

August 1, 2014

BY HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4380 - Gas Infrastructure, Safety, and Reliability Plan Fiscal Year 2014 Fourth Quarter Report, Annual Report, and Reconciliation Filing

Dear Ms. Massaro:

On behalf of National Grid,¹ in accordance with tariff, R.I.P.U.C. NG-Gas, No. 101, Section 3, Schedule A, Sheets 5-7, relating to the Company's Fiscal Year ("FY") 2014 Gas Infrastructure, Safety, and Reliability Plan, I have enclosed ten (10) copies of the Company's Fourth Quarter Report, Annual Report, and Annual Reconciliation. This filing provides an overview and description of the approximately \$73 million of actual non-growth capital investment by category as well as an explanation by category of major variances to the budget of approximately \$65 million, as approved in Docket No. 4380. This filing serves as the Fourth Quarter Report, Annual Report, and Annual Reconciliation filing for the period April 1, 2013 to March 31, 2014.

The pre-filed direct testimonies of Walter F. Fromm and William R. Richer are enclosed with this filing. Mr. Fromm presents the Company's FY 2014 Gas ISR Plan Fourth Quarter Report and the FY 2014 Annual Report and Reconciliation filing for the FY 2014 Gas ISR Plan, including the actual spending for the period April 1, 2013 to March 31, 2014. Mr. Fromm also provides details concerning the major spending variances by specific ISR Plan categories for this time period. Mr. Richer presents an updated FY 2014 ISR revenue requirement associated with actual FY 2014, FY 2013, and FY 2012 capital investment levels and actual tax deductibility percentages for FY 2013 capital additions. As explained in Mr. Richer's testimony, the updated FY 2014

¹ The Narragansett Electric Company d/b/a National Grid (hereinafter referred to as "National Grid" or the "Company").

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revenue requirement associated with the Company's actual FY 2014, FY 2013, and FY 2012 ISR
Plan eligible plant investments totals \$1,633,930.

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

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4380 Service List
LeoWold, Esq.
Steve Scialabba, Division
James Lanni, Division
Al Contente, Division

National Grid

The Narragansett Electric Company

FY 2014 Gas Infrastructure,
Safety, and Reliability Plan

**Fourth Quarter Report,
Annual Report, and
Annual Reconciliation**

August 1, 2014

Docket No. 4380

Submitted to:
Rhode Island Public Utilities Commission

Submitted by:
nationalgrid

**Testimony of
Walter F. Fromm**

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
R.I.P.U.C. DOCKET NO. 4380
FY 2014 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN
FOURTH QUARTER REPORT, ANNUAL REPORT, AND
ANNUAL RECONCILIATION FILING
WITNESS: WALTER F. FROMM**

DIRECT TESTIMONY

OF

WALTER F. FROMM

August 1, 2014

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
R.I.P.U.C. DOCKET NO. 4380
FY 2014 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN
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1 **I. INTRODUCTION**

2 **Q. Please state your name, business address, title, and areas of responsibility.**

3 A. My name is Walter F. Fromm. My business address is 40 Sylvan Road, Waltham, MA
4 02451. I am employed by National Grid (“Company”) Corporate Services LLC as
5 Director, Network Strategy-Gas for New England. In my role, I am the Rhode Island
6 state Jurisdictional Lead for all gas Network Strategy issues, including those related to
7 the Company’s capital investment strategy. I also work closely with the Rhode Island
8 Jurisdictional President and staff on all local issues related to the Company’s Rhode
9 Island gas system. My responsibilities also include working with Regulators on issues
10 related to the gas system, developing strategies to support Company objectives regarding
11 investment in the gas system, and providing regulatory support regarding National Grid’s
12 gas system.

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

14 A. I am a Professional Engineer in Massachusetts (#40443) and New Hampshire (#11271). I
15 received a Bachelor of Science degree in Civil Engineering from the University of
16 Massachusetts at Lowell. My experience includes working for approximately two and
17 one-half years as a Design Engineer at the Boston Water and Sewer Commission, where I
18 performed engineering, design, and environmental permitting associated with the
19 construction of new and replacement water, sewer, and drainage facilities. I also spent
20 almost five years working as a Project Engineer at Fay, Spofford & Thorndike, Inc., in

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1 Burlington, Massachusetts, continuing my career in the utility engineering and
2 environmental permitting field. I have been employed at National Grid for
3 approximately fourteen and one-half years in a variety of roles. I joined the Company as
4 the Supervisor of Short-Term Planning. I, subsequently, accepted increased
5 responsibilities as a Senior Gas Engineer, Principal Gas Engineer, Manager of Project
6 Engineering & Design, and Manager of Main & Service Replacement. In March 2012, I
7 assumed my current responsibilities and was promoted to the Director level in 2013.

8 **Q. Have you previously testified or appeared before the Rhode Island Public Utilities**
9 **Commission (“PUC”)?**

10 A. Yes. I have previously testified before the PUC at hearings and technical conferences on
11 the Company’s Accelerated Replacement Program and the subsequent dockets supporting
12 the Gas Infrastructure, Safety and Reliability (“ISR”) Plans for fiscal years (“FY”) 2012
13 through 2015 in Dockets No. 4219, 4306, 4380, and 4474, respectively. I also submitted
14 testimony in support of the Company’s FY 2012 ISR Plan reconciliation filing in Docket
15 No. 4339 and the Company’s FY 2013 ISR Plan reconciliation filing in the most recent
16 annual Distribution Adjustment Charge (“DAC”) filing in Docket No. 4431.

1 **II. PURPOSE OF TESTIMONY**

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

3 A. The purpose of this testimony is to present the Company's FY 2014 Gas ISR Plan Fourth
4 Quarter Report¹ and the FY 2014 Annual Report and Reconciliation filing for the FY
5 2014 Gas ISR Plan, including the actual spending for the period April 1, 2013 to
6 March 31, 2014. As part of this filing, I also provide detailed information on the major
7 spending variances by specific ISR Plan categories for this time period. As discussed in
8 his testimony, Mr. William Richer uses this actual spending information to calculate the
9 FY 2014 Gas ISR Plan revenue requirement, which is then reconciled with the
10 Company's actual ISR Plan revenues for FY 2014. The reconciliation balance will then
11 be included in the Company's annual DAC filing, which will be reflected in rates
12 effective November 1, 2014.

13 **III. FY 2014 GAS PLAN ISR FOURTH QUARTER REPORT AND ANNUAL GAS**
14 **ISR ACTUAL CAPITAL SPENDING**

15 **Q. Please summarize the results of the Company's actual ISR Plan capital spending for**
16 **FY 2014 to the FY 2014 budget.**

17 A. Attachment WFF-1 to my testimony is the Company's FY 2014 Gas ISR Plan Fourth
18 Quarter Report and the Annual Gas ISR Plan and Reconciliation Filing for the period

1 On May 30, 2014, the Company notified the PUC and the Division of Public Utilities and Carriers ("Division") by letter that it would file its FY 2014 Gas Fourth Quarter report with the FY 2014 Annual Report and Reconciliation Filing.

1 April 1, 2013 to March 31, 2014. As set forth in Table 1 of that attachment, for FY 2014,
2 the Company spent \$73.11 million for non-growth capital investment under the Gas ISR
3 Plan. This amount represents a variance of approximately \$7.82 million more than the
4 annual approved Gas ISR Plan budget of \$65.29 million. The \$7.82 million over-budget
5 variance for the year is evident over the next several pages as the over-budget and under-
6 budget spending variances for the specific categories are discussed.

7 **Q. What were the primary drivers for the \$7.82 million over-budget variance in**
8 **FY 2014?**

9 A. The primary drivers that contributed to the \$7.82 million over-budget variance in FY
10 2014 were the increased spending of \$8.43 million for the Proactive Main Replacement
11 Program, the increased spending of \$1.37 million for the Public Works Program, and the
12 increased spending of \$2.25 million for Mandated Programs.

13 **Q. Please explain the over-budget variance of \$8.43 million for the Proactive Main**
14 **Replacement Program in FY 2014.**

15 A. The primary drivers for the \$8.43 million over-budget variance for the Proactive Main
16 Replacement Program for FY 2014 were the installation of an additional 2.5 miles of gas
17 main associated with leak prone pipe replacement and higher unit costs for main
18 replacement than the Company initially budgeted. In the FY 2014 Third Quarter Gas ISR
19 Plan Report, the Company informed the PUC and the Division that it projected to over-

1 spend in the Proactive Main Replacement category by approximately \$5.60 million for
2 the fiscal year. In addition to the installation of the additional 2.5 miles of gas main
3 needed to facilitate additional leak prone pipe abandonment, main replacement unit costs
4 increased in FY 2014 from prior years because more work was performed in urban areas,
5 such as Providence, where higher cost main was replaced. These higher unit costs were
6 also due, in part, to the coordination of the City of Providence's three-year paving plan.
7 For FY 2014, the Company replaced ten miles of cast iron pipe, including this associated
8 paving.

