($5,766) | | ($26,386) | $1,639,288 |
| 12 | Accumulated Depr | $465,463 | | | | $45,652 | ($5,766) | ($11,566) | ($32,599) | $461,185 |
| 13 | Net Plant | $998,132 | | | | | | | | $1,178,103 |
| 14 | Property Tax Expense | $25,959 | | | | | | | | $28,846 |
| 15 | Effective Prop tax Rate | 2.60% | | | | | | | | 2.45% |
| | | **End of FY 2021** | **ISR Additions** | **Non-ISR Add's** | **Total Add's** | **Bk Depr** | **Retirements** | **COR** | **Adjustment** | **End of FY 2022** |
| 16 | Plant In Service | $1,639,288 | $156,694 | $29,406 | $186,100 | | ($7,443) | | | $1,817,945 |
| 17 | Accumulated Depr | $461,185 | | | | $51,439 | ($7,443) | ($11,244) | | $493,937 |
| 18 | Net Plant | $1,178,103 | | | | | | | | $1,324,008 |
| 19 | Property Tax Expense | $28,846 | | | | | | | | $33,631 |
| 20 | Effective Prop tax Rate | 2.45% | | | | | | | | 2.54% |
| | | **End of FY 2022** | **ISR Additions** | **Non-ISR Add's** | **Total Add's** | **Bk Depr** | **Retirements** | **COR** | **Adjustment** | **End of FY 2023** |
| 21 | Plant In Service | $1,817,945 | $151,152 | $57,055 | $208,207 | | ($13,374) | | | $2,012,779 |
| 22 | Accumulated Depr | $493,937 | | | | $55,565 | ($13,374) | ($10,607) | | $525,521 |
| 23 | Net Plant | $1,324,008 | | | | | | | | $1,487,258 |
| 24 | Property Tax Expense | $33,631 | | | | | | | | $38,297 |
| 25 | Effective Prop tax Rate | 2.54% | | | | | | | | 2.58% |

**The Narragansett Electric Company**
**d/b/a Rhode Island Energy**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment (Continued) 1**
**(000s)**

| Line | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | End of FY 2023 | ISR Additions | Non-ISR Add's | Total Add's | Bk Depr | Retirements | COR | Adjustment | End of FY 2024 |
| 26 | Plant In Service | $2,012,779 | $133,114 | $29,106 | $162,220 | | ($71,085) | | | $2,103,914 |
| 27 | Accumulated Depr | $525,521 | | | | $57,497 | ($71,085) | ($16,008) | | $495,925 |
| 28 | Net Plant | $1,487,258 | | | | | | | | $1,607,989 |
| 29 | Property Tax Expense | $38,297 | | | | | | | | $42,262 |
| 30 | Effective Prop tax Rate | 2.58% | | | | | | | | 2.63% |
| | | End of FY 2024 | ISR Additions | Non-ISR Add's | Total Add's | Bk Depr | Retirements | COR | Adjustment | End of FY 2025 |
| 31 | Plant In Service | $2,103,914 | $165,433 | $28,649 | $194,081 | | ($34,306) | | | $2,263,689 |
| 32 | Accumulated Depr | $495,925 | | | | $62,784 | ($34,306) | ($15,319) | | $509,084 |
| 33 | Net Plant | $1,607,989 | | | | | | | | $1,754,605 |
| 34 | Property Tax Expense | $42,262 | | | | | | | | $39,521 |
| 35 | Effective Prop tax Rate | 2.63% | | | | | | | | 2.25% |
| | | End of FY 2025 | ISR Additions | Non-ISR Add's | Total Add's | Bk Depr | Retirements | COR | Adjustment | End of FY 2026 |
| 36 | Plant In Service | $2,263,689 | $173,620 | $49,593 | $223,213 | | ($22,711) | | | $2,464,191 |
| 37 | Accumulated Depr | $509,084 | | | | $67,892 | ($22,711) | ($13,305) | | $540,961 |
| 38 | Net Plant | $1,754,605 | | | | | | | | $1,923,231 |
| 39 | Property Tax Expense | $39,521 | | | | | | | | $43,073 |
| 40 | Effective Prop tax Rate | 2.25% | | | | | | | | 2.24% |
| | | End of FY 2026 | ISR Additions | Non-ISR Add's | Total Add's | Bk Depr | Retirements | COR | Adjustment | End of FY 2027 |
| 41 | Plant In Service | $2,464,191 | $128,295 | $28,649 | $156,944 | | ($25,152) | | | $2,595,983 |
| 42 | Accumulated Depr | $540,961 | | | | $74,649 | ($25,152) | ($8,301) | | $582,157 |
| 43 | Net Plant | $1,923,231 | | | | | | | | $2,013,826 |
| 44 | Property Tax Expense | $43,073 | | | | | | | | $45,311 |
| 45 | Effective Prop tax Rate | 2.24% | | | | | | | | 2.25% |

**The Narragansett Electric Company**
**d/b/a Rhode Island Energy**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment (Continued) 2**

| | | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Cumulative Increm. ISR Prop. Tax for FY2018 | | | | Cumulative Increm. ISR Prop. Tax for FY2019 1st 5 month | | | | Cumulative Increm. ISR Prop. Tax for FY2019 | | |
| 46 | Incremental ISR Additions | | | $97,810 | | | | $92,263 | | | | ($914) | |
| 47 | Book Depreciation: base allowance on ISR eligible plant | | | ($24,356) | | | | ($24,356) | | | | $0 | |
| 48 | Book Depreciation: current year ISR additions | | | ($1,246) | | | | ($1,449) | | | | ($7) | |
| 49 | COR | | | $8,603 | | | | $11,583 | | | | $5,627 | |
| 50 | Net Plant Additions | | | $80,811 | | | | $78,041 | | | | $4,705 | |
| 51 | RY Effective Tax Rate | | | 3.06% | | | | 3.06% | | | | 2.92% | |
| | | | | | | | | | | 7 mos | | 1.70% | |
| 52 | ISR Year Effective Tax Rate | | 2.90% | | | | 2.70% | | | | | | |
| 53 | RY Effective Tax Rate | | 3.06% | -0.15% | | | 3.06% | -0.36% | | | 2.70% | | |
| 54 | RY Effective Tax Rate 5 mos for FY 2019 | | | | | 5 month | | -0.15% | | | 2.92% | -0.22% | |
| 55 | RY Net Plant times 5 mo rate | 7 month | $458,057 | -0.15% | ($694) | | $458,057 | -0.15% | ($684) | | | -0.13% 7 mos | |
| 56 | FY 2014 Net Adds times ISR Year Effective Tax rate | 7 month | $6,343 | 2.90% | $184 | | $5,950 | 1.12% | $67 | | $919,892 | * -0.13% | ($1,203) |
| 57 | FY 2015 Net Adds times ISR Year Effective Tax rate | 7 month | $42,913 | 2.90% | $1,246 | | $39,920 | 1.12% | $449 | | | | $0 |
| 58 | FY 2016 Net Adds times ISR Year Effective Tax rate | | $59,527 | 2.90% | $1,729 | | $55,693 | 1.12% | $626 | | $6,934 | 1.57% | $109 |
| 59 | FY 2017 Net Adds times ISR Year Effective Tax rate | | $58,883 | 2.90% | $1,710 | | $56,076 | 1.12% | $630 | | $4,705 | 1.57% | $74 |
| 60 | FY 2018 Net Adds times ISR Year Effective Tax rate | | $80,810 | 2.90% | $2,347 | | $77,664 | 1.12% | $873 | | | | |
| 61 | FY 2019 Net Adds times ISR Year Effective Tax rate | | | | | | $78,041 | 1.12% | $877 | | | | |
| 62 | Total ISR Property Tax Recovery | | | | $6,521 | | | | $2,837 | | | | ($1,020) |

| | | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Cumulative Increm. ISR Prop. Tax for FY2020 | | | | Cumulative Increm. ISR Prop. Tax for FY2021 | | | | Cumulative Increm. ISR Prop. Tax for FY2022 | | |
| 63 | Incremental ISR Additions | | | $105,296 | | | | $110,178 | | | | $156,694 | |
| 64 | Book Depreciation: base allowance on ISR eligible plant | | | $0 | | | | $0 | | | | ($23,890) | |
| 65 | Book Depreciation: current year ISR additions | | | ($1,510) | | | | ($1,589) | | | | ($2,249) | |
| 66 | COR | | | $7,056 | | | | $8,862 | | | | $10,773 | |
| 67 | Net Plant Additions | | | $110,841 | | | | $117,450 | | | | $141,328 | |
| 68 | | | | | | | | | | | | | |
| 69 | RY Effective Tax Rate | | | 2.96% | | | | 3.02% | | | | 3.05% | |
| 70 | Property Tax Recovery on Growth and non-ISR | | | | | | | | | | | | |
| 71 | ISR Year Effective Tax Rate | | 2.60% | | | | 2.45% | | | | 2.54% | | |
| 72 | RY Effective Tax Rate | | 2.96% | -0.36% | | | 3.02% | -0.57% | | | 3.05% | -0.51% | |
| 73 | RY Effective Tax Rate 7 mos for FY 2019 | | | -0.36% | | | | -0.57% | | | | -0.51% | |
| 74 | RY Net Plant times Rate Difference | 7 month | $908,586 | * -0.36% | ($3,246) | | $889,353 | * -0.57% | ($5,080) | | $881,383 | * -0.51% | ($4,486) |
| 75 | Growth and non-ISR Incremental times rate difference | | ($20,407) | * -0.36% | $73 | | ($41,336) | * -0.57% | $236 | | ($51,615) | * -0.51% | $263 |
| 76 | FY 2018 Net Incremental times rate difference | | $7,156 | * 2.6% | $186 | | $7,378 | * 2.45% | $181 | | $7,600 | * 2.54% | $193 |
| 77 | FY 2019 Net Incremental times rate difference | | $4,692 | * 2.6% | $122 | | $4,678 | * 2.45% | $115 | | $4,665 | * 2.54% | $118 |
| 78 | FY 2020 Net Incremental times rate difference | | $110,841 | * 2.6% | $2,882 | | $107,821 | * 2.45% | $2,642 | | $104,800 | * 2.54% | $2,662 |
| 79 | FY 2021 Net Incremental times rate difference | | | | | | $117,450 | * 2.45% | $2,878 | | $114,271 | * 2.54% | $2,902 |
| 80 | FY 2022 Net Adds times rate difference | | | | | | | | | | $141,328 | * 2.54% | $3,590 |
| 81 | Total ISR Property Tax Recovery | | | | $17 | | | | $970 | | | | $5,242 |

**The Narragansett Electric Company**
**d/b/a Rhode Island Energy**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment (Continued) 3**

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Cumulative Increm. ISR Prop. Tax for FY2023 | | | | Cumulative Increm. ISR Prop. Tax for FY2024 | | | | Cumulative Increm. ISR Prop. Tax for FY2025 | | |
| 82 | Incremental ISR Additions | | $151,152 | | | | $133,114 | | | | $165,433 | |
| 83 | Book Depreciation: base allowance on ISR eligible plant | | ($40,954) | | | | ($40,954) | | | | ($40,954) | |
| 84 | Book Depreciation: current year ISR additions | | ($2,133) | | | | ($1,296) | | | | ($2,020) | |
| 85 | COR | | $10,607 | | | | $16,008 | | | | $15,319 | |
| 86 | Net Plant Additions | | $118,673 | | | | $106,872 | | | | $137,777 | |
| 87 | | | | | | | | | | | | |
| 88 | RY Effective Tax Rate | | 3.05% | | | | 3.05% | | | | 3.05% | |
| 89 | Property Tax Recovery on Growth and non-ISR | | | | | | | | | | | |
| 90 | ISR Year Effective Tax Rate | 2.58% | | | | 2.63% | | | | 2.25% | | |
| 91 | RY Effective Tax Rate | 3.05% | -0.47% | | | 3.05% | -0.42% | | | 3.05% | -0.80% | |
| 92 | RY Effective Tax Rate 7 mos for FY 2019 | | -0.47% | | | | -0.42% | | | | -0.80% | |
| 93 | RY Net Plant times Rate Difference | $881,383 | * -0.47% | ($4,134) | | $881,383 | * -0.42% | ($3,689) | | $881,383 | * -0.8% | ($7,038) |
| 94 | Growth and non-ISR Incremental times rate difference | ($51,615) | * -0.47% | $242 | | ($51,615) | * -0.42% | $216 | | ($51,615) | * -0.8% | $412 |
| 95 | FY 2018 Net Incremental times rate difference | $7,822 | * 2.58% | $202 | | $8,044 | * 2.63% | $212 | | $8,266 | * 2.25% | $186 |
| 96 | FY 2019 Net Incremental times rate difference | $4,651 | * 2.58% | $120 | | $4,638 | * 2.63% | $122 | | $4,624 | * 2.25% | $104 |
| 97 | FY 2020 Net Incremental times rate difference | $101,780 | * 2.58% | $2,626 | | $98,759 | * 2.63% | $2,597 | | $95,739 | * 2.25% | $2,154 |
| 98 | FY 2021 Net Incremental times rate difference | $111,092 | * 2.58% | $2,866 | | $107,913 | * 2.63% | $2,838 | | $104,734 | * 2.25% | $2,357 |
| 99 | FY 2022 Net Adds times rate difference | $136,830 | * 2.58% | $3,530 | | $132,332 | * 2.63% | $3,480 | | $127,834 | * 2.25% | $2,876 |
| 100 | FY 2023 Net Adds times rate difference | $118,673 | * 2.58% | $3,062 | | $114,407 | * 2.63% | $3,009 | | $110,142 | * 2.25% | $2,478 |
| 101 | FY 2024 Net Adds times rate difference | | | | | $106,872 | * 2.63% | $2,811 | | $104,280 | * 2.25% | $2,346 |
| 102 | FY 2025 Net Adds times rate difference | | | | | | | | | $137,777 | * 2.25% | $3,100 |
| 103 | Total ISR Property Tax Recovery | | | $8,514 | | | | $11,596 | | | | $8,975 |

| | | (a) | (b) | (c) | (d) | (e) | (f) |
|---|---|---|---|---|---|---|---|
| | | Cumulative Increm. ISR Prop. Tax for FY2026 | | | Cumulative Increm. ISR Prop. Tax for FY2027 | | |
| 104 | Incremental ISR Additions | | $173,620 | | | $128,295 | |
| 105 | Book Depreciation: base allowance on ISR eligible plant | | ($40,954) | | | ($40,954) | |
| 106 | Book Depreciation: current year ISR additions | | ($2,287) | | | ($1,542) | |
| 107 | COR | | $13,305 | | | $8,301 | |
| 108 | Net Plant Additions | | $143,684 | | | $94,100 | |
| 109 | | | | | | | |
| 110 | RY Effective Tax Rate | | 3.05% | | | 3.05% | |
| 111 | Property Tax Recovery on Growth and non-ISR | | | | | | |
| 112 | ISR Year Effective Tax Rate | 2.24% | | | 2.25% | | |
| 113 | RY Effective Tax Rate | 3.05% | -0.81% | | 3.05% | -0.80% | |
| 114 | RY Effective Tax Rate 7 mos for FY 2019 | | -0.81% | | | -0.80% | |
| 115 | RY Net Plant times Rate Difference | $881,383 | * -0.81% | ($7,130) | $881,383 | * -0.8% | ($7,042) |
| 116 | Growth and non-ISR Incremental times rate difference | ($51,615) | * -0.81% | $418 | ($51,615) | * -0.8% | $412 |
| 117 | FY 2018 Net Incremental times rate difference | $8,488 | * 2.24% | $190 | $8,710 | * 2.25% | $196 |
| 118 | FY 2019 Net Incremental times rate difference | $4,610 | * 2.24% | $103 | $4,597 | * 2.25% | $103 |
| 119 | FY 2020 Net Incremental times rate difference | $92,718 | * 2.24% | $2,077 | $89,698 | * 2.25% | $2,018 |
| 120 | FY 2021 Net Incremental times rate difference | $101,556 | * 2.24% | $2,275 | $98,377 | * 2.25% | $2,213 |
| 121 | FY 2022 Net Adds times rate difference | $123,336 | * 2.24% | $2,763 | $118,838 | * 2.25% | $2,674 |
| 122 | FY 2023 Net Adds times rate difference | $105,876 | * 2.24% | $2,372 | $101,611 | * 2.25% | $2,286 |
| 123 | FY 2024 Net Adds times rate difference | $101,687 | * 2.24% | $2,278 | $99,095 | * 2.25% | $2,230 |
| 124 | FY 2025 Net Adds times rate difference | $133,738 | * 2.24% | $2,996 | $129,698 | * 2.25% | $2,918 |
| 125 | FY 2026 Net Adds times rate difference | $143,684 | * 2.24% | $3,219 | $139,111 | * 2.25% | $3,130 |
| 126 | FY 2027 Net Adds times rate difference | | | | $94,100 | * 2.25% | $2,117 |
| 127 | Total ISR Property Tax Recovery | | | $11,559 | | | $13,256 |

