

The Narragansett Electric Company

d/b/a National Grid

INVESTIGATION AS TO THE  
PROPRIETY OF PROPOSED TARIFF  
CHANGES

Supplemental Joint  
Pre-Filed Testimony and Schedules of:

Power Sector Transformation Panel

Book 1 of 1

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness  
SUPPLEMENTAL JOINT PRE-FILED TESTIMONY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4780  
Witnesses: Power Sector Transformation Panel  
January 12, 2018

**JOINT PRE-FILED DIRECT TESTIMONY**  
**OF**  
**THE POWER SECTOR TRANSFORMATION PANEL**

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1 **I. Introduction**

2 **Q. Ms. O'Neill, Mr. Sheridan, Mr. Leana, Mr. Nouel, Mr. Roughan, Ms. McGuinness,**  
3 **Mr. Miller, Mr. Perkinson and Ms. Little, are you the same individuals that filed**  
4 **joint pre-filed direct testimony on November 27, 2017, along with other members of**  
5 **the Power Sector Transformation Panel on behalf of The Narragansett Electric**  
6 **Company d/b/a National Grid (the Company) in Docket 4770?**

7 A. Yes, we are.

8

9 **II. Purpose and Structure of Testimony**

10 **Q. Please describe the purpose of this testimony.**

11 A. This testimony provides a detailed roadmap of the Company's Power Sector  
12 Transformation Plan (the Plan) investments, and the respective costs and benefits in  
13 support of Rhode Island's efforts to transform the power sector and the Company's long-  
14 term vision for an affordable, sustainable energy system for Rhode Island. This  
15 testimony will:

16 (1) explain how each proposed investment is consistent with Rhode Island's statutory and  
17 regulatory framework and furthers the state's energy policies;

18 (2) describe which proposed investments the Company is pursuing concurrently through  
19 affiliates in other jurisdictions;

1 (3) distinguishes the Company's proposed Plan investments from other investments the  
2 Company either is making, or proposing to make, through other Rhode Island Public  
3 Utilities Commission (PUC) proceedings and programs; and

4 (4) describe the specific items for which the Company seeks final regulatory approval in  
5 this docket effective October 1, 2018, including, among other things, the Company's  
6 proposed tariff provisions, which include cost-recovery factors, as more fully discussed  
7 below, new performance incentive mechanisms to become effective January 1 2019, and  
8 limited funding in fiscal year 2019 to commence design work on the Company's  
9 proposed advanced metering functionality (AMF) investments.

10 This joint testimony, together with the Company's initial filing submitted to the PUC on  
11 November 27, 2017, constitute the Power Sector Transformation proposal.

12

13 **Q. How is the testimony structured?**

14 A. In addition to the Introduction (Section I) and Purpose and Structure of the Testimony  
15 (Section II), the testimony includes the following:

- 16 • Additional details of the Company's vision for a transformed power sector in  
17 Rhode Island (Section III);
- 18
- 19 • A general description of the policy, statutory, and regulatory basis for the  
20 Company's proposed investments (Section IV);
- 21
- 22 • A description of the Company's proposed investments for future annual Plans,  
23 including;
- 24

- 1                   ○ a timeline for implementation of each investment,
- 2                   ○ the expected costs and benefits of each investment,
- 3                   ○ how each investment fits within the purview of the Docket 4600
- 4                   Guidance Document,
- 5                   ○ whether each investment has been approved (or is under review) in other
- 6                   National Grid jurisdictions, and
- 7                   ○ information distinguishing each investment from investments being
- 8                   pursued in other Rhode Island PUC dockets (Section V);
- 9
- 10               ● A description of the Company's proposed performance incentive mechanisms,
- 11               and the consistency of such mechanisms with the Docket 4600 Guidance
- 12               Document (Section VI);
- 13
- 14               ● A description of the proposed Power Sector Transformation Provision, including:
- 15
- 16                   ○ a proposal for annual Plans to be submitted by January 1 (with the
- 17                   exception of the FY20 Plan to be submitted by December 1, 2018) for
- 18                   approval by April 1 annually,
- 19                   ○ the methodology for calculating Power Sector Transformation cost
- 20                   recovery factors, and
- 21                   ○ illustrative revenue requirement calculations (Section VII)
- 22
- 23               ● A description of the Company's request for approval of \$2 million for FY19 to
- 24               fund AMF design work, along with a related revenue requirement calculation
- 25               (Section VIII).
- 26
- 27               ● A Conclusion (Section IX).
- 28
- 29