9 **Q. Please explain the over-budget variance of \$1.37 million for the Public Works**
10 **Program in FY 2014.**

11 A. In the FY 2014 Third Quarter Gas ISR Plan Report, the Company informed the PUC and
12 the Division that it projected to over-spend the Public Works Program category by
13 approximately \$1.90 million for the fiscal year. This was due primarily to the relocation
14 of gas mains to accommodate sewer and drain construction to meet the project schedule
15 for the Narragansett Bay Commission ("NBC"). The Company spent \$3.19 million,
16 which was slightly less than the third quarter projection, and resulted in a final over-
17 budget variance of \$1.37 million for the fiscal year. For FY 2014, the Company has
18 installed 4.1 miles of new gas main and abandoned 4.6 miles of leak prone pipe, the
19 majority of which is associated with the NBC work.

1 **Q. Please explain the over-budget variance of \$2.25 million for the Mandated Programs**
2 **category in FY 2014.**

3 A. The primary drivers of the over-budget variance for the mandated programs were the
4 \$3.67 million over-spending for leaks and the \$1.64 million over-spending for non-
5 leak/other work. This increased spending was offset by an underspending of \$2.36
6 million for cast iron joint encapsulation, \$0.19 million for meters, and \$0.51 million for
7 corrosion work.

8 The \$3.67 million over-budget variance for leaks was primarily because the Company
9 repaired more leaks during the year than anticipated. Initially, the Company estimated
10 and budgeted for the replacement of 1,200 services because of leaks. However, the
11 Company actually repaired 1,551 services in the fiscal year. With respect to the non-
12 leak/other work category, the \$1.64 million over-budget variance was associated with the
13 increased costs incurred for service relocations, service abandonments, and the
14 installation of curb valves during the year. During FY 2014, the Company completed 69
15 service relocations, 155 service abandonments, and installed 26 curb valves - all more
16 than initially forecasted. The Company also installed meter protection at 51 locations as
17 part of this program.

18 These over-spending variances were offset by an under-spending variance of \$2.36
19 million in cast-iron joint encapsulation work because the Company required less
20 encapsulation work. For FY 2014, the Company completed 222 cast-iron joint

1 encapsulations compared to the forecast of 600 cast iron joint encapsulations. In
2 addition, there was an under-spending variance of \$0.19 million in meter purchase and
3 replacements due to the fact that the Company purchased 5,116 meters, which was
4 approximately 690 meters less than the forecast of 5,806 meters for the fiscal period. The
5 Company also had under-spending of \$0.51 million in the corrosion category. This
6 under-spend was associated with the Company's reallocation of resources to complete the
7 required testing and diagnostic work on regulator station control lines during FY 2014.

8 **Q. Please explain the primary under-budget variances in FY 2014?**

9 A. The under-budget variances for FY 2014 were \$0.55 million for the Service Replacement
10 Program, \$0.29 million for the Reactive Main Replacement Program and \$3.12 million
11 for Special Projects.

12 For the Company's Service Replacement Program, the Company's capital spending was
13 under-budget for FY 2014 by \$0.55 million. The Company's original FY 2014 goal was
14 to replace 1,100 high-pressure, unprotected steel services with inside meter sets.

15 However, in its Third Quarter Report, the Company notified the Division and the PUC
16 that this target would be reduced to 700 primarily because of a review of the data
17 performed by the Company, which updated the remaining inventory of these services. In
18 FY 2014, the Company replaced 583 high-pressure, unprotected steel services with inside
19 meter sets. During the fiscal year, the Company had higher unit costs for these steel

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1 services because the replacement of these services were more challenging due to the need
2 to install a higher number of full service replacements instead of service inserts.

3 As the Company noted in its FY 2014 Third Quarter Gas ISR Plan Report, for the
4 Reactive Main Replacement Program, the Company projected that the need for additional
5 spending in this category would be significantly reduced as a result of the aggressive
6 Proactive Main Replacement Program. For FY 2014, the Company spent approximately
7 \$0.25 million on three Reactive Main Replacement Projects, resulting in an under-budget
8 variance of \$0.29 million for the category. Specifically, the Company replaced 312 feet
9 of leak prone pipe along Spencer Circle in North Kingston, 349 feet of leak prone pipe
10 along Tallman Avenue in Portsmouth, and 312 feet of leak prone pipe along Fuller Street
11 in East Providence. Since the Company expects this trend to continue, this category's
12 budget has been adjusted downward in the FY 2015 Gas ISR Plan.

13 Finally, the Company spent approximately \$0.88 million for three Special Projects,
14 resulting in an under-spending variance of \$3.12 million for the fiscal year. For FY 2014,
15 approximately \$0.4 million was spent on installing 2,054 feet of new main for the Route
16 I-195 project. The Company is continuing to coordinate this project with the Rhode
17 Island Department of Transportation, and additional construction is expected to continue
18 in FY 2015.

1 Also in FY 2014, the Company completed its review of the requests for proposal for the
2 engineering, design, and procurement scope work for the Exeter LNG Boil-Off
3 Compressor Project. As a result of the request for proposal, the Company awarded the
4 contract for this project to a third-party vendor. During FY 2014, the Company paid
5 approximately \$0.38 million to that third-party vendor for engineering and design work
6 for the project. For FY 2015, the Company expects that the remaining engineering and
7 design work will be completed, materials will be ordered, and construction on the project
8 will begin.

9 Finally, the Company spent approximately \$0.11 million on the Gas Expansion Pilot
10 Program in FY 2014. During the fiscal year, the Company identified and began two
11 partial projects. The first project was a 300-foot extension on Philips Street in North
12 Kingston with six services. The second project was a 975 foot extension on Advice Road
13 in Narragansett with five services. In its FY 2015 Gas ISR Plan filing, the Company
14 proposed a number of modifications to its Gas Expansion Pilot Program in efforts to
15 simplify and expand the program. The Company did not spend any additional funds on
16 its Gas Expansion Pilot Program in FY 2014 because it was awaiting the PUC's decision
17 on these modifications. The PUC approved the proposed modification to the Gas
18 Expansion Pilot Program in March of 2014, and the Company now expects that spending
19 on the program will begin in FY 2015.

1 **Q. What is the amount of FY 2014 capital spending that the Company is seeking to**
2 **reconcile in this filing?**

3 A. The Company is seeking to reconcile FY 2014 spending of \$73.11 million in this filing.
4 As was noted in prior ISR Plan filings, “in implementing the Gas ISR Plan in any fiscal
5 year, the circumstances encountered during the year may require reasonable deviations
6 from the original Gas ISR Plan” approved by the PUC.² The \$7.82 million over-spending
7 variance for FY 2014 is clearly consistent with the intent of the Gas ISR Plan to maintain
8 the overall safety and reliability of the Company’s gas system and to ensure that
9 customers are only charged for the appropriate Gas ISR Plan costs in the Gas ISR Plan
10 Annual Reconciliation filing.

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

12 A. Yes, it does.

² For example, see the FY 2012 Gas ISR Plan filed with the PUC on December 20, 2010 at Section 1, Page 3 of 6.

Gas Infrastructure, Safety, and Reliability Plan
Fiscal Year 2014 Fourth Quarter Report, and
Fiscal Year 2014 Annual Report and Annual Reconciliation Filing

Executive Summary

In accordance with tariff, R.I.P.U.C. NG-Gas, No. 101, Section 3, Schedule A, Sheets 5-7, The Narragansett Electric Company d/b/a National Grid (“Company”) submits this Fourth Quarter Report, Annual Report, and Annual Reconciliation filing for the fiscal year 2014 (“FY 2014”) Gas Infrastructure, Safety and Reliability (“ISR”) Plan, which the Rhode Island Public Utilities Commission (“PUC”) approved in Docket No. 4380. This filing provides an overview and description of the \$73.1 million of actual non-growth capital investment by category as well as an explanation by category of major variances to the budget of \$65.3 million, as approved in Docket No. 4380. This filing serves as the Fourth Quarter Report, Annual Report, and Annual Reconciliation filing for the period April 1, 2013 to March 31, 2014.