**The Narragansett Electric Company**
**d/b/a Rhode Island Energy**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment**
**Fiscal Year 2026 ISR Property Tax Recovery Adjustment (Continued) 4**

| Line Notes | |
|---|---|
| 1(a) - 5(i) | Docket No. 4781 Attachment MAL-2, Page 10 of 13, 1(a) to 5(h) |
| 6(i) - 10(i) | Docket No. 4916 Attachment MAL-1, Page 17 of 20, 6(a) to 10(h) |
| 11(a) - 15(i) | Docket No. 4996 Attachment MAL-1, Page 20 of 22, 11(a) to 15(i) |
| 16(a) - 20(a) | 11(i) - 15(i) |
| 16(b) | Page 30 of 40 , Line 1 ,Col (e)÷1000 |
| 16(c) | Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (c) |
| 16(d) | Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (d) |
| 16(f) | Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (f) |
| 16(i) | Line 16(a) + (d) + (f) |
| 17(e) | P25, (L58+L59)+(P2, L3 (a)+P5, L3 (a)+P8, L3 (a)+P12, L3 (a))÷1000×3.05%+Inc (L1(c)+L6(c)+L11(c))×0.0416+ P15, L3 (a)×0.5×3.05%÷1000+ L16(c)×0.5×0.0416 |
| 17(f) | =16(f) |
| 17(g) | Docket No. 5099, Section 3, Att. 1 (C), Page 23, 17 (g) |
| 17(i) | Line 17(a) + (e) + (f) + (g) |
| 18(i) | Line 16(i) - 17(i) |
| 19(i) | Line 18(h) × 20(h) |
| 20(i) | Docket No. 5099, Section 3, Att. 1 (C), Page 23, 20 (h) |
| 21(a) - 25(a) | 16(i) - 20(i) |
| 21(b) | Page 18 of 40 , Line 1 ,Col (d)÷1000 |
| 21(c) | Line 6(c) |
| 21(d) | Line 16(b) + 16(c) |
| 21(f) | - Page 18 of 40 , Line 2 ,Col (d)÷1000 |
| 21(i) | Line 21 (a) + (d) + (f) |
| 22(e) | Page 34, (Line 58 + Line 59) + (Page 2 , Line 3, Col (a) + Page 5 , Line 3, Col (a) + Page 8 , Line 3, Col (a) + Page 12 , Line 3, Col (a) + Page 15 , Line 3, Col (a))÷1000 × 3.05%+ Incremental ( L1(c)+L6(c)+L11(c)+L16(c))×3.05% + Page 18 , Line 3, Col (a)+ L21(c))×0.5×3.05%÷1000 |
| 22(f) | =21(f) |
| 22(g) | - Page 18 of 40 , Line 7 ,Col (d)÷1000 |
| 22(i) | Line 22 (a) + (e) + (f) + (g) |
| 23(i) | Line 21(i) - 22(i) |
| 24(i) | Line 23(i) × 25(i) |
| 25(i) | =20(a) most recent actual property tax rate |
| 26(a) - 30(a) | 21(i) - 25(i) |
| 26(b) | |
| 26(c) | Line 16(c) |
| 26(d) | Line 26(b) + 26(c) |
| 26(f) | |
| 26(i) | Line 26 (a) + (d) + (f) |
| 27(e) | Page 34, (Line 58 + Line 59) + (Page 2 , Line 3, Col (a) + Page 5 , Line 3, Col (a) + Page 8 , Line 3, Col (a) + Page 12 , Line 3, Col (a) + Page 15 , Line 3, Col (a))÷1000 × 3.05%+ Incremental ( L1(c)+L6(c)+L11(c)+L16(c))×3.05% + Page 18 , Line 3, Col (a)+ L21(c))×0.5×3.05%÷1000 |
| 27(f) | =26(f) |
| 27(g) | |
| 27(i) | Line 27 (a) + (e) + (f) + (g) |
| 28(i) | Line 26(i) - 27(i) |
| 29(i) | Line 28(i) × 30(i) |
| 30(i) | =20(i) most recent actual property tax rate |

| Line Notes | |
|---|---|
| 46(a) - 62(h) | Docket No. 4781 Rec, Attachment MAL-1, Page 29 of 35, 82(e) to 107(k) |
| 63(a)-81 (c) | Docket No. 4781 Rec, Attachment MAL-2, Page 10 of 13, 31(a) to 50 (c) |
| 63(e) -81(g) | Docket No. 4916 Rec, Attachment MAL-1, Page 18 of 20, 28(e) to 48 (g) |
| 63(j) | Page 15 of 40, Line 4(a)÷1000 |
| 64(j) | - (Page 34 of 40, Line 77(c) ×7÷12)÷1000 |
| 65(j) | - Page 15 of 40, Line 15(a)÷1000 |
| 66(j) | Page 15 of 40, Line 7(a)÷1000 |
| 67(j) | Sum of Lines 63(j) through 66(j) |
| 69(j) | =Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1, Sch 1-G, P3, L15, Col (e) ÷ 74(j) |
| 71(i) | =20(i) |
| 72(i) | =69(j) |
| 72(j) | 71(i)-72(i) |
| 73(j) | =72(j) |
| 74(i) | =Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1: 74(a) × 5÷12 + (Sch 6-G, P2, L30 - L41 + P3, L5(d) - P5, L4(d) - Sch 5-G, P1, L1(e) - L1(g)) × 7÷12000 |
| 74(k) | 74(i)×73(j) |
| 75(i) | = - Rate Case, Docket 4770, Compliance, Revised Rebuttal Att. 1: Sch 11-G, P5, L3(e)+L3(i)+L7(e)+L7(i)+L3(l)+L7(l)") |
| 75(k) | 75(i)×73(j) |
| 76(i) | Line 76(e) - Page 2 of 40, Line 15(e)÷1000 |
| 76(k) | =76(i)×71(i) |
| 77(i) | Line 77(e) - Page 5 of 40, Line 15(d)÷1000 |
| 77(k) | =77(i)×71(i) |
| 78(i) | Line 78(e) - Page 8 of 40, Line 15(c)÷1000 |
| 78(k) | =78(i)×71(i) |
| 79(i) | Line 79(e) - Page 12 of 40, Line 15(c)÷1000 |
| 79(k) | =79(i)×71(i) |

| Line Notes | |
|---|---|
| 80(i) | 67(j) |
| 80(k) | =80(i)×71(i) |
| 81(k) | sum of 74(k) through 80(k) |
| 82(b) | Page 18 of 40, Line 4(a)÷1000 |
| 83(b) | - Page 18 of 40, Line 5(a)÷1000 |
| 84(b) | - Page 18 of 40, Line 14(a)÷1000 |
| 85(b) | Page 18 of 40, Line 7(a)÷1000 |
| 86(b) | Sum of Lines 82(b) through 85(b) |
| 88(b) | 69(j) |
| 90(a) | 25(i) |
| 91(a) | 88(b) |
| 91(b) | 90(a)-91(a) |
| 92(b) | 91(b) |
| 93(a) | 74(i) |
| 93(c) | 93(a)×92(b) |
| 94(a) | 75(i) |
| 94(c) | 94(a)×92(b) |
| 95(a) | Line 76(i) - (Page 2 of 40, Line 15(f) through (h))÷1000 |
| 95(c) | =95(a)×90(a) |
| 96(a) | Line 77(i) - (Page 5 of 40, Line 15(e) through (g))÷1000 |
| 96(c) | =96(a)×90(a) |
| 97(a) | Line 78(i) - (Page 8 of 40, Line 15(d) through (f))÷1000 |
| 97(c) | =97(a)×90(a) |
| 98(a) | Line 79(i) - (Page 12 of 40, Line 15(c) through (e))÷1000 |
| 98(c) | =98(a)×90(a) |
| 99(a) | (Line 80(i) - (Page 15 of 40, Line 15(b) through (d))÷1000 |
| 99(c) | =99(a)×90(a) |
| 100(a) | =86(b) |
| 100(c) | =100(a)×90(a) |
| 103(c) | sum of 93(c) through 100(c) |