30 **Q. What is the Company asking the PUC to approve in this filing?**

31 A. As further discussed in Sections VII and VIII of this testimony, the Company seeks  
32 the following by October 1, 2018:

- 33 (1) Approval of the proposed Power Sector Transformation Provisions: (i) R.I.P.U.C.
- 34 2205 for electric; and (ii) the proposed gas provision that would be incorporated
- 35 into the Company's Distribution Adjustment Clause of its gas tariff (collectively,
- 36 the Tariff Provisions), which include, but are not limited to:

37

- 1 (a) the methodology for calculating Power Sector Transformation Factors and  
2 Power Sector Transformation Reconciliation Factors;
- 3 (b) the methodology for recovering Power Sector Transformation-related  
4 Performance Incentives through a Performance Incentive Factor (*see* Plan,  
5 Appendix 10.10 and Appendix 10.11); and
- 6 (c) the process for submitting annual Plans by December 1 for FY 2020 and  
7 January 1 annually thereafter, for approval by April 1;
- 8 (2) Approval of \$2 million for incremental costs for AMF design work in FY 2019;
- 9 (3) Approval of new performance incentive mechanisms in three categories: (1)  
10 System Efficiency, (2) Distributed Energy Resources and (3) Network Support  
11 Services, including approval of the individual metrics, measurement  
12 methodologies, targets and associated basis points of earning opportunity; and
- 13 (4) Findings regarding whether each proposed category of Plan investment and the  
14 proposed Power Sector Transformation incentive mechanism are consistent with  
15 Rhode Island law, the PUC's Docket 4600 Guidance Document, and state  
16 regulatory policy, and therefore, appropriate for inclusion in annual Power Sector  
17 Transformation Plans to implement the Company's overall Plan over time.  
18

19 **Q. Is the Company seeking approval of Plan investments at this time?**

20 A. At this time, the Company is only seeking approval of the FY 2019 AMF investment for  
21 the initial design work. The Company is otherwise presenting the detailed Plan,  
22 including associated costs and expected benefits, to provide the PUC an opportunity to  
23 evaluate and consider the types of investments the Company envisions making to  
24 implement Power Sector Transformation, consistent with state policy goals. The  
25 Company is asking the PUC to issue findings in this proceeding addressing whether each  
26 investment (or category of investments) is consistent with Rhode Island law, where  
27 applicable, and/or the PUC's Docket 4600 Guidance Document, and whether such

1 investments are appropriate investments for reimbursement as part of Power Sector  
2 Transformation.

3  
4 To the extent that the PUC finds that an investment meets that criteria, the Company will  
5 include such investments (which are multi-year by nature) in annual Plan filings to be  
6 submitted by December 1, 2018, for FY 2020, and by January 1 annually thereafter, for  
7 FY 2021 and beyond. The Company will update the proposals presented in this filing, as  
8 applicable, in subsequent annual Plan filings and will also request annual approval of the  
9 associated costs (capital investments and operation and maintenance expenses) by  
10 April 1. These annual filings will be the mechanism through which the Company seeks  
11 and obtains approval to make a particular investment. The Company does not and will  
12 not rely on any findings from this docket as pre-approval of any particular or individual  
13 investment described in the Plan, other than the specific investments related to AMF  
14 design costs.