As identified in the Company’s FY 2013 Annual Reconciliation filing, National Grid implemented a consolidated back office system (“SAP”) in November 2012. The major conversion resulted in significant implementation issues that continued to persist during FY 2014. Consequently, the Company delayed the filing of its FY 2014 Fourth Quarter Gas ISR Report to coincide with the filing of its annual Gas ISR reconciliation filing so that it could perform additional review of the financial information typically included in this report. The Company has now reviewed the spending results for the FY 2014 Gas ISR plan and has made several adjustments based on a review of capital, expense, and cost of removal trends. Should the Company discover any additional adjustments of the data recorded in its general ledger and submitted with this filing, it will modify this filing as appropriate and submit it to the PUC to ensure that customers are insulated from any unintended economic harm.

FY 2014 Actual Results

As set forth in Table 1 below, in FY 2014, the Company spent \$73.11 million for non-growth capital investments under the Gas ISR Plan. This amount was approximately \$7.82 million more than the annual approved Gas ISR budget of \$65.29 million approved in Docket No. 4380. The variances by category of work are shown in Table 1 with the key drivers discussed in greater detail below. Additional details of each sub-category are provided in Table 2.

Table 1

**Narragansett Gas
FY2014
in Millions**

Category	Budget	Actual	Variance
Proactive Main Replacement	\$33.36	\$41.79	\$8.43
Service Replacement Program	\$3.10	\$2.55	(\$0.55)
Public Works	\$1.82	\$3.19	\$1.37
Reactive Main Replacement	\$0.50	\$0.21	(\$0.29)
Mandated Programs	\$13.52	\$15.78	\$2.25
Reliability	\$8.99	\$8.72	(\$0.27)
Special Projects	\$4.00	\$0.88	(\$3.12)
Total	\$65.29	\$73.11	\$7.82

Proactive Main Replacement Program – \$8.43 million over-budget variance

The major drivers associated with the \$8.43 million over-budget variance for the Proactive Main Replacement Program for FY 2014 were the installation of additional miles of gas main above the planned level of 50 miles associated with leak prone pipe replacement, and higher than expected unit costs for main replacement than the Company originally budgeted. For FY 2014, the Company installed 52.5 miles of new main and abandoned 48.2 miles of leak-prone pipe.¹ The higher unit costs in FY 2014 were due in part to the replacement of cast iron main segments in urban areas, such as in the City of Providence. The Company replaced ten miles of cast iron pipe associated with the City of Providence’s three-year paving plan.

Service Replacement Program - \$0.55 million under-budget variance

Overall, the Company’s capital spending for the Service Replacement Program was under-budget for FY 2014 with a variance of \$0.55 million. The Company’s original goal for FY 2014 was to replace 1,100 high-pressure, unprotected steel services with inside meter sets. However, in its FY 2014 Third Quarter Report, the Company notified the Rhode Island Division of Public Utilities and Carriers (“Division”) and the PUC that it would reduce this target to 700 services primarily because of a data scrubbing effort the Company performed, which updated the remaining inventory of these services. In FY 2014, the Company replaced 583 high-pressure, unprotected steel services with inside meter sets. In FY 2014, the unit costs were higher because the Company found it challenging to replace these services, as evidenced by the need to install a higher number of full service replacements instead of service inserts.

¹ For FY 2014, the Company abandoned 21.7 miles of cast iron and 26.5 miles of unprotected steel pipe.

Public Works Program - \$1.37 million over-budget variance

The Company's capital spending for the Public Works Program exceeded the FY 2014 budget by \$1.37 million. During FY 2014, the Company installed 4.1 miles of new gas main associated with public works activity, which exceeded the planned three miles of new main and abandoned 4.6 miles of leak prone gas main. The majority of the public works activity was associated with contract work for the Narragansett Bay Commission ("NBC") in Providence, Rhode Island.

Reactive Main Replacement Program - \$0.29 million under-budget variance

The Reactive Main Replacement Program was \$0.29 million under-budget because fewer projects were required than the Company projected in this category. The projects included in this category of work for FY 2014 are as follows:

- The replacement of 312 feet of leak prone pipe along Spencer Circle in North Kingstown.
- The replacement of 349 feet of leak prone pipe along Tallman Avenue in Portsmouth.
- The replacement of 312 feet of leak prone pipe along Fuller Street in East Providence.

Mandated Programs – \$2.25 million over-budget variance

The Mandated Programs spending was \$2.25 million over-budget for FY 2014. This variance was driven primarily by spending in the following categories:

- Service Leaks – For FY 2014, actual spending was \$9.7 million, which was \$3.7 million over the budget of \$6.0 million because the Company repaired more leaks during the year than it anticipated. Initially, the Company estimated and budgeted for the replacement of 1,200 services due to leaks. However, the Company actually repaired 1,551 services in the fiscal year.
- Non-leak / Other – For FY 2014, actual spending in the Non-Leaks / Other category of work was \$3.01 million, which was \$1.64 million over the budget of \$1.4 million. This variance is associated with the increased costs incurred for service relocations, service abandonments, and the installation of curb valves during the year. During FY 2014, the Company completed 69 service relocations, 155 service abandonments, and installed 26 curb valves, all greater than initially forecasted. The Company also installed meter protection at 51 locations as part of this program.

- **Cast Iron Joint Encapsulation** – In FY 2014, actual spending for cast-iron joint encapsulation was \$0.54 million, which was \$2.4 million less than the budget of \$2.9 million. This variance was due to the fact that the Company required less encapsulation work than it expected. For FY 2014, the Company completed 222 cast iron joint encapsulations compared to the forecast of 600 cast iron joint encapsulations.
- **Meter Purchases (Replacements)** – For FY 2014, actual spending for meter purchases (replacements) was \$2.5 million, which was \$0.2 million less than the budget of \$2.7 million. This variance was due to the fact that the Company purchased 5,116 meters, which was approximately 690 meters less than the Company’s forecast of 5,806 meters for FY 2014.
- **Corrosion/Cathodic Protection** – Actual spending for FY 2014 was approximately \$4,000 (four-thousand dollars), as compared to a budget of \$0.51 million. The Company reallocated resources to complete the required testing and diagnostic work on regulator station control lines during FY 2014.

Gas System Reliability - \$0.27 million under-budget variance

In FY 2014, Gas System Reliability spending was under-budget by \$0.27 million. A summary of the primary drivers for this under spending variance is as follows:

- **Pressure Regulating Facilities** – The Company spent \$3.9 million as compared to a budget of \$3.0 million. In FY 2014, the Company completed work at nine gas regulator stations and installed vent poles at 38 existing gas regulator stations during FY 2014.
- **Control Lines** – In FY 2014, the Company spent \$0.51 million as compared to a budget of \$0.18 million on four control line projects. Projects were completed for Ann & Hope Way in Cumberland, North Bend Street in Pawtucket, North Country Club in Warwick, and Traver Avenue in Johnston.
- **System Automation** – Actual spending was \$1.4 million as compared to a budget of \$1.0 million for the fiscal year. For FY 2014, the Company installed Alternating Current (“AC”) power at 36 gas regulator stations, new telemetry at 28 locations, and remote controls at 8 regulator stations.
- **Gas Planning** – Actual spending was \$0.55 million as compared to a budget of \$0.93 million. Spending was primarily associated with reliability work performed at the Evans @ Elm, Tiverton Gas Regulator Station.
- **Heating Program** - Actual spending was \$0.69 million as compared to a budget of \$0.58 million.

- Gas Control - Actual spending was \$1 thousand as compared to a budget of \$133 thousand for the fiscal year.

Special Projects - \$3.12 million under-budget variance

In FY 2014, actual spending for the Rhode Island Department of Transportation's Rt. I-195 Project in Providence in FY 2014 was \$0.4 million. The Company installed 2,054 feet of new gas main associated with this project.

Actual spending for the Exeter Boil-off Compressor Project in FY 2014 was approximately \$0.38 million. FY 2014 costs were associated with the initial engineering and design-related services provided by the third-party vendor.

Finally, actual spending for the Gas Expansion Pilot Program in FY 2014 was approximately \$0.11 million, which was related to two partial projects that were constructed under the program. In its FY 2015 Gas ISR filing, the Company proposed a number of modifications to the Gas Expansion Pilot Program to simplify and expand the program. Consequently, only this limited spending occurred in FY 2014. The PUC approved the proposed modifications to the Gas Expansion Pilot Program in March of 2014. The Company expects that spending on this program will ramp-up in FY 2015.