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

| Line No. | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 35% income tax rate effective April 1, 2013 | | | | | |
| 2 | | (a) | (b) | (c) | (d) | (e) |
| 3 | | Ratio | Rate | Weighted Rate | Taxes | Return |
| 4 | Long Term Debt | 49.95% | 5.70% | 2.85% | | 2.85% |
| 5 | Short Term Debt | 0.76% | 0.80% | 0.01% | | 0.01% |
| 6 | Preferred Stock | 0.15% | 4.50% | 0.01% | | 0.01% |
| 7 | Common Equity | 49.14% | 9.50% | 4.67% | 2.51% | 7.18% |
| 8 | | 100.00% | | 7.54% | 2.51% | 10.05% |
| 9 | | | | | | |
| 10 | (d) - Column (c) x 35% divided by (1 - 35%) | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 21% income tax rate effective January 1, 2018 | | | | | |
| 14 | | (a) | (b) | (c) | (d) | (e) |
| 15 | | Ratio | Rate | Weighted Rate | Taxes | Return |
| 16 | Long Term Debt | 49.95% | 5.70% | 2.85% | | 2.85% |
| 17 | Short Term Debt | 0.76% | 0.80% | 0.01% | | 0.01% |
| 18 | Preferred Stock | 0.15% | 4.50% | 0.01% | | 0.01% |
| 19 | Common Equity | 49.14% | 9.50% | 4.67% | 1.24% | 5.91% |
| 20 | | 100.00% | | 7.54% | 1.24% | 8.78% |
| 21 | (d) - Column (c) x 21% divided by (1 - 21%) | | | | | |
| 22 | | | | | | |
| 23 | Weighted Average Cost of Capital as approved in RIPUC Docket No. 4770 effective September 1, 2018 | | | | | |
| 24 | | (a) | (b) | (c) | (d) | (e) |
| 25 | | Ratio | Rate | Weighted Rate | Taxes | Return |
| 26 | Long Term Debt | 48.35% | 4.98% | 2.41% | | 2.41% |
| 27 | Short Term Debt | 0.60% | 1.76% | 0.01% | | 0.01% |
| 28 | Preferred Stock | 0.10% | 4.50% | 0.00% | | 0.00% |
| 29 | Common Equity | 50.95% | 9.28% | 4.73% | 1.26% | 5.99% |
| 30 | | 100.00% | | 7.15% | 1.26% | 8.41% |
| 31 | (d) - Column (c) x 21% divided by (1 - 21%) | | | | | |
| 32 | | | | | | |
| 33 | FY18 Blended Rate | | Line 8(e ) × 75% + Line 20(e ) × 25% | | | 9.73% |
| 34 | | | | | | |
| 35 | FY19 Blended Rate | | Line 20 x 5 ÷ 12 + Line 30 x 7 ÷ 12 | | | 8.56% |

Attachment JDO-2

FY 2026 Gas Infrastructure, Safety and Reliability Plan
Revenue Requirement Adjustment Overspend Calculation

**The Narragansett Electric Company**
**d/b/a Rhode Island Energy**
**FY 2026 Gas ISR Revenue Requirement Plan**
**Fiscal Year 2026 Revenue Requirement Adjustment on Group C Overspend**

| Line No. | | Changes to Calculation to quantify full year | Full Year Revenue Requirement above cap 2026 (a) | Full Year Revenue Requirement at cap 2026 (b) | Revenue Requirement Adjustment 2026 (c) |
|---|---|---|---|---|---|
| | Depreciable Net Capital Included in ISR Rate Base | | | | |
| 1 | Total Allowed Capital Included in ISR Rate Base in Current Year | | $24,735,500 | $23,493,000 | $1,242,500 |
| 2 | Retirements | | $0 | $0 | $0 |
| 3 | Net Depreciable Capital Included in ISR Rate Base | | $24,735,500 | $23,493,000 | $1,242,500 |
| | Change in Net Capital Included in ISR Rate Base | | | | |
| 4 | Capital Included in ISR Rate Base | | $24,735,500 | $23,493,000 | $1,242,500 |
| 5 | Depreciation Expense | | $0 | $0 | $0 |
| 6 | Incremental Capital Amount | | $24,735,500 | $23,493,000 | $1,242,500 |
| 7 | Cost of Removal | | $798,760 | $798,760 | $0 |
| 8 | **Net Plant Amount** | | **$25,534,260** | **$24,291,760** | **$1,242,500** |
| | Deferred Tax Calculation: | | | | |
| 9 | Composite Book Depreciation Rate | 1/ | 2.99% | 2.99% | 2.99% |
| 10 | Tax Depreciation | | $15,358,755 | $14,627,386 | $731,369 |
| 11 | Cumulative Tax Depreciation-PPL | | $15,358,755 | $14,627,386 | $731,369 |
| 12 | Book Depreciation | **Full year book depreciation vs. half** | $739,591 | $702,441 | $37,151 |
| 13 | Cumulative Book Depreciation | | $739,591 | $702,441 | $37,151 |
| 14 | Cumulative Book / Tax Timer | | $14,619,164 | $13,924,945 | $694,218 |
| 15 | Effective Tax Rate | | 21.00% | 21.00% | 21.00% |
| 16 | Deferred Tax Reserve | | $3,070,024 | $2,924,239 | $145,786 |
| 17 | Add: CY 2026 Federal NOL (Generation) / Utilization | | $0 | $0 | $0 |
| 18 | Net Deferred Tax Reserve before Proration Adjustment | | $3,070,024 | $2,924,239 | $145,786 |
| | ISR Rate Base Calculation: | | | | |
| 19 | Cumulative Incremental Capital Included in ISR Rate Base | | $25,534,260 | $24,291,760 | $1,242,500 |
| 20 | Accumulated Depreciation | | ($739,591) | ($702,441) | ($37,151) |
| 21 | Deferred Tax Reserve | | ($3,070,024) | ($2,924,239) | ($145,786) |
| 22 | Year End Rate Base before Deferred Tax Proration | | $21,724,644 | $20,665,081 | $1,059,563 |
| | Revenue Requirement Calculation: | | | | |
| 23 | Average Rate Base before Deferred Tax Proration Adjustment | **Year end rate base vs. average** | $21,724,644 | $20,665,081 | $1,059,563 |
| 24 | Proration Adjustment | | ($39,123) | ($37,158) | ($1,965) |
| 25 | Average ISR Rate Base after Deferred Tax Proration | | $21,685,521 | $20,627,923 | $1,057,598 |
| 26 | Pre-Tax ROR | | 8.41% | 8.41% | 8.41% |
| 27 | Return and Taxes | **Full year return and taxes** | $1,823,752 | $1,734,808 | $88,944 |
| 28 | Book Depreciation | **Full year book depreciation** | $739,591 | $702,441 | $37,151 |
| 29 | **Annual Revenue Requirement** | | **$2,563,344** | **$2,437,249** | **$126,095** |

**Column Notes:**
(a) Value of the FY 2026 revenue requirement (with the overspend) that has been adjusted to reflect a full year (removing the half year convention for book depreciation and return)
(b) Value of the FY 2026 revenue requirement (without the overspend) that has been adjusted to reflect a full year (removing the half year convention for book depreciation and return)
(c) Column (a) less Column (b) = Value of full year revenue requirement adjustment on overspend of $1,243,000

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

| Line No. | | | | Fiscal Year 2026 (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|---|---|---|---|
| | Capital Repairs Deduction | | | | | | | |
| 1 | Plant Additions | Page 1 of 5, Line 1 , Col (a) | | $24,735,500 | 20 Year MACRS Depreciation | | | |
| 2 | Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs | | | $0 | | | | |
| 3 | Tax Basis in Plant Additions | Line 1 + Line 2 | | $24,735,500 | MACRS basis: | | $10,571,953 | |
| 4 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 57.26% | | | Annual | Cumulative |
| 5 | Capital Repairs Deduction | Line 3 × Line 4 | | $14,163,547 | Calendar Year | | | |
| 6 | | | | | Mar-2026 | 3.75% | $396,448 | $15,358,755 |
| 7 | Internal Revenue Code ("IRC") 263a Tax Capitalization | | | | Mar-2027 | 7.22% | $763,189 | $16,121,944 |
| 8 | Paving Costs | Line 2 | | $0 | Mar-2028 | 6.68% | $705,889 | $16,827,834 |
| 9 | | | | | Mar-2029 | 6.18% | $653,030 | $17,480,863 |
| 10 | Bonus Depreciation | | | | Mar-2030 | 5.71% | $603,976 | $18,084,839 |
| 11 | Tax Basis in Plant Additions | Line 3 | | $24,735,500 | Mar-2031 | 5.29% | $558,728 | $18,643,567 |
| 12 | Less Capital Repairs Deduction | Line 5 | | $14,163,547 | Mar-2032 | 4.89% | $516,757 | $19,160,324 |
| 13 | Plant Additions Net of Capital Repairs Deduction | Line 11 - Line 12 | | $10,571,953 | Mar-2033 | 4.52% | $478,064 | $19,638,387 |
| 14 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% | Mar-2034 | 4.46% | $471,721 | $20,110,108 |
| 15 | Plant Eligible for Bonus Depreciation | Line 13 × Line 14 | | $0 | Mar-2035 | 4.46% | $471,615 | $20,581,723 |
| 16 | Bonus Depreciation Rate 30% | Per Tax Department | | 0.00% | Mar-2036 | 4.46% | $471,721 | $21,053,443 |
| 17 | Bonus Depreciation Rate 0% | Per Tax Department | | 0.00% | Mar-2037 | 4.46% | $471,615 | $21,525,058 |
| 18 | Total Bonus Depreciation Rate | Line 16 + Line 17 | | 0.00% | Mar-2038 | 4.46% | $471,721 | $21,996,779 |
| 19 | Bonus Depreciation | Line 15 × Line 18 | | $0 | Mar-2039 | 4.46% | $471,615 | $22,468,393 |
| 20 | | | | | Mar-2040 | 4.46% | $471,721 | $22,940,114 |
| 21 | Remaining Tax Depreciation | | | | Mar-2041 | 4.46% | $471,615 | $23,411,729 |
| 22 | Tax Basis in Plant Additions | Line 3 | | $24,735,500 | Mar-2042 | 4.46% | $471,721 | $23,883,449 |
| 23 | Less Capital Repairs Deduction | Line 5 | | $14,163,547 | Mar-2043 | 4.46% | $471,615 | $24,355,064 |
| 24 | Less Bonus Depreciation | Line 19 | | $0 | Mar-2044 | 4.46% | $471,721 | $24,826,785 |
| 25 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 22 - Line 23 - Line 24 | | $10,571,953 | Mar-2045 | 4.46% | $471,615 | $25,298,399 |
| 26 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% | Mar-2046 | 2.23% | $235,860 | $25,534,260 |
| 27 | Remaining Tax Depreciation | Line 25 × Line 26 | | $396,448 | | 100.00% | $10,571,953 | |
| 28 | | | | | | | | |
| 29 | FY26 tax (gain)/loss on retirements | Per Tax Department | 1/ | - | | | | |
| 30 | Cost of Removal | Page 1 of 5, Line 7, Col (a) | | $798,760 | | | | |
| 31 | Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs | Sum of Lines 5, 19, 27, 29 and 30 Less Line 8 | | $15,358,755 | | | | |