15

16 **Q. Please describe the chapters of the Power Sector Transformation Plan.**

17 A. Chapter 1 provides a brief introduction of the Company's vision and principles, as noted  
18 above. Chapter 2 summarizes the Plan and explains how its proposals advance the state's  
19 goals for a new electric system. Chapter 3 proposes specific investments to enable a  
20 modern grid in Rhode Island. Chapter 4 sets out the Company's proposal to deploy AMF  
21 for customers in Rhode Island. Chapters 5, 6, and 7 outline a portfolio of clean energy

1 investments in electric transport, electric heat, and energy storage, respectively. Chapter  
2 8 outlines proposals for Income Eligible customers. Chapter 9 describes proposed new  
3 performance incentives to drive utility innovation and a focus on delivering outcomes  
4 that customers' value. Chapter 10 describes the illustrative revenue requirement  
5 calculation associated with proposed investments in years one, two, and three of the plan  
6 and recommends a new cost recovery mechanism, the Power Sector Transformation  
7 Provision.

8

9 **III. National Grid's Vision for a Transformed Power Sector in Rhode Island**

10 **Q. What is the Company's vision for its electric distribution system going forward?**

11 A. The Company will continue to provide a resilient, efficient, and open electric distribution  
12 system while also creating a platform that empowers its customers and supports the  
13 transition to a cleaner, more affordable, safe, and reliable energy system for Rhode  
14 Island. This vision reflects the Company's three key goals for this grid of the future:

- 15 • Customer choice, knowledge, and control;
- 16 • Large scale and distributed clean energy resources that are commonplace and  
17 accessible to all customers; and
- 18 • Efficiency and low carbon fuels as the affordable, everyday choice for customers.

19

1 **Q. Has the Company followed a set of guiding principles in designing the Plan to**  
2 **ensure the proposed investments advance the Company's vision?**

3 A. Yes. The Company has adopted the following four guiding principles that underlie its  
4 vision:

- 5 • Empower all customers by ensuring choice and control over their energy needs.
- 6 • Cultivate an efficient and resilient grid that can adapt to the evolving grid  
7 necessity of two-way power flows, and responsive customer driven demand.
- 8 • Support the State of Rhode Island in achieving its clean energy objectives,  
9 including an 80 percent reduction in greenhouse gas (GHG) emissions by 2050.
- 10 • Maximize the effectiveness of performance incentives in driving these important  
11 outcomes for Rhode Island and its citizens.

12 Each of these principles is described more fully in Chapter 1 of the Plan.

13  
14 **Q. Why did the Company decide to propose the Plan at this time?**

15 A. The energy landscape is changing – energy supply is becoming more diverse and less  
16 carbon intensive, and decentralization and digitization trends are accelerating. The  
17 Company has a critical role to play supporting this clean energy transition and creating a  
18 more efficient energy delivery system that meets customers' evolving needs. The state's  
19 November 2017 "*Rhode Island Power Sector Transformation, Phase One Report to*  
20 *Governor Gina M. Raimondo*" (the Power Sector Transformation Phase One Report)  
21 considered these same challenges and opportunities, and included recommendations for  
22 achieving the State of Rhode Island's policy goals. These policy goals have been  
23 identified as:

- 1                   • Controlling the long-term costs of the electric system through a new  
2                   regulatory framework that promotes a broad range of resources that will  
3                   “right-size” the distribution system instead of building for peak usage;  
4                   • Providing customers with more energy choices and information to  
5                   manage their costs and usage;  
6                   • Building a flexible grid to integrate more clean energy generation to help  
7                   Rhode Island meet its GHG emission reduction and clean energy goals.

8  
9                   The Power Sector Transformation Phase One Report specifically identified the  
10                  Company’s 2017 general rate case filing (being considered in parallel with the Plan)<sup>1</sup> as a  
11                  strategic opportunity and implementation vehicle through which to modernize the utility  
12                  business model, deploy advanced meters, enhance distribution system planning, and  
13                  pursue beneficial electrification.