Narragansett Gas FY 2014 (in Millions)
Table 2

Category	Budget	Actual	Variance
Proactive Main Replacement			
Sub-Total	\$33.36	\$41.79	\$8.43
Service Replacement Program			
Sub-Total	\$3.10	\$2.55	(\$0.55)
Public Works			
City State Construction - Non-Reimbursable	\$1.82	\$2.34	\$0.52
City State Construction - Reimbursable	\$1.30	\$0.85	(\$0.45)
City State Construction - Reimbursements	(\$1.30)	\$0.00	\$1.30
Sub-Total	\$1.82	\$3.19	\$1.37
Reactive Main Replacement			
Sub-Total	\$0.50	\$0.21	(\$0.29)
Mandated Programs			
Corrosion	\$0.51	\$0.00	(\$0.51)
CI Joint Encapsulation	\$2.90	\$0.54	(\$2.36)
Meters (Purchases, Changes and Replacements)	\$2.66	\$2.47	(\$0.19)
Leaks	\$6.05	\$9.72	\$3.67
Non-Leaks/Other	\$1.40	\$3.04	\$1.64
Sub-Total	\$13.52	\$15.78	\$2.25
Reliability			
Gas System Control	\$0.13	\$0.00	(\$0.13)
Gas Planning	\$0.93	\$0.55	(\$0.38)
Heater Program	\$0.58	\$0.69	\$0.11
I&R Reactive Programs	\$0.90	\$0.65	(\$0.25)
LNG	\$0.75	\$0.88	\$0.13
Pressure Regulating Facilities	\$3.00	\$3.86	\$0.86
Valve Installation/Replacement	\$0.53	\$0.00	(\$0.53)
Water Intrusion	\$0.40	\$0.00	(\$0.40)
CNG	\$0.05	\$0.00	(\$0.05)
Control Line Integrity Program	\$0.18	\$0.51	\$0.33
System Automation	\$1.00	\$1.40	\$0.40
Micellaneous Capital, Equipment and Tools	\$0.53	\$0.15	(\$0.38)
Sub-Total	\$8.99	\$8.72	(\$0.27)
Special Projects			
Exeter Boil Off Compressor	\$0.61	\$0.38	(\$0.24)
I-195	\$0.39	\$0.40	\$0.01
Gas Expansion Program	\$3.00	\$0.11	(\$2.89)
Sub-Total	\$4.00	\$0.88	(\$3.12)
Total	\$65.29	\$73.11	\$7.82

**Testimony of
William R. Richer**

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FOURTH QUARTER REPORT, ANNUAL REPORT, AND
ANNUAL RECONCILIATION FILING
WITNESS: WILLIAM R. RICHER**

DIRECT TESTIMONY

OF

WILLIAM R. RICHER

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
R.I.P.U.C. DOCKET NO. 4380
FY 2014 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN
FOURTH QUARTER REPORT, ANNUAL REPORT, AND
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1 **I. INTRODUCTION**

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

3 A. My name is William R. Richer, and my business address is 40 Sylvan Road, Waltham,
4 Massachusetts 02451.

5

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

7 A. I am the Director of Revenue Requirements - Rhode Island for National Grid USA
8 Service Company, Inc. (“Service Company”). The Service Company provides
9 engineering, financial, administrative, and other technical support to subsidiary
10 companies of National Grid USA. My current duties include revenue requirements
11 oversight for National Grid’s electric and gas distribution activities in the US,
12 including the gas division of The Narragansett Electric Company, d/b/a National Grid
13 (“Narragansett” or “Company”).

14

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

16 A. In 1985, I earned a Bachelor of Science degree in Accounting from Northeastern
17 University. During my schooling, I interned at the public accounting firm Pannell
18 Kerr Forster in Boston, Massachusetts as a staff auditor and continued with this firm
19 after my graduation. In February 1986, I joined Price Waterhouse in Providence,
20 Rhode Island, where I worked as a staff auditor and senior auditor. During this time, I
21 earned my certified public accountants license in the State of Rhode Island. In June

1 1990, I joined National Grid in the Service Company (then known as New England
2 Power Service Company) as a supervisor of Plant Accounting. Since that time I have
3 held various positions within the Service Company including Manager of Financial
4 Reporting, Principal Rate Department Analyst, Manager of General Accounting,
5 Director of Accounting Services, and Assistant Controller.

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

9 A. Yes. I have testified before the PUC on numerous occasions. This testimony is
10 intended to supplement my previous testimony provided in this docket on revenue
11 requirements matters in this proceeding.

12
13 **Q. What is the purpose of your testimony?**

14 A. The PUC approved in this docket a new Gas Infrastructure, Safety and Reliability
15 (“ISR”) factor which went into effect April 1, 2013. That factor was based on a
16 projected FY 2014 ISR revenue requirement of \$664,509 associated with estimated
17 ISR capital investment during the Company’s Fiscal Years (“FY”) ended March 31,
18 2014, 2013, and 2012 that were incremental to the levels reflected in rate base in the
19 Company’s last base rate case (Docket No. 4323). The purpose of my testimony is to
20 present an updated FY 2014 ISR revenue requirement associated with actual FY 2014,
21 FY 2013, and FY 2012 capital investment levels and actual tax deductibility

1 percentages for FY 2013 capital additions. Actual tax deductibility percentages for
2 FY 2014 capital investment will not be known until the Company files its FY 2014
3 income tax return in December of this year. Finally, the updated FY 2014 revenue
4 requirement includes an adjustment associated with the ISR property tax recovery
5 formula that was approved in Docket No. 4323. The ISR property tax recovery
6 adjustment became effective for periods subsequent to the rate year in Docket No.
7 4323, which ended on January 31, 2014. Consequently, the ISR property tax recovery
8 adjustment covers only the months of February and March of 2014. As shown on
9 Attachment WRR-1, Page 1 of 13 at Line 7, the updated FY 2014 ISR revenue
10 requirement collectible through the Company's ISR factor for the FY 2014 period
11 amounts to \$1,633,930.

12
13 **Q. Are there any schedules attached to your testimony?**

14 **A.** Yes, I am sponsoring the following Attachment:

- 15 • Attachment WRR-1: Gas Infrastructure, Safety and Reliability Plan
16 Revenue Requirement Reconciliation
17

18 **II. ISR PLAN FY 2014 REVENUE REQUIREMENT**

19 **Q. Did the Company calculate the updated FY 2014 ISR revenue requirement in the**
20 **same fashion as calculated in the previous ISR Factor submissions and the**
21 **August 2013 ISR factor reconciliation?**

1 A. The updated FY 2014 ISR revenue requirement calculation is nearly identical to the
2 ISR revenue requirement used for purposes of developing the approved ISR factors
3 that were effective April 1, 2013, and as described previously in my testimony in this
4 proceeding but incorporating updated ISR investment amounts, the approved weighted
5 average cost of capital from Docket No. 4323 and known tax deductibility
6 percentages. The only change to the ISR revenue requirement calculation in this
7 reconciliation is the inclusion of the ISR property tax recovery adjustment. As a
8 result, I will rely on that testimony for the detailed description of the revenue
9 requirement calculation and will limit this testimony to the following: (1) a description
10 of the impact of Docket No. 4323 to the Gas ISR revenue requirement, (2) a summary
11 of the revenue requirement update shown on Page 1 of Attachment WRR-1, (3) a
12 discussion of the change in the calculation of tax depreciation to coincide with tax
13 depreciation taken on the Company's FY 2013 federal income tax return filed in
14 December of 2013, and (4) a description of the ISR property tax recovery formula
15 adjustment.

16
17 **Q. Please describe the impact on the FY 2014 ISR revenue requirement recoverable**
18 **through the FY 2014 ISR factor as a result of the implementation of new gas base**
19 **distribution rates that were approved by the PUC in Docket No. 4323 and put**
20 **into effect on February 1, 2013.**

1 A. The ISR mechanism was established to allow the Company to recover outside of base
2 rates its costs associated with capital investment incurred to expand its gas
3 infrastructure and improve the reliability and safety of its gas facilities. When new
4 base rates are implemented, as was the case in Docket No. 4323, the costs being
5 recovered associated with pre-rate case ISR capital investment cease to be recovered
6 through a separate ISR factor, and are instead recovered through base rates, and the
7 underlying ISR capital investment becomes a component of base distribution rate base
8 from that point forward. In April 2012, the Company filed an application with the
9 PUC seeking a change in base rates for its electric and gas distribution businesses.
10 The proceeding culminated with the PUC's approval of a settlement agreement with
11 the Division and the U.S. Department of the Navy establishing new base rates for the
12 Company. The Company's rate base reflected in that request reflected projected
13 capital investments through January 31, 2014. In its base rate request, the Company
14 proposed to maintain consistency with the existing ISR mechanism for the FY 2012
15 and FY 2013 periods. Consequently, the forecast used to develop rate base in the
16 distribution rate case included the ISR approved capital investment levels for FY
17 2012, FY 2013, and 10 months of FY 2014 (using the FY 2013 ISR approved capital
18 investment level as a proxy for FY 2014). The effective date of new rates in that
19 proceeding was February 1, 2013. Therefore, recovery of the approved FY 2013 ISR
20 revenue requirement via the ISR factor stopped on January 31, 2013, and all future

1 recovery of those forecasted FY 2012, FY 2013 and FY 2014 ISR capital investments
2 will be via the Company's base rates.