1/ The capital repairs percentage and tax loss on retirements are based on on three-fourths (April 2025 thru December 2025) of PPL's CY2025 consolidated tax return. When PPL's CY2026 consolidated tax return is finalized in year 2027, these tax items will be updated to include one-fourth (January thru March 2026) of the CY 2026 tax return.

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

| Line No. | **Deferred Tax Subject to Proration** | | (a) Fiscal Year 2026 |
|---|---|---|---|
| 1 | Book Depreciation | Page 1 of 5, Line 12, Col (a) | $739,591 |
| 2 | Bonus Depreciation | - Page 2 of 5, Col (a), Line 19 | |
| 3 | Remaining MACRS Tax Depreciation | - Page 2 of 5, Col (a), Line 27 | ($396,448) |
| 4 | CY26 tax (gain)/loss on retirements | - Page 2 of 5, Col (a), Line 29 | $0 |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | $343,143 |
| 6 | Effective Tax Rate | | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | $72,060 |
| | Deferred Tax Not Subject to Proration | | |
| 8 | Capital Repairs Deduction | Page 2 of 5 , Line 5 ,Col (a), Then = 0 | ($14,163,547) |
| 9 | IRC 263a Tax Capitalization of Paving Costs | Page 2 of 5 , Line 8 ,Col (a), Then = 0 | $0 |
| 10 | Cost of Removal | - Page 1 of 5 , Line 7 ,Col (a), Then = 0 | ($798,760) |
| 11 | Cumulative Book / Tax Timer | Line 8 + Line 9 + Line 10 | ($14,962,307) |
| 12 | Effective Tax Rate | | 21% |
| 13 | Deferred Tax Reserve | Line 11 × Line 12 | ($3,142,084) |
| 14 | Total Deferred Tax Reserve | Line 7 + Line 13 | ($3,070,024) |
| 15 | Net Operating Loss | - Page 1 of 5, Line 17 ,Col (a) | $0 |
| 16 | Net Deferred Tax Reserve | Line 14 + Line 15 | ($3,070,024) |
| | Allocation of CY 2026 Estimated Federal NOL | | |
| 17 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | $343,143 |
| 18 | Cumulative Book/Tax Timer Not Subject to Proration | Line 11 | ($14,962,307) |
| 19 | Total Cumulative Book/Tax Timer | Line 17 + Line 18 | ($14,619,164) |
| 20 | Total CY 2026 Federal NOL | - Page 1 of 5, Line 17, Col (a) ÷ 21% | $0 |
| 21 | Allocated FY 2026 Federal NOL Not Subject to Proration | (Line 18 ÷ Line 19 ) × Line 20 | $0 |
| 22 | Allocated FY 2026 Federal NOL Subject to Proration | (Line 17 ÷ Line 19 ) × Line 20 | $0 |
| 23 | Effective Tax Rate | | 21% |
| 24 | Deferred Tax Benefit subject to proration | Line 22 × Line 23 | $0 |
| 25 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 24 | $72,060 |

| Line No. | **Proration Calculation** | (b) Number of Days in Month | (c) Proration Percentage | (d) Fiscal Year 2026 |
|---|---|---|---|---|
| 26 | April | 30 | 91.78% | $5,511 |
| 27 | May | 31 | 83.29% | $5,001 |
| 28 | June | 30 | 75.07% | $4,508 |
| 29 | July | 31 | 66.58% | $3,998 |
| 30 | August | 31 | 58.08% | $3,488 |
| 31 | September | 30 | 49.86% | $2,994 |
| 32 | October | 31 | 41.37% | $2,484 |
| 33 | November | 30 | 33.15% | $1,991 |
| 34 | December | 31 | 24.66% | $1,481 |
| 35 | January | 31 | 16.16% | $971 |
| 36 | February | 28 | 8.49% | $510 |
| 37 | March | 31 | 0.00% | $0 |
| 38 | Total | 365 | | $32,937 |
| 39 | Deferred Tax Without Proration | Line 25 | | $72,060 |
| 40 | Average Deferred Tax without Proration | **Full Year vs. Average** | | $72,060 |
| 41 | Proration Adjustment | Line 38 - Line 40 | | ($39,123) |

**Column Notes:**
(c) Sum of remaining days in the year (Col (b)) ÷ 365
(d) Current Year Line 25 ÷ 12 × Current Month Col (c)

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

| Line No. | | | | Fiscal Year 2026 (a) |
|---|---|---|---|---|
| | Capital Repairs Deduction | | | |
| 1 | Plant Additions | Page 1 of 5, Line 1, Col (b) | | $23,493,000 |
| 2 | Internal Revenue Code ("IRC") 263a Tax Capitalization of Paving Costs | | | $0 |
| 3 | Tax Basis in Plant Additions | Line 1 + Line 2 | | $23,493,000 |
| 4 | Capital Repairs Deduction Rate | Per Tax Department | 1/ | 57.26% |
| 5 | Capital Repairs Deduction | Line 3 × Line 4 | | $13,452,092 |
| 6 | | | | |
| 7 | Internal Revenue Code ("IRC") 263a Tax Capitalization | | | |
| 8 | Paving Costs | Line 2 | | $0 |
| 9 | | | | |
| 10 | Bonus Depreciation | | | |
| 11 | Tax Basis in Plant Additions | Line 3 | | $23,493,000 |
| 12 | Less Capital Repairs Deduction | Line 5 | | $13,452,092 |
| 13 | Plant Additions Net of Capital Repairs Deduction | Line 11 - Line 12 | | $10,040,908 |
| 14 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | | 0.00% |
| 15 | Plant Eligible for Bonus Depreciation | Line 13 × Line 14 | | $0 |
| 16 | Bonus Depreciation Rate 30% | Per Tax Department | | 0.00% |
| 17 | Bonus Depreciation Rate 0% | Per Tax Department | | 0.00% |
| 18 | Total Bonus Depreciation Rate | Line 16 + Line 17 | | 0.00% |
| 19 | Bonus Depreciation | Line 15 × Line 18 | | $0 |
| 20 | | | | |
| 21 | Remaining Tax Depreciation | | | |
| 22 | Tax Basis in Plant Additions | Line 3 | | $23,493,000 |
| 23 | Less Capital Repairs Deduction | Line 5 | | $13,452,092 |
| 24 | Less Bonus Depreciation | Line 19 | | $0 |
| 25 | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 22 - Line 23 - Line 24 | | $10,040,908 |
| 26 | 20 YR MACRS Tax Depreciation Rates | IRS Publication 946 | | 3.75% |
| 27 | Remaining Tax Depreciation | Line 25 × Line 26 | | $376,534 |
| 28 | | | | |
| 29 | FY26 tax (gain)/loss on retirements | Per Tax Department | 1/ | - |
| 30 | Cost of Removal | Page 1 of 5, Line 7, Col (b) | | $798,760 |
| 31 | Total Tax Depreciation, Repairs Deduction and Capitalized Paving Costs | Sum of Lines 5, 19, 27, 29 and 30 Less Line 8 | | $14,627,386 |