14  
15                  In response to these changes and opportunities, the Company considered five key factors  
16                  when developing the Plan and timing for implementation: (1) the PUC’s guidance in  
17                  Docket No. 4600 (more fully discussed in Section IV, below); (2) the recommendations  
18                  contained in the Power Sector Transformation Phase One Report;<sup>2</sup> (3) the level of  
19                  distributed energy resources (DER) penetration on National Grid’s distribution system

---

<sup>1</sup> The Company initially submitted the Plan as part of its general rate case filing on November 27, 2017; however, the PUC subsequently opened a separate docket (Docket No. 4780) in which to review the proposed Plan.

<sup>2</sup> The Plan was developed, in part, to reflect the stakeholder input provided in Docket No. 4600 and in development of the Power Sector Transformation Phase One Report.

1 (including National Grid's expectations for the future); (4) the need to implement system  
2 upgrades to the Company's electric distribution infrastructure in an efficient and cost-  
3 effective manner designed to integrate, not simply interconnect, customer driven DER;  
4 and (5) opportunities to reduce costs through coordination with the Company's affiliates  
5 in New York and Massachusetts.

6 Based on these considerations, the Company determined that now is the time to begin  
7 implementation of the Plan and curated a proposed investment portfolio that aligns with  
8 several of the recommendations contained in the Power Sector Transformation Phase One  
9 Report, and that begins to address the challenges of the changing energy sector.

10

11 **IV. Regulatory Framework for the Company's Proposed Plan Investments**

12 **Q. In addition to the state policy goals and the Company's own vision for Power Sector**  
13 **Transformation, are there any regulatory considerations that the PUC should take**  
14 **into account in reviewing the proposed Plan investments?**

15 A. Yes. The PUC initiated Docket 4600, which was a stakeholder process to address issues  
16 related to the changing electric distribution system, and to begin to review how rate  
17 modernization could accommodate and enhance an efficient modernization of the electric  
18 distribution system.<sup>3</sup> To meet these goals, the PUC sought to develop a set of rate design  
19 principles and a benefit-cost framework to inform how rates could be set in a way to

---

<sup>3</sup> See Report and Order, Docket No. 4600, at 4 (issued July 31, 2017).

1 properly incent the Company to meet state policies.<sup>4</sup> This process resulted in a  
2 Stakeholder Report that articulated goals for a new electric system, a new Rhode Island  
3 Benefit-Cost Framework (Framework), a set of rate design and cost recovery strategies  
4 and principles, and recommendations for next steps. The PUC accepted the Stakeholder  
5 Report and adopted the principles, goals, and Framework.<sup>5</sup> The PUC subsequently issued  
6 a guidance document (Guidance Document) that set out and explained the goals, rate  
7 design principles, and the Framework for use in future dockets.<sup>6</sup> The Guidance  
8 Document made clear that any new proposal should address each of the goals to enable  
9 the PUC to appropriately balance the interests of all parties in setting just and reasonable  
10 rates, recognizing that a given proposal may not advance all of the goals.<sup>7</sup>

11

12 **Q. Did the Company specifically consider the rate design principles identified by the**  
13 **PUC in the Docket 4600 Guidance Document?**

14 A. Yes. The PUC stated in the Docket 4600 Guidance Document that a proposed rate design  
15 would be determined to be reasonable if it accomplished the following:

16

---

<sup>4</sup> See Id., at 4-5.

<sup>5</sup> See Id., at 6, 21.

<sup>6</sup> In its Report and Order, the PUC defined a guidance document as “an agency statement of general applicability and future effect that sets forth a policy on a statutory, regulatory, or technical issue.” The PUC contemplated the Guidance Document would provide “direction on how the PUC will use the goals, principles, and Framework to address the factors set forth in R.I. Gen. Laws § 39-26.6-24(b).” Report and Order, at 21-22.