3

4 **Q. Please continue.**

5 A. As a result of the implementation of new base rates pursuant to Docket No. 4323
6 effective February 1, 2013, the cumulative amount of forecasted ISR capital
7 investments was rolled into base rates effective at that date. The FY 2014 revenue
8 requirement for incremental FY 2012, FY 2013, and FY 2014 ISR investments reflect
9 a full year of revenue requirement as none of these incremental investments is
10 included in the Company's base rate rate-base. These incremental FY vintage
11 amounts are to remain in the ISR recovery mechanism as provided for in the terms of
12 the Docket No. 4323 approved Settlement.

13

14 **Q. Please summarize the updated FY 2014 ISR revenue requirement.**

15 A. Certainly. As shown on Page 1, at Line 7 of Attachment WRR-1 the updated FY 2014
16 ISR revenue requirement amounts to \$1,633,930. As previously described, it includes
17 the full year revenue requirement on vintage FY 2014, FY 2013, and FY 2012
18 incremental ISR capital investments above or below the level of capital investment
19 reflected in base distribution rates. In addition, the FY 2014 revenue requirement
20 includes a true up for changes to previously estimated tax depreciation expense to

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1 align with tax depreciation rates used on the Company's FY 2013 tax return that was
2 filed in December 2013. The last component is the property tax recovery formula
3 adjustment which is described further in my testimony.

4
5 **Q. Please continue by describing how your attachment is structured.**

6 A. Page 1 of the Attachment summarizes the individual components of the updated FY
7 2014 ISR revenue requirement. Lines 1 through 3 represent the full year 2014 ISR
8 revenue requirements for the incremental FY 2012, FY 2013, and FY 2014 ISR
9 investments, or those investments not included in the Company's base rates, and as
10 supported with detailed calculations on Pages 2, 4, and 7, respectively. Line 5 reflects
11 the reconciliation of the approved FY 2013 ISR revenue requirement for vintage FY
12 2013 investments with the actual vintage FY 2013 revenue requirement on those
13 investments. This reconciliation is necessary because the actual level of tax
14 deductibility on FY 2013 investments was not known at the time of filing the FY 2013
15 and FY 2014 ISR Factor proposals. The calculation of the reconciliation amounts is
16 shown on Page 6 and reflects the difference in the approved FY 2013 ISR revenue
17 requirement on FY 2013 investments and the updated revenue requirement for FY
18 2013 on FY 2013 ISR investments when incorporating the final tax deductibility
19 levels. Detailed calculations of the FY 2013 and FY 2014 revenue requirements on
20 vintage FY 2013 investments and the updated FY 2013 tax depreciation on vintage FY
21 2013 ISR investments are presented on pages 4 and 5 of the Attachment, respectively.

1 Line 6 represents the results of the FY 2014 property tax recovery adjustment, which
2 is supported by a detailed calculation on Page 10 and is described below.

3
4 **Q. Please describe the ISR property tax recovery adjustment.**

5 A. The method used to recover property tax expense under the ISR has been modified by
6 the rate case settlement agreement. In determining the base on which property tax
7 expense is calculated for purposes of the ISR revenue requirement, the Company
8 includes an amount equal to the base-rate allowance for depreciation expense and
9 depreciation expense on incremental ISR plant additions in the accumulated reserve
10 for depreciation that is deducted from plant in service. The ISR property tax recovery
11 adjustment also includes the impact of any changes in the Company's effective
12 property tax rates on base-rate embedded property, plus cumulative ISR net additions.
13 Property tax impacts associated with non-ISR plant additions are excluded from the
14 property tax recovery formula. This provision of the settlement agreement took effect
15 for ISR property tax recovery periods subsequent to the January 31, 2014 end of the
16 rate year.

17
18 **Q. Has the Company provided support for the actual level of FY 2014 ISR eligible
19 plant investments?**

20 A. Yes. The description of the FY 2014 Gas ISR program and the amount of the
21 incremental non-growth capital investment eligible for inclusion in the ISR

1 Mechanism are supported by the direct testimony and supporting attachment of
2 Company Witness Walter F. Fromm. The ultimate revenue requirement on the
3 incremental non-growth capital investment equals the return on the investment (i.e.
4 average rate base at the weighted average cost of capital), plus depreciation expense
5 and property taxes associated with the investment. Incremental non-growth capital
6 investment for this purpose is intended to represent the net change in rate base for non-
7 growth infrastructure investments since the establishment of the Company's ISR
8 mechanism effective April 1, 2012 and is defined as capital additions plus cost of
9 removal, less annual depreciation expense embedded in the Company's rates, net of
10 depreciation expense attributable to general plant. The actual ISR eligible non-growth
11 capital investment for FY 2014 amounts to \$70.4 million¹ associated with the
12 Company's FY 2014 ISR Plan (non-growth infrastructure investment net of general
13 plant).

14
15 **Q. What is the updated revenue requirement associated with actual capital**
16 **investment?**

17 A. The updated FY 2014 revenue requirement associated with the Company's actual FY
18 2014, FY 2013, and FY 2012 ISR eligible plant investments amounts to \$1,633,930
19 and includes the updated FY 2014 revenue requirement on FY 2012, FY 2013, and FY
20 2014 investments, reconciliation of the approved FY 2013 ISR revenue requirement

¹ Total ISR eligible capital investment for FY2014 of \$70.4 million plus total ISR eligible cost of removal of \$2.7 million reflects \$73.1 million of actual capital spending as referenced in the testimony of Mr. Fromm.

1 for vintage FY 2013 investments with the actual FY 2013 revenue requirement on
2 those vintage investments, and the inclusion of a property tax formula adjustment
3 pursuant to the rate case settlement agreement in Docket No. 4323.

4

5 **III. CONCLUSION**

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

7 **A. Yes, it does.**

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Attachment WRR-1 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement
Calculation

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Attachment WRR-1 Gas Infrastructure, Safety, and Reliability Plan Revenue Requirement
Calculation

The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
Summary

<u>Line</u> <u>No.</u>		FY 2014 Actuals (a)
1	FY 2014 Revenue Requirement on FY 2014 Actual Incremental Capital Investment	\$969,436
2	FY 2014 Revenue Requirement on FY 2013 Actual Incremental Capital Investment	(\$352,206)
3	FY 2014 Revenue Requirement on FY 2012 Actual Incremental Capital Investment	\$539,314
4	Total Actual FY 2014 Revenue Requirement	\$1,156,544
5	True Up for Capital Repairs Deduction Rate for FY 2013 Revenue Requirement Reconciliation in R.I.P.U.C. Docket No. 4306	\$1,346
6	FY 2014 Property Tax recovery adjustment	\$476,040
7	Total Adjusted FY 2014 Revenue Requirement	\$1,633,930

Line Notes

- 1 From Page 2 Line 26
- 2 From Page 4 Line 24
- 3 From Page 7 Line 24
- 4 Sum of Lines 1 through 3
- 5 From Page 6 Line 3
- 6 From Page 10 Line 49
- 7 Sum of Lines 4 through 6

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

Line No.			Fiscal Year 2014 (a)
<u>Depreciable Net Capital Included in Rate Base</u>			
1	Total Allowed Capital Included in Rate Base in Current Year	Page 9 of 13, Line 3, Column (c)	\$22,750,553
2	Retirements	Page 9 of 13, Line 9, Column (c)	1/ 1,615,155
3	Net Depreciable Capital Included in Rate Base	Line 1 - Line 2	\$21,135,397
<u>Change in Net Capital Included in Rate Base</u>			
4	Capital Included in Rate Base	Line 1	\$22,750,553
5	Depreciation expense	Per Compliance filing Docket No. 4323, excluding General Plant	2/ \$4,060,176
6	Incremental Depreciable Amount	Line 4 - Line 5	\$18,690,377
7	Cost of Removal	Page 9 of 13, Line 6, Column (c)	3/ (\$1,210,006)
8	Net Plant Amount	Line 6 + Line 7	\$17,480,371
<u>Deferred Tax Calculation:</u>			
9	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 4323 and 3943	3.38%
10	Tax Depreciation	Page 3 of 13, Line 20	\$14,469,053
11	Cumulative Tax Depreciation	Current Year Line 8	\$14,469,053
12	Book Depreciation	Line 3 * Line 9 * 50%	\$357,188
13	Cumulative Book Depreciation	Current Year Line 12	\$357,188
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$14,111,865
15	Effective Tax Rate		35.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$4,939,153
<u>Rate Base Calculation:</u>			
17	Cumulative Incremental Capital Included in Rate Base	Line 8	\$17,480,371
18	Accumulated Depreciation	- Line 13	(\$357,188)
19	Deferred Tax Reserve	- Line 16	(\$4,939,153)
20	Year End Rate Base	Sum of Lines 17 through 19	\$12,184,030
<u>Revenue Requirement Calculation:</u>			
21	Average Rate Base	Current Year Line 20 ÷ 2	\$6,092,015
22	Pre-Tax ROR		4/ 10.05%
23	Return and Taxes	Line 21 * Line 22	\$612,248
24	Book Depreciation	Line 12	\$357,188
25	Property Taxes	\$0 in Year 1, then Prior Year (Line 8 - Line 13) * Property Tax Rate	\$0
26	Annual Revenue Requirement	Sum of Lines 23 through 25	\$969,436

1/ Actual Incremental Retirements

2/ Depreciation expense has been prorated for two months (February - March 2014).