20 Year MACRS Depreciation

| (b) | (c) | (d) | (e) |
|---|---|---|---|
| MACRS basis: | | $10,040,908 | |
| | | Annual | Cumulative |
| Calendar Year | | | |
| Mar-2026 | 3.75% | $376,534 | $14,627,386 |
| Mar-2027 | 7.22% | $724,853 | $15,352,239 |
| Mar-2028 | 6.68% | $670,431 | $16,022,671 |
| Mar-2029 | 6.18% | $620,227 | $16,642,897 |
| Mar-2030 | 5.71% | $573,637 | $17,216,535 |
| Mar-2031 | 5.29% | $530,662 | $17,747,197 |
| Mar-2032 | 4.89% | $490,800 | $18,237,996 |
| Mar-2033 | 4.52% | $454,050 | $18,692,046 |
| Mar-2034 | 4.46% | $448,025 | $19,140,071 |
| Mar-2035 | 4.46% | $447,925 | $19,587,996 |
| Mar-2036 | 4.46% | $448,025 | $20,036,022 |
| Mar-2037 | 4.46% | $447,925 | $20,483,946 |
| Mar-2038 | 4.46% | $448,025 | $20,931,972 |
| Mar-2039 | 4.46% | $447,925 | $21,379,897 |
| Mar-2040 | 4.46% | $448,025 | $21,827,922 |
| Mar-2041 | 4.46% | $447,925 | $22,275,847 |
| Mar-2042 | 4.46% | $448,025 | $22,723,872 |
| Mar-2043 | 4.46% | $447,925 | $23,171,797 |
| Mar-2044 | 4.46% | $448,025 | $23,619,822 |
| Mar-2045 | 4.46% | $447,925 | $24,067,747 |
| Mar-2046 | 2.23% | $224,013 | $24,291,760 |
| | 100.00% | $10,040,908 | |

1/ The capital repairs percentage and tax loss on retirements are based on on three-fourths (April 2025 thru December 2025) of PPL's CY2025 consolidated tax return. When PPL's CY2026 consolidated tax return is finalized in year 2027, these tax items will be updated to include one-fourth (January thru March 2026) of the CY 2026 tax return.

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

| Line No. | **Deferred Tax Subject to Proration** | | (a) Fiscal Year 2026 |
|---|---|---|---|
| 1 | Book Depreciation | Page 1 of 5 , Line 12, Col (b) | $702,441 |
| 2 | Bonus Depreciation | - Page 4 of 5 , Line 19 ,Col (a) | |
| 3 | Remaining MACRS Tax Depreciation | - Page 4 of 5, Col (a), Line 27 | ($376,534) |
| 4 | CY26 tax (gain)/loss on retirements | - Page 4 of 5 , Line 29 ,Col (a) | $0 |
| 5 | Cumulative Book / Tax Timer | Sum of Lines 1 through 4 | $325,907 |
| 6 | Effective Tax Rate | | 21% |
| 7 | Deferred Tax Reserve | Line 5 × Line 6 | $68,440 |
| | Deferred Tax Not Subject to Proration | | |
| 8 | Capital Repairs Deduction | - Page 4 of 5 , Line 5 ,Col (a), Then = 0 | ($13,452,092) |
| 9 | IRC 263a Tax Capitalization of Paving Costs | Page 4 of 5 , Line 8 ,Col (a), Then = 0 | $0 |
| 10 | Cost of Removal | - Page 1 of 5 , Line 7 ,Col (b), Then = 0 | ($798,760) |
| 11 | Cumulative Book / Tax Timer | Line 8 + Line 9 + Line 10 | ($14,250,852) |
| 12 | Effective Tax Rate | | 21% |
| 13 | Deferred Tax Reserve | Line 11 × Line 12 | ($2,992,679) |
| 14 | Total Deferred Tax Reserve | Line 7 + Line 13 | ($2,924,239) |
| 15 | Net Operating Loss | - Page 1 of 5 , Line 17 ,Col (b) | $0 |
| 16 | Net Deferred Tax Reserve | Line 14 + Line 15 | ($2,924,239) |
| | Allocation of CY 2026 Estimated Federal NOL | | |
| 17 | Cumulative Book/Tax Timer Subject to Proration | Line 5 | $325,907 |
| 18 | Cumulative Book/Tax Timer Not Subject to Proration | Line 11 | ($14,250,852) |
| 19 | Total Cumulative Book/Tax Timer | Line 17 + Line 18 | ($13,924,945) |
| 20 | Total CY 2026 Federal NOL | - Page 1 of 5 , Line 17 ,Col (b)÷21% | $0 |
| 21 | Allocated FY 2026 Federal NOL Not Subject to Proration | (Line 18 ÷ Line 19 ) × Line 20 | $0 |
| 22 | Allocated FY 2026 Federal NOL Subject to Proration | (Line 17 ÷ Line 19 ) × Line 20 | $0 |
| 23 | Effective Tax Rate | | 21% |
| 24 | Deferred Tax Benefit subject to proration | Line 22 × Line 23 | $0 |
| 25 | Net Deferred Tax Reserve subject to proration | Line 7 + Line 24 | $68,440 |

| Line No. | **Proration Calculation** | (b) Number of Days in Month | (c) Proration Percentage | (d) Fiscal Year 2026 |
|---|---|---|---|---|
| 26 | April | 30 | 91.78% | $5,235 |
| 27 | May | 31 | 83.29% | $4,750 |
| 28 | June | 30 | 75.07% | $4,281 |
| 29 | July | 31 | 66.58% | $3,797 |
| 30 | August | 31 | 58.08% | $3,313 |
| 31 | September | 30 | 49.86% | $2,844 |
| 32 | October | 31 | 41.37% | $2,359 |
| 33 | November | 30 | 33.15% | $1,891 |
| 34 | December | 31 | 24.66% | $1,406 |
| 35 | January | 31 | 16.16% | $922 |
| 36 | February | 28 | 8.49% | $484 |
| 37 | March | 31 | 0.00% | $0 |
| 38 | Total | 365 | | $31,283 |

| | | | |
|---|---|---|---|
| 39 | Deferred Tax Without Proration | Line 25 | $68,440 |
| 40 | Average Deferred Tax without Proration | **Full Year vs. Average** | $68,440 |
| 41 | Proration Adjustment | Line 38 - Line 40 | ($37,158) |

**Column Notes:**
(c) Sum of remaining days in the year (Col (b)) ÷ 365
(d) Current Year Line 25 ÷ 12 × Current Month Col (c)

# PRE-FILED DIRECT TESTIMONY

# OF

# NATALIE HAWK

**July 31, 2026**

## Table of Contents

## I. <u>Introduction</u>

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

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

**Q. Please state your position and your responsibilities within that position.**

A. I am employed by PPL Services Corporation ("Services Corporation") as the Director of tax accounting and reporting. My current responsibilities are primarily to oversee the accounting and reporting of income taxes under U.S. Generally Accepted Accounting Principles and the FERC Uniform System of Accounts and support regulatory rate filings from a tax perspective for all members of the PPL Corporation ("PPL") group of companies.

**Q. Please describe your education and professional experience**

A. In 1992, I received a Bachelor of Science in Business Administration degree with a major in Accounting from Kutztown University. In 1998, I received a Master's in Business Administration degree from Lehigh University. In 1993, I started my career as a first-year Accountant in the Accounting Department at Metropolitan Edison Company, a wholly owned subsidiary of GPU, Inc. GPU is a public utility holding company based in New Jersey that was acquired by First Energy in 2001. I held various accounting roles in

Accounting Operations, the Tax Department and Plant Accounting. In 2001, I accepted a position at Services Corporation as an Accounting Analyst in the Tax Department. My responsibilities included accounting for income and non-income taxes, and I later became involved in financial tax reporting for SEC and regulatory purposes, preparing tax information and providing guidance on tax matters for rate cases, formula rates and other rate mechanisms. I was promoted to Team Leader in 2004, 1st-level Manager in 2011, 2nd-level Manager in 2015 and to my current position as Tax Director in 2021.

**Q. Have you previously testified before the Rhode Island Public Utilities Commission ("PUC") or other regulatory bodies?**

A. Yes, I have testified before the PUC in support of the Company's filings in several proceedings of which two of the most recent filings are the combined dockets for the 2025 Gas Base Distribution Rate Case Filing and the 2025 Hold Harmless Proposal, Docket Nos. 25-45-GE and 25-33-GE, respectively and the Fiscal Year ("FY") 2027 Gas Infrastructure, Safety and Reliability ("ISR") Plan Filing, Docket No. 25-55-NG.

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

A. The purpose of my testimony is to describe the FY 2026 tax updates used to calculate accumulated deferred income taxes ("ADIT") in rate base for the revenue requirement in this FY 2026 Gas ISR reconciliation filing. In addition, my testimony will discuss tax updates to FY 2025, which resulted in "true-ups" to the revenue requirement adjustment as reflected on Attachment JDO-1 to the pre-filed direct testimony of Company Witness Jeffrey D. Oliveira ("Attachment JDO-1") on Page 1 of 40, Lines 13. I also address the excess deferred income tax calculation and bonus depreciation on vintage year 2018 in the FY 2026 revenue requirement. Finally, my testimony will discuss the impacts of the above noted updates to the FY 2026 hold harmless revenue credit calculation, as reflected on Attachment JDO-1, Page 1 of 40, Line 17, and also shown on Attachment NH-1.