<sup>7</sup> Guidance Document, at 3-4.

- 1 • Ensures safe, reliable, affordable, and environmentally responsible electricity service
- 2 today and in the future;
- 3 • Promotes economic efficiency over the short and long term;
- 4 • Provides efficient price signals that reflect long-run marginal cost;
- 5 • Identifies future rates and rate structures that appropriately address “externalities”
- 6 that are not adequately counted in current rate structures;
- 7 • Empowers consumers to manage their costs;
- 8 • Enables a fair opportunity for utility cost recovery of prudently incurred costs and
- 9 revenue stability;
- 10 • Ensures that all parties should provide fair compensation for value and services
- 11 received and should receive fair compensation for value and benefits delivered;
- 12 • Constitutes a design that is transparent and understandable to all customers;
- 13 • Ensures that any changes in rate structures are be implemented with due
- 14 consideration to the principle of gradualism in order to allow ample time for
- 15 customers (including DER customers) to understand new rates and to lessen
- 16 immediate bill impacts;
- 17 • Provides opportunities to reduce energy burden, and address low income and
- 18 vulnerable customers’ needs;
- 19 • Ensures consistency with policy goals (e.g., environmental, climate (Resilient Rhode
- 20 Island Act), energy diversity, competition, innovation, power/data security, least cost
- 21 procurement, etc.); and
- 22 • Evaluates rate structures based on whether they encourage or discourage
- 23 appropriate investments that enable the evolution of the future energy system.
- 24

25 The Company considered each of these objectives when designing its cost recovery  
26 proposal and has designed the proposed Power Sector Transformation Provision to meet  
27 these objectives while balancing the impacts to customers.

28  
29 By proposing a multi-year program such as Power Sector Transformation, the Company’s  
30 cost recovery proposal is in consideration of the objective that the Company be given a  
31 fair opportunity to recover prudently-incurred costs and revenue stability. Without cost  
32 recovery, the Company would not be able to meet this objective. The Company’s cost

1 recovery proposal also is intended to address the objective of the Company receiving fair  
2 compensation for the services it provides.

3  
4 Additionally, the Company has included an Income Eligible Customer Rewards Program  
5 in the Plan, and pursuant to the proposed Power Sector Transformation Provision, the  
6 costs associated with this program would be allocated to all customers. The Power  
7 Sector Transformation Provision, therefore, addresses low income customers' needs by  
8 facilitating programs that directly benefit this customer group.

9  
10 The Company has also specifically designed the Power Sector Transformation Provision  
11 to allow for rates that are based on an allocation of the costs that would be incurred  
12 through Power Sector Transformation activities, intended to better align the recovery of  
13 the costs from customers more consistent with how the Company would incur these costs.  
14 And through its proposal for recovering costs through both a per-bill factor and a  
15 volumetric factor, the Company is gradually transitioning its rate design to recover those  
16 costs that are associated with serving a customer and that do not vary based on  
17 volumetric deliveries into a per-bill factor (akin to a customer charge) while proposing to  
18 recover other components of Power Sector Transformation costs through variable (per-  
19 kWh) factors. Both types of rates would be subject to the PUC's approval on an annual  
20 basis.

1 The variable factors continue to provide an incentive for customers to reduce usage while  
2 also creating an opportunity for customers to manage their energy costs. There variable  
3 factors therefore will empower consumers to manage their costs and constitute a design  
4 that is transparent and understandable to all customers.