3/ Actual Incremental Cost of Removal

4/ Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323

	Ratio	Rate	Rate	Taxes	Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
	<u>100.00%</u>		<u>7.54%</u>	<u>2.51%</u>	<u>10.05%</u>

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

Line No.			Fiscal Year <u>2014</u> (a)
	<u>Capital Repairs Deduction</u>		
1	Plant Additions	Page 2, Line 1	\$22,750,553
2	Capital Repairs Deduction Rate	Per Tax Department	48.33% 1/
3	Capital Repairs Deduction	Line 1 x Line 2	<u>\$10,995,342</u>
	<u>Bonus Depreciation</u>		
4	Plant Additions	Line 1	\$22,750,553
5	Less Capital Repairs Deduction	Line 3	<u>\$10,995,342</u>
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$11,755,211
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	<u>100.00%</u>
8	Plant Eligible for Bonus Depreciation	Line 6 x Line 7	<u>\$11,755,211</u>
9	Bonus Depreciation Rate (April 2013 - December 2013)	1 * 75% * 50%	37.50%
10	Bonus Depreciation Rate (January 2014 - March 2014)	1 * 25% * 0%	<u>0.00%</u>
11	Total Bonus Depreciation Rate	Line 9 + Line 10	37.50%
12	Bonus Depreciation	Line 8 x Line 11	\$4,408,204
	<u>Remaining Tax Depreciation</u>		
13	Plant Additions	Line 1	\$22,750,553
14	Less Capital Repairs Deduction	Line 3	\$10,995,342
15	Less Bonus Depreciation	Line 12	<u>\$4,408,204</u>
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - 14 - 15	<u>\$7,347,007</u>
17	20 YR MACRS Tax Depreciation Rates		<u>3.750%</u>
18	Remaining Tax Depreciation	Line 16 x Line 17	<u>\$275,513</u>
19	Cost of Removal	Page 2, Line 7	(\$1,210,006)
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	<u><u>\$14,469,053</u></u>

1/ Capital Repairs percentage is based on the actual results of the FY 2011 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY2013 Actual Incremental Capital Investment

Line No.			Fiscal Year	Fiscal Year
			2013 (a)	2014 (b)
<u>Depreciable Net Capital Included in Rate Base</u>				
1	Total Allowed Capital Included in Rate Base in Current Year	Page 9 of 13, Line 3, Column (b)	(\$723,236)	\$0
2	Retirements	Page 9 of 13, Line 9, Column (b)	1/ 3,276,842	\$0
3	Net Depreciable Capital Included in Rate Base	Line 1 - Line 2	(\$4,000,078)	(\$4,000,078)
<u>Change in Net Capital Included in Rate Base</u>				
4	Capital Included in Rate Base	Line 1	(\$723,236)	(\$723,236)
5	Cost of Removal	Page 9 of 13, Line 6, Column (b)	2/ (\$1,548,831)	(\$1,548,831)
6	Net Plant Amount	Line 4 + Line 5	(\$2,272,067)	(\$2,272,067)
<u>Deferred Tax Calculation:</u>				
7	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 4323 and 3943	3.38%	3.38%
8	Tax Depreciation	Page 5 of 13, Line 26	(\$2,166,837)	(\$7,893)
9	Cumulative Tax Depreciation	Col (a)= Current Yr Line 8; Col (b)= Prior Yr Line 9 + Current Yr Line 8	(\$2,166,837)	(\$2,174,730)
10	Book Depreciation	Column (a) = Line 3 * Line 7 * 50%; Column (b) = Line 3 * Line 7	(\$67,601)	(\$135,203)
11	Cumulative Book Depreciation	Col (a) = Current Yr Line 10; Col (b) = Prior Yr Line 9 + Current Yr Line 10	(\$67,601)	(\$202,804)
12	Cumulative Book / Tax Timer	Line 9 - Line 11	(\$2,099,236)	(\$1,971,926)
13	Effective Tax Rate		35.00%	35.00%
14	Deferred Tax Reserve	Line 12 * Line 13	(\$734,733)	(\$690,174)
<u>Rate Base Calculation:</u>				
15	Cumulative Incremental Capital Included in Rate Base	Line 6	(\$2,272,067)	(\$2,272,067)
16	Accumulated Depreciation	- Line 11	\$67,601	\$202,804
17	Deferred Tax Reserve	- Line 14	\$734,733	\$690,174
18	Year End Rate Base	Sum of Lines 15 through 17	(\$1,469,733)	(\$1,379,089)
<u>Revenue Requirement Calculation:</u>				
19	Average Rate Base	Col (a)= Current Yr Line 18 ÷ 2; Col (b) = (Prior Yr Line 18 + Current Yr Line 18) ÷ 2	(\$734,867)	(\$1,424,411)
20	Pre-Tax ROR		3/ 11.18%	10.05%
21	Return and Taxes	Line 19 * Line 20	(\$82,183)	(\$143,153)
22	Book Depreciation	Line 10	(\$67,601)	(\$135,203)
23	Property Taxes	\$0 in Year 1, then Prior Year (Line 6 - Line 11) * Property Tax Rate	4/ \$0	(\$73,850)
24	Annual Revenue Requirement	Sum of Lines 21 through 23	(\$149,784)	(\$352,206)

1/ Actual Incremental Retirements

2/ Actual Incremental Cost of Removal

3/ Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 3943

	Ratio	Rate	Rate	Taxes	Return
Long Term Debt	40.63%	7.99%	3.25%		3.25%
Short Term Debt	11.66%	3.91%	0.45%		0.45%
Common Equity	47.71%	10.50%	5.01%	2.70%	7.71%
	100.00%		8.71%	2.70%	11.41%

Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323

	Ratio	Rate	Rate	Taxes	Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
	100.00%		7.54%	2.51%	10.05%

	Tax-Effectuated Weighted Cost		Blended Tax Effectuated Weighted Cost
R.I.P.U.C. Docket No. 3943	11.41%	Apr 12 - Jan 13	9.51%
R.I.P.U.C. Docket No. 4323	10.05%	Feb 13 - Mar 13	1.68%
			11.18%

4/ FY 2014 effective property tax rate of 3.35% per Page 10 at Line 9(h).

The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY2013 Actual Incremental Capital Investment
Calculation of Tax Depreciation and Repairs Deduction

Line No.			Fiscal Year	Fiscal Year
			2013 (a)	2014 (b)
<u>Capital Repairs Deduction</u>				
1	Plant Additions	Page 4, Line 1(a)	(\$723,236)	
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 67.95%	
3	Capital Repairs Deduction	Line 1 x Line 2	(\$491,439)	
<u>Bonus Depreciation</u>				
4	Plant Additions	Line 1	(\$723,236)	
5	Less Capital Repairs Deduction	Line 3	(\$491,439)	
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	(\$231,797)	
7	Percent of Plant Eligible for 100% Bonus Depreciation	Per Tax Department	2/ 5.67%	
8	Plant Eligible for 100% Bonus Depreciation	Line 6 x Line 7	(\$13,137)	
9	Bonus Depreciation Rate (April 2012 - December 2012)	1 * 75% * 100%	75.00%	
10	Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 100%	25.00%	
11	Total Bonus Depreciation Rate	Line 9 + Line 10	100.00%	
12	100% Bonus Depreciation	Line 8 x Line 11	(\$13,137)	
13	Plant Additions Net of Capital Repairs Deduction and 100% Bonus Depreciation	Line 6 - Line 12	(\$218,660)	
14	Plant Eligible for 50% Bonus Depreciation	Per Tax Department	100.00%	
15	Bonus Depreciation Rate (April 2012 - December 2012)	1 * 75% * 50%	37.50%	
16	Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 50%	12.50%	
17	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%	
18	50% Bonus Depreciation	Line 13 x Line 17	(\$109,330)	
<u>Remaining Tax Depreciation</u>				
19	Plant Additions	Line 1	(\$723,236)	
20	Less Capital Repairs Deduction	Line 3	(\$491,439)	
21	Less Bonus Depreciation	Line 12 + Line 18	(\$122,467)	
22	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 19 - 20 - 21	(\$109,330)	(\$109,330)
23	20 YR MACRS Tax Depreciation Rates		3.750%	7.219%
24	Remaining Tax Depreciation	Line 22 x Line 23	(\$4,100)	(\$7,893)
25	Cost of Removal	Page 4, Line 5(a)	(\$1,548,831)	
26	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 24, & 25	(\$2,166,837)	(\$7,893)