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

A. Yes, I am sponsoring Attachment NH-1 for the FY 2026 hold harmless adjustment, which is discussed later in my testimony.

## II. <u>Tax Updates</u>

**Q. Does the updated FY 2026 revenue requirement in this filing include updates to the capital repairs deduction rate and the tax loss on retirements?**

A. Yes, the Company used revised estimates for the capital repairs deduction rate of 57.26 percent and the tax loss on retirements of $717,032 to calculate ADIT for the FY 2026 rate base and revenue requirement. These revised estimates were based on three-quarters of the Company's 2025 calendar year tax return results, representing the April through December 2025 period. Although the Company does not expect to file its final 2025 tax return until October of 2026, it does not anticipate further changes to the required tax information in the ISR relating to the capital repairs deduction rate and tax losses on retirements. In order to finalize FY 2026 tax activity for the ISR, the Company will sum three-quarters of its 2025 tax return activity, as will be reflected in this filing, and one-quarter of its 2026 tax return activity, representing the January through March 2026 period, to be updated in a subsequent ISR filing. The Company's 2026 tax return will not be filed with the Internal Revenue Service ("IRS") until October of 2027. The Company expects to finalize and reflect one-quarter of its 2026 tax return results in the tax updates to FY 2026 in the FY 2027 ISR Reconciliation, which will necessitate a tax true-up.

**Q. Are there any tax updates to the FY 2025 revenue requirement reflected in the FY 2026 Gas ISR Reconciliation?**

A. Yes, the Company has revised its vintage FY 2025 revenue requirement to reflect the following updates in Attachment JDO-1: (1) a decrease in the actual capital repairs deduction rate from 64.76 percent to 63.20 percent, as shown on Page 25, Line 4; and (2) an increase in actual tax loss on retirements from $2,999,369 to $3,238,380, as shown on Page 25, Line 29, Column (a). In order to finalize tax results for the FY 2025 period, the Company was required to refer to two separate tax returns. The first tax return represents calendar year 2024 and is used to derive the April 1 through December 31, 2024 activity for FY 2025. The second tax return represents calendar year 2025 and is used to derive the January 1 through March 31, 2025 activity for FY 2025. PPL's 2025 tax return will not be filed with the IRS until October 2026, but as previously stated, PPL does not anticipate any further changes to the tax information required for or relevant to the FY 2025 period. The impact of these changes created a net increase in the revenue requirement of $3,288, which is made up of a FY 2025 income tax true-up adjustment of $21,588 found on Attachment 1, Page 24 of 40, Line 33, offset by a FY 2025 hold harmless true-up adjustment of $18,300, found on Attachment JDO-1, Page 1 of 40, Line 16. Additionally, these tax updates created most of the $752,908 increase in the revenue requirement for the FY 2025 period as reflected on Attachment JDO-1, Page 1 of 40, Line 9. The upward adjustment was primarily related to a decrease in ADIT resulting from a decrease in the tax repairs deduction rate of 1.56 percent per final tax returns. This decrease in ADIT increased rate base and resulting revenue requirement.

**Q. Are there any tax updates to the FY 2023 and FY 2024 revenue requirements reflected in the FY 2026 Gas ISR Reconciliation?**

A. Yes, in the Company's FY 2025 Gas ISR Reconciliation Filing in Docket No. 23-49-NG, the Company revised its revenue requirements for vintages FY 2023 and FY 2024 to reflect tax updates related to actual capital repairs deduction rates and actual tax loss on retirements. These tax updates increased ADIT, which resulted in lower rate base amounts and lower revenue requirements for both vintages, FY 2023 and FY 2024.

These tax updates in the FY 2025 Gas ISR Reconciliation Filing, which were made after the FY 2026 GAS ISR Plan Filing are now reflected in the FY 2026 Gas ISR Reconciliation Filing and are lowering the revenue requirements by $105,407 and $630,181 for both vintages FY 2023 and FY 2024, respectively as shown on Attachment JDO-1, Page 1 of 40, Lines 7 and 8, respectively.

**Q. Are there any updates to the calculation of the excess deferred income tax amounts as a result of Tax Cuts and Jobs Act of 2017 ("2017 Tax Act")?**

A. There are no new updates to the calculation of the excess deferred income tax amounts for FY 2026. Among the vintage years, only FY 2018 incremental ISR investment created excess deferred tax. As in prior fiscal years, the Company derived the excess deferred income tax amounts by multiplying the cumulative balance of ISR book to tax depreciation differences as of March 31, 2018 by the 10.55 percent change in the tax rate (31.55 percent average rate for FY 2018 minus 21 percent). This amount is reflected in the updated FY 2026 revenue requirement as shown on Line 23, Page 2 of Attachment JDO-1.

**Q. Does the updated FY 2026 revenue requirement include bonus depreciation as a result of the 2017 Tax Act?**

A. Yes. As indicated in the Company's FY 2026 Gas ISR Plan Section 3, the Company's original interpretation of the 2017 Tax Act was that no deduction for bonus depreciation would be allowed in FY 2019 and FY 2020. However, based on current industry practice, the Company has included actual FY 2019 and FY 2020 bonus depreciation in its calculation of accumulated deferred income taxes in the respective vintage year's rate base. The Company's FY 2026 revenue requirement includes the impact of the 2017 Tax Act on vintage FY 2018 through FY 2026 investments.

**Q. Does the updated FY 2026 revenue requirement include a deferred tax impact of changes related to paving costs?**

A. Yes. A new temporary difference related to paving costs started in FY 2025 in the FY 2025 ISR Plan filing and continues to exist in the FY 2026 revenue requirement. The treatment of paving costs as expense for book purposes while they are treated as capital for tax purposes creates a temporary book to tax difference that requires the recording of a deferred tax asset ("DTA"), thus reducing ADIT. A DTA is created because, while books will be required to expense the subject costs in the year paid, IRC Section 263(a) requires the Company to capitalize such costs and claim tax deductions over the 20-year depreciable tax life of the capitalized assets. This DTA increases rate base in the year paving costs are incurred. Rate base will subsequently decrease over time as the DTA reverses over the depreciable life of the asset(s).

The paving cost temporary difference ("263(a) basis difference") for FY 2026 tax depreciation decreased from an estimated $18,000,000 to $9,140,000 and is reflected on Attachment JDO-1, Page 28, Lines 2, 8 and 22. This reduction in 263(a) basis difference increases ADIT by $1,860,600 (($18,000,000 – $9,140,000) x 21 percent), which reduces rate base and results in a lower revenue requirement related to this item.

## III. <u>Hold Harmless Adjustment</u>

**Q. Please describe the background for the hold harmless adjustment, as reflected in the attachments to your testimony.**

A. The Acquisition was treated as an asset acquisition for tax purposes under Internal Revenue Code (IRC) §338(h)(10) ("the §338 election"), which, for the Company, resulted in the "step up" in the tax basis of the acquired assets to fair market value (effectively book value) and the corresponding elimination of most deferred tax liabilities. In addition, the NOL-related deferred tax assets were eliminated in FY 2023, as these NOLs were utilized by National Grid to offset the gain on the deemed asset sale for tax purposes. The reversal of nearly all deferred tax assets and liabilities, including NOL deferred tax assets, reduced net deferred tax liabilities, which increased rate base for each pre-acquisition year represented in the ISR filings starting with the FY 2023 Gas ISR Plan (the year of the Acquisition) and forward.[1] Consequently, the increase in rate base necessarily increases the revenue requirement associated with the ISR mechanism.

**Q. How does the Company propose to address the above increases to the revenue requirements on the FY 2026 Gas ISR Plan revenue requirement as a result of the Acquisition?**

A. As part of the Acquisition approval proceeding before the Division of Public Utilities and Carriers in Docket No. D-21-09, PPL committed to hold harmless Rhode Island customers from any changes to ADIT as a result of the Acquisition.[2] Because of the §338 election, PPL generated tax-deductible goodwill, which creates cash tax benefits to the Company. The Company plans to share these cash tax benefits with customers in the form of revenue credits to offset the increase in revenue requirements from the increase in rate base because of the elimination of deferred taxes in the Acquisition. As discussed in Mr. Oliveira's prefiled testimony, the actual FY 2026 revenue requirement reflects a credit of $4,759,645 for the calculated hold harmless amount, as shown on Attachment JDO-1, Page 1, Line 16, Column (b) or in Attachment NH-1, Page 1, Line 21(a).

[1] As the Company had not filed for or been involved in a rate case proceeding since 2018, until the filing of the Company's most recent general base distribution rate case in Docket No. 24-45-GE, the increase in rate base and corresponding hold harmless commitment has not been relevant apart from ISR proceedings since the date of Acquisition.

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

**Q. Please describe any impacts of the Acquisition on the presentation of the revenue requirement calculations.**

A. As stated above, the Acquisition resulted in the reversal of book and tax timing differences and the elimination of the related deferred taxes. In addition, tax depreciation starts over on a new tax basis equal to net book value on the date of the Acquisition. The Company has reflected these impacts of the Acquisition in the presentation of its revenue requirement calculations in Schedule JDO-1, as described in Mr. Oliveira's testimony. Starting in FY 2023, each ISR plan year, FY 2018 through FY 2023, will include a new tax basis for the Company. Further, an ADIT liability balance will increase as accelerated tax depreciation is taken each year on increased tax basis of the acquired assets.

**Q. Please describe the purpose of the attachments to your testimony.**

A. Attachment NH-1 shows the calculation of the hold harmless credits to the FY 2026 revenue requirement. To determine the impact of the Acquisition to customers and the required hold harmless adjustment, the Company must compare actual ADIT in rate base to hypothetical ADIT in rate base as if the Acquisition did not occur and apply the weighted average cost of capital to the difference to determine the revenue requirement impact on all pre-Acquisition periods presented in the ISR. Page 1 of Attachment NH-1 provides the cost of capital factors, the change in ADIT on the "with and without

Acquisition" scenarios from Page 2 and the revenue requirement impacts of the Acquisition to determine the hold harmless revenue adjustment needed to make customers whole.

**Q. Please describe any updates to the hold harmless adjustment presented in this filing?**

A. For FY 2026, the hold harmless adjustment reduced the revenue requirement by $4,759,645, as reflected on Attachment NH-1, Page 1, Line 21. This hold harmless adjustment increased by $18,300 from the $4,741,345 estimate calculated for the FY 2026 Gas ISR Plan filing due to FY 2023 tax updates for the repairs reduction rate and the tax loss on retirements that occurred in the FY 2025 Gas ISR Reconciliation Filing in Docket No. 23-49-NG. Because those updates affect future years, they also impact the hold harmless calculation going forward.

## IV. Conclusion

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

A. Yes.

## List of Attachments

Impact of Elimination of ADIT and Hold Harmless Commitment
Plan Year 2026 - April 2025 - March 2026

**Inputs**

| | | | (a) | (b) | (c) | (d) |
|---|---|---|---|---|---|---|
| 1 | Tax Rate | | 21.00% | | | |
| | | | Capital Structure (%) | Debt Rate (%) | Cost (%) | Cost Ratios (%) Lines 5 and 6 (a) x (c) |
| 2 | Long Term Debt | | 48.350% | 4.980% | 4.919% | |
| 3 | Short Term Debt | | 0.600% | 1.760% | 0.022% | |
| 4 | Preferred Stock | | 0.100% | | 0.000% | |
| 5 | Debt Weighting | Cols (a) & (c) = Lines 2+3+4 | 49.05% | | 4.941% | 2.423% |
| 6 | Equity Weighting | | 50.95% | | 9.275% | 4.726% |
| 7 | Total | Lines 5+6 | 100.00% | | | |
| 8 | WACC (after-tax) | Lines 4+5+6, Col (d) | | | | 7.149% |
| 9 | Tax Gross-up on Common Equity | (Line 6(d)) * Line 1(a) / (1 - Line 1(a)) | | | | 1.260% |
| 10 | Revenue WACC (pre-tax) | Lines 8+9, Col (d) | | | | 8.41% |
| 11 | Rate Base - PPL (after purchase) | | $ 336,998,742 | | | |
| 12 | Rate Base - NG (before sale) | | $ 280,403,656 | | | |
| 13 | **Deferred Taxes / Hold Harmless** | **Lines 11 - 12** | **$ 56,595,086** | Elimination of Deferred Taxes | | |

**ROE Mechanics**

Notes:

1. The sale of the business is treated as a sale of assets for income tax purposes causing the reversal of cumulative timing differences and a payment to the government of the amounts that had been recorded as deferred tax liabilities by National Grid ("NG").
2. PPL does not assume the interest-free liability of ADIT from NG because NG paid this tax liability to the government as a result of the sales transaction. As such, PPL has to replace the 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.
3. The revenue credit for hold harmless is reflected on Line 21.
4. Line 28 reflects the goodwill tax deduction needed to hold customers harmless from the increased revenue requirement due to the rate base increase from the elimination of deferred taxes. Any tax deduction lower than the amount reflected on this line will not provide enough of a tax benefit to share with customers.

5. Line 27 relects the cash tax benefit of the goodwill tax deduction and is recorded for GAAP reporting (not reflected for FERC reporting). There is not an income statement tax benefit since the goodwill tax deduction is a flip between current and deferred taxes. This amount grossed up for tax shown on Line 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 Acqusition did not occur | Difference | |
|---|---|---|---|---|---|---|
| | | | (a) | (b) | (c) = (a) - (b) | |
| 14 | Rate Base after Acqusition | Line 11 | 336,998,742 | 336,998,742 | - | |
| 15 | ADIT Adjustment | - Line 13 | - | (56,595,086) | 56,595,086 | |
| 16 | **Adjusted Rate Base** | **Lines 14 + 15** | **336,998,742** | **280,403,656** | **56,595,086** | |
| 17 | Debt Return (4.726%) | Lines 16 * 5(d) | 8,166,593 | 6,795,107 | 1,371,486 | |
| 18 | Equity Return (9.275%) | Lines 16 * 6(d) | 15,925,255 | 13,250,790 | 2,674,465 | |
| 19 | Taxes on Equity (21%) | (Line 18 / (1 - Line 1)) * Line 1 | 4,233,296 | 3,522,362 | 710,934 | |
| 20 | **Total Unadjusted Revenue** | **Sum of Lines 17 , 18, 19** | **28,325,144** | **23,568,259** | **4,756,885** | |
| 21 | Revenue Adjustment | - Line 13 * Line 10(d) | (4,759,645) | - | (4,759,645) | Note 1 |
| 22 | **Total Revenue** | **Lines 20 + 21** | **23,565,499** | **23,568,259** | **(2,760)** | |
| 23 | Interest Expense | Lines 16, Col (b) * Line 5(d) | 6,795,107 | 6,795,107 | - | |
| 24 | Tax Expense | (Lines 22 - 23) * Line 1 | 3,521,782 | 3,522,362 | (580) | |
| 25 | **Net Income** | **Lines 22 - 23 - 24** | **13,248,610** | **13,250,790** | **(2,180)** | |

**Impact of Transaction**

| | | | |
|---|---|---|---|
| 26 | Transaction-related Tax Deduction | - Line 21 * (1-Line 1) / Line 1 | 17,905,331 |
| 27 | Cash Tax Benefit at 21% | Line 26 * Line 1 | 3,760,120 |
| 28 | Cash Tax Benefit Grossed Up | Line 27 / (1-Line 1) | 4,759,645 |

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

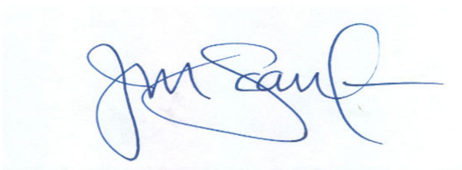
Average ISR Rate Base after Deferred Tax Proration

| | | Post-Acquisition (a) | Prorated (b) | Post-Acquisition After Proration (c) | | No Acquisition (d) | Prorated (e) | No Acquisition After Proration (f) | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | **Plan Year 2026** | | | | | | | | |
| 2 | FY 2018 | 7,139,617 | 100% | 7,139,617 | | 11,544,581 | 100% | 11,544,581 | |
| 3 | FY 2019 | 4,668,035 | 100% | 4,668,035 | | 3,267,983 | 100% | 3,267,983 | |
| 4 | FY 2020 | 68,610,429 | 100% | 68,610,429 | | 57,035,176 | 100% | 57,035,176 | |
| 5 | FY 2021 | 60,142,542 | 100% | 60,142,542 | | 54,464,302 | 100% | 54,464,302 | |
| 6 | FY 2022 | 105,036,307 | 100% | 105,036,307 | | 86,724,631 | 100% | 86,724,631 | |
| 7 | FY 2023 | 91,401,812 | 100% | 91,401,812 | | 67,366,983 | 100% | 67,366,983 | |
| 8 | Total | 336,998,742 | | 336,998,742 | Page 1, Line 11 | 280,403,656 | | 280,403,656 | Page 1, Line 12 |

Certificate of Service

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

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



____________________________________ July 31, 2026
Joanne M. Scanlon Date

**Docket No. 24-55-NG- RI Energy's Gas Infrastructure, Safety and Reliability (ISR) Plan 2026 – Service List 7/31/2026**

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