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

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

The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
True-up for Capital Repairs Deduction on FY 2013 Capital Investments

Line No.	<u>True Up for Capital Repairs Deduction Rate of FY2013 Revenue Requirement</u> <u>Reconciliation R.I.P.U.C. Docket No. 4306</u>	(a)
1	FY 2013 Revenue Requirement using estimated capital repairs deduction rate of 50.00%	(\$151,130)
2	FY 2013 Revenue Requirement using actual capital repairs deduction rate of 67.95%	(\$149,784)
3	True Up Amount	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/> \$1,346

Line Notes

- 1 R.I.P.U.C. Docket No. 4306, Attachment WRR-1, Page 2 Line 24
- 2 From Page 4, Line 24(a)
- 3 Line 1 - Line 2

The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2012 Actual Incremental Capital Investment

Line No.			Fiscal Year 2012 (a)	Fiscal Year 2013 (b)	Fiscal Year 2014 (c)
Depreciable Net Capital Included in Rate Base					
1	Total Allowed Capital Included in Rate Base in Current Year	Page 9 of 13, Line 3, Column (a)	\$7,020,631	\$0	\$0
2	Retirements	Page 9 of 13, Line 9, Column (a)	1/ 2,292,446	\$0	\$0
3	Net Depreciable Capital Included in Rate Base	Column (a) = Line 1 - Line 2; Column (b) = Prior Year Line 3	\$4,728,185	\$4,728,185	\$4,728,185
Change in Net Capital Included in Rate Base					
4	Capital Included in Rate Base	Line 1	\$7,020,631	\$7,020,631	\$7,020,631
5	Cost of Removal	Page 9 of 13, Line 6, Column (a)	2/ (\$3,171,476)	(\$3,171,476)	(\$3,171,476)
6	Net Plant Amount	Line 4 + Line 5	\$3,849,155	\$3,849,155	\$3,849,155
Deferred Tax Calculation:					
7	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943	3.38%	3.38%	3.38%
8	Tax Depreciation	Page 8 of 13, Line 20	\$2,954,452	\$67,105	\$62,067
9	Cumulative Tax Depreciation	Prior Year Line 9 + Current Year Line 8	\$2,954,452	\$3,021,557	\$3,083,624
10	Book Depreciation	Column (a) = Line 3 * Line 7 * 50%; Columns (b) & (c) = Line 3 * Line 7	\$79,906	\$159,813	\$159,813
11	Cumulative Book Depreciation	Prior Year Line 11 + Current Year Line 10	\$79,906	\$239,719	\$399,532
12	Cumulative Book / Tax Timer	Line 9 - Line 11	\$2,874,546	\$2,781,838	\$2,684,092
13	Effective Tax Rate		35.00%	35.00%	35.000%
14	Deferred Tax Reserve	Line 12 * Line 13	\$1,006,091	\$973,643	\$939,432
Rate Base Calculation:					
15	Cumulative Incremental Capital Included in Rate Base	Line 6	\$3,849,155	\$3,849,155	\$3,849,155
16	Accumulated Depreciation	- Line 11	(\$79,906)	(\$239,719)	(\$399,532)
17	Deferred Tax Reserve	- Line 14	(\$1,006,091)	(\$973,643)	(\$939,432)
18	Year End Rate Base	Sum of Lines 15 through 17	\$2,763,158	\$2,635,793	\$2,510,191
Revenue Requirement Calculation:					
19	Average Rate Base	Column (a) = Current Yr Line 18 ÷ 2; Column (b) & (c) = (Prior Yr Line 18 + Current Yr Line 18) ÷ 2	\$1,381,579	\$2,699,475	\$2,572,992
20	Pre-Tax ROR				10.05%
21	Return and Taxes	Line 19 * Line 20			\$258,586
22	Book Depreciation	Line 10			\$159,813
23	Property Taxes	\$0 in Year 1, then Prior Year (Line 6- Line 11) * Property Tax Rate 4/			\$120,916
24	Annual Revenue Requirement	Sum of Lines 21 through 23	N/A	N/A	\$539,314

1/ Actual Incremental Retirements

2/ Actual Incremental Cost of Removal

3/ Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323

	Ratio	Rate	Rate	Taxes	Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
	100.00%		7.54%	2.51%	10.05%

4/ FY 2014 effective property tax rate of 3.35% per Page 10 at Line 9(h).

**The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2012 Actual Incremental Capital Investment
Calculation of Tax Depreciation and Repairs Deduction**

Line No.			Fiscal Year <u>2012</u> (a)	Fiscal Year <u>2013</u> (b)	Fiscal Year <u>2014</u> (c)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions	Page 7, Line 1	\$7,020,631		
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 48.33%		
3	Capital Repairs Deduction	Line 1 x Line 2	<u>\$3,393,071</u>		
	<u>Bonus Depreciation</u>				
4	Plant Additions	Line 1	\$7,020,631		
5	Less Capital Repairs Deduction	Line 3	<u>\$3,393,071</u>		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$3,627,560		
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	2/ 85.00%		
8	Plant Eligible for Bonus Depreciation	Line 6 x Line 7	<u>\$3,083,426</u>		
9	Bonus Depreciation Rate (April 2011 - December 2011)	1 * 75% * 100%	75.00%		
10	Bonus Depreciation Rate (January 2012 - March 2012)	1 * 25% * 50%	<u>12.50%</u>		
11	Total Bonus Depreciation Rate	Line 9 + Line 10	87.50%		
12	Bonus Depreciation	Line 8 x Line 11	<u>\$2,697,998</u>		
	<u>Remaining Tax Depreciation</u>				
13	Plant Additions	Line 1	\$7,020,631		
14	Less Capital Repairs Deduction	Line 3	\$3,393,071		
15	Less Bonus Depreciation	Line 12	<u>\$2,697,998</u>		
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - 14 - 15	\$929,562	\$929,562	\$929,562
17	20 YR MACRS Tax Depreciation Rates		<u>3.750%</u>	<u>7.219%</u>	<u>6.677%</u>
18	Remaining Tax Depreciation	Line 16 x Line 17	<u>\$34,859</u>	<u>\$67,105</u>	<u>\$62,067</u>
19	Cost of Removal	Page 7, Line 5	(\$3,171,476)		
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	<u>\$2,954,452</u>	<u>\$67,105</u>	<u>\$62,067</u>

1/ Capital Repairs percentage is based on the actual results of the FY 2011 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

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

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

Line No.		Actual Fiscal Year <u>2012</u> (a)	Actual Fiscal Year <u>2013</u> (b)	Actual Fiscal Year <u>2014</u> (c)
<u>Capital Investment</u>				
1	ISR-eligible Capital Investment	Col (a) Docket No. 4219 FY 2012 ISR Reconciliation Filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation Filing; Col (c) Actual FY2014 ISR Gas Capital Investment per Company's Books		
		\$54,681,347	\$56,460,955	\$70,404,045
2	ISR-eligible Capital Additions included in Rate Base per R.I.P.U.C. Docket No. 4323	Docket No. 4323 Schedule MDL-3-Gas Page 51, Line Notes 1(a), 2(b) and 3(e)		
		\$47,660,716	\$57,184,191	\$47,653,493
3	Incremental ISR Capital Investment	Line 1 - Line 2		
		\$7,020,631	(\$723,236)	\$22,750,553
<u>Cost of Removal</u>				
4	ISR-eligible Cost of Removal	Col (a) Docket No. 4219 FY 2012 ISR Reconciliation Filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation Filing; Col (c) Actual FY 2014 ISR Gas Cost of Removal per Company's Books		
		\$2,583,612	\$3,152,565	\$2,707,824
5	ISR-eligible Cost of Removal in Rate Base per R.I.P.U.C. Docket No. 4323	Docket No. 4323, Workpaper MDL-19-GAS, Page 3		
		\$5,755,088	\$4,701,396	\$3,917,830
6	Incremental Cost of Removal	Line 4 - Line 5		
		(\$3,171,476)	(\$1,548,831)	(\$1,210,006)
<u>Retirements</u>				
7	ISR-eligible Retirements	Col (a) Docket No. 4219 FY 2012 ISR Reconciliation filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation filing; Col (c) Actual FY 2014 ISR Gas Retirements		
		\$5,366,562	5,775,791	\$5,274,944
8	ISR-eligible Retirements per R.I.P.U.C. Docket No. 4323	Col (a) Docket No. 4219 Supplemental Testimony 2-17-2011; Col (b) Docket No. 4306 FY 2013 ISR Proposal Filing; Col (c)= Line 2(c) * 7.68% Retirement rate per Docket No. 4323 (Workpaper MDL-19-GAS p 4)		
		\$3,074,116	\$2,498,949	\$3,659,788
9	Incremental Retirements	Line 7- Line 8		
		\$2,292,446	\$3,276,842	\$1,615,155

The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
FY 2014 ISR Property Tax Recovery Calculation
(\$000s)

Line	Effective Tax Rate Calculation	(a) RY End	(b) ISR Additions	(c) Non-ISR Add's	(d) Total Add's	(e) Bk Depr	(f) Retirements	(g) COR	(h) End of FY 2014
1	Plant In Service	\$805,721	\$11,734	\$994	\$12,728		(\$879)		\$817,569
2									
3	Accumulated Depr	\$347,664				\$4,691	(\$879)	(\$451)	\$351,025
4									
5	Net Plant	\$458,057							\$466,545
6									
7	Property Tax Expense	\$13,995							\$15,624
8									
9	Effective Prop tax Rate	3.06%							3.35%
10									
11		(a)	(b)	(c)					
12	Property Tax Recovery Calculation								
13			ISR YR 1						
14									
15	ISR Additions		\$11,734						
16	Rate Year Book Depr		(\$4,691)						
17	COR - ISR YR		\$451						
18									
19	Net Plant Additions		\$7,494						
20									
21	RY Effective Tax Rate		3.06%						
22	Year 1 ISR Property Tax Recovery			\$229					
23									
24									
25	ISR Year Effective Tax Rate	3.35%							
26	RY Effective Tax Rate & differential	3.06%	0.29%						
27	RY Effective Tax Rate differential for 2 months		0.05%						
28	RY Net Plant times Tax Rate differential	\$458,057	* 0.05%	\$225					
29	ISR Yr 1 Net Adds times RY Effective Tax rate	\$7,494	* 0.29%	\$22					
30	ISR Yr 2 Net Adds								
31				\$247					
32									
33	Total ISR Property Tax Recovery			\$476					
34									
35	Incremental ISR Property Tax Recovery			\$476					

Line Notes

1(a) - 9(a)	Per Rate Year cost of service per Compliance filing Attachment 6 at Docket No. 4323.
1(b)	Per Page 11, Line 15
1(c)	Feb & March 2014 General Plant additions of \$276k and Growth investment of \$718k per books.
1(d)	Line 1(a) + Line 1(b) + Line 1(c)
1(f) & 3(f)	Per Page 12, Line 15
1(h)	Line 1 Cols (a)+(d)+(f)
3(e)	Rate Year depre allowance of \$28,130 * 2/12 + Line 1(b)* composite depre rate of 3.38% * 50% * 2/12
3(g)	Per Page 13, Line 15
3(h)	Line 3 Cols (a)+(e)+(f)+(g)
5(h)	Line 1(h) + Line 3 (h)
7(h)	FY 2014 property tax expense per Company books
9(h)	Line 7(h) divided by Line 5(h)
15	Line 1(b)

Line Notes

16	Line 3(e)
17	-Line 3(g)
19	Lines 15 + 16 + 17
21	Line 9(a)
22	Line 19*Line 21
25	Line 9(h)
26	Col (a)=Line 9(a); Col (b)=Line 25 - Line 26(a)
27	Line 26(b) * 2/12
28	Col (a) = Line 5(a); Col(b)=Line 27(b); Col(c)= Col(a)*Col(b)
29	Col(a)=Line 19; Col(b)=Line 26(b); Col(c)=Col(a)*Col(b)
31	Line 28(c) + Line 29(c)
33	Line 22 + Line 31
35	Line 33

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4380
FY 2014 Gas Infrastructure, Safety,
and Reliability Plan Reconciliation Filing
Attachment WRR-1
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The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
FY 2014 ISR Property Tax Recovery Calculation
ISR Additions February and March 2014

<u>Line</u> <u>No.</u>	<u>Month</u> <u>No.</u>	<u>Month</u>	FY 2014 ISR <u>Additions</u> (a)	In <u>Rates</u> (b)	Not In <u>Rates</u> (c) = (a) - (b)
1				\$57,184,191	
2	1	Apr-13	\$5,867,004	4,765,349	\$1,101,655
3	2	May-13	5,867,004	4,765,349	1,101,655
4	3	Jun-13	5,867,004	4,765,349	1,101,655
5	4	Jul-13	5,867,004	4,765,349	1,101,655
6	5	Aug-13	5,867,004	4,765,349	1,101,655
7	6	Sep-13	5,867,004	4,765,349	1,101,655
8	7	Oct-13	5,867,004	4,765,349	1,101,655
9	8	Nov-13	5,867,004	4,765,349	1,101,655
10	9	Dec-13	5,867,004	4,765,349	1,101,655
11	10	Jan-14	5,867,004	4,765,349	1,101,655
12	11	Feb-14	5,867,004	-	5,867,004
13	12	Mar-14	5,867,004	-	5,867,004
14	Total FY 2014		\$70,404,045	\$47,653,493	\$22,750,553
15	Total February & March 2014				\$11,734,008

Column (a) Page 9 Line 1 (c)

Column (b) Page 9 Line 2 (c)

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4380
FY 2014 Gas Infrastructure, Safety,
and Reliability Plan Reconciliation Filing
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The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
FY 2014 ISR Property Tax Recovery Calculation
ISR Retirements February and March 2014

<u>Line</u> <u>No.</u>	<u>Month</u> <u>No.</u>	<u>Month</u>	<u>FY 2014 ISR</u> <u>Retirements</u> (a)	<u>In</u> <u>Rates</u> (b)	<u>Not In</u> <u>Rates</u> (c) = (a) - (b)
1				\$4,391,746	
2	1	Apr-13	\$439,579	365,979	\$73,600
3	2	May-13	439,579	365,979	73,600
4	3	Jun-13	439,579	365,979	73,600
5	4	Jul-13	439,579	365,979	73,600
6	5	Aug-13	439,579	365,979	73,600
7	6	Sep-13	439,579	365,979	73,600
8	7	Oct-13	439,579	365,979	73,600
9	8	Nov-13	439,579	365,979	73,600
10	9	Dec-13	439,579	365,979	73,600
11	10	Jan-14	439,579	365,979	73,600
12	11	Feb-14	439,579	-	439,579
13	12	Mar-14	439,579	-	439,579
14	Total FY 2014		\$5,274,944	\$3,659,788	\$1,615,155
15	Total February & March 2014				\$ 879,157

Column (a) Page 9 Line 7(c)

Column (b) Page 9 Line 8(c)

The Narragansett Electric Company
d/b/a National Grid
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The Narragansett Electric Company
d/b/a National Grid
FY 2014 Gas ISR Revenue Requirement Reconciliation
FY 2014 ISR Property Tax Recovery Calculation
ISR Cost of Removal February and March 2014

<u>Line</u> <u>No.</u>	<u>Month</u> <u>No.</u>	<u>Month</u>	<u>FY 2014 ISR</u> <u>Cost of Removal</u> (a)	<u>In</u> <u>Rates</u> (b)	<u>Not In</u> <u>Rates</u> (c) = (a) - (b)
1				\$4,701,396	
2	1	Apr-13	\$225,652	391,783	(166,131)
3	2	May-13	225,652	391,783	(166,131)
4	3	Jun-13	225,652	391,783	(166,131)
5	4	Jul-13	225,652	391,783	(166,131)
6	5	Aug-13	225,652	391,783	(166,131)
7	6	Sep-13	225,652	391,783	(166,131)
8	7	Oct-13	225,652	391,783	(166,131)
9	8	Nov-13	225,652	391,783	(166,131)
10	9	Dec-13	225,652	391,783	(166,131)
11	10	Jan-14	225,652	391,783	(166,131)
12	11	Feb-14	225,652	-	225,652
13	12	Mar-14	225,652	-	225,652
14	Total FY 2014		\$2,707,824	\$3,917,830	(\$1,210,006)
15	Total February & March 2014				\$451,304

Column (a) Page 9 Line 4(c)

Column (b) Page 9 Line 5(c)