5  
6 The Company is proposing per-bill factors, in part, to mirror the base rate component  
7 through which these Power Sector Transformation costs would otherwise be recovered if  
8 recovered through base distribution rates (i.e., the customer charge). This proposal is a  
9 way to gradually transition the recovery of these costs through the component of utility  
10 rates that is intended to recover them, i.e. the customer-related component. If the  
11 Company had proposed to recover the costs it is proposing to recover in the per-bill  
12 factor through a per-kWh factor, at the time these costs are included in a revenue  
13 requirement in a general rate case, the rate design would dictate that the costs, when  
14 included with all other customer-related costs, should be recovered through a customer  
15 charge. This would result in a noticeable shift in cost recovery from one component of  
16 the Company's rate structure (a per-kWh rate) to another (a per-bill rate), likely resulting  
17 in larger bill impacts for lower use customers. The Company's proposal to include a per-  
18 bill factor in its cost recovery proposal is intended to avoid that impact and ensure that  
19 any changes in rate structures are be implemented with due consideration to the  
20 principle of gradualism in order to allow ample time for customers (including DER  
21 customers) to understand new rates and to lessen immediate bill impacts. The

1 Company's per-bill recovery proposal for a portion of Power Sector Transformation costs  
2 is also intended to preserve a source of revenue that would be reduced over time with the  
3 continued installation of behind-the-meter distributed generation (DG) facilities. If the  
4 Company had proposed a per-kWh factor, a growing customer base having DG would  
5 result in less revenue generated in support of these costs that all remaining non-DG  
6 customers would be required to pay. Such a result would place an undue burden on those  
7 customers, and could be viewed as counter-intuitive in light of DG customers likely  
8 benefiting from the utility equipment and infrastructure to be installed in Power Sector  
9 Transformation initiatives. A per-bill factor would ensure that all benefiting customers  
10 are assessed for certain Power Sector Transformation costs equitably and also  
11 contributing to a stable level of revenue for the Company thereby ensuring that all parties  
12 should provide fair compensation for value and services received, enables a fair  
13 opportunity for utility cost recovery of prudently incurred costs and revenue stability, and  
14 constitutes a design that is transparent and understandable to all customers. These factors  
15 will be evaluated on an annual basis together with the Company's annual Plan filings.  
16 This will allow the PUC, the Company, and stakeholders to ensure that rates are  
17 transparent and that the Company's investments are providing value to customers.

18  
19

1 **Q. How else has the Company designed its cost recovery proposal to address these rate**  
2 **design objectives?**

3 A. In addition to the design of the Company's proposed Power Sector Transformation  
4 Provision itself, the Company has included a proposal for Power Sector Transformation  
5 Performance Incentives. These incentives are designed to reward the Company for  
6 achieving specific performance metrics. These performance metrics require the  
7 Company to meet specific targets including reducing peak load, increasing customer  
8 participation in Power Sector Transformation programs, increasing integration of DG,  
9 and reducing carbon emissions. These performance metrics, therefore, incentivize the  
10 Company to meet the rate design objectives identified in Docket 4600 including ensuring  
11 environmentally responsible electric service today and in the future and ensuring  
12 consistency with policy goals such as energy diversity and innovation.

13  
14 Finally, as discussed in greater detail below, the Company included a cap on its proposal  
15 for the performance incentive related to capital projects. Any incentives earned beyond  
16 the cap will be returned to customers thereby providing a balance between Company and  
17 customer interests.

18

1 **Q. Has the Company already begun implementation of any investments proposed in**  
2 **the Plan through other cost recovery mechanisms in Rhode Island?**

3 A. The Company has proposed very limited investments in Rhode Island for some  
4 investment categories to “jump start” the longer terms needs outlined in the Plan. These  
5 investments include: 1) \$7.1 million through the Company’s Electric Infrastructure,  
6 Safety, and Reliability (ISR) Plan to use advanced meters as voltage sensors, further  
7 building on its on-going volt-var roll-out; 2) \$286,250 through the Energy Efficiency  
8 (EE) Plan for a small pilot to promote cold weather, high efficient heat pumps); and 3)  
9 \$80,000 through the System Reliability Procurement (SRP) Plan to begin development of  
10 a system data portal. These initial investments will serve as fundamental building blocks  
11 for investments in future Power Sector Transformation filings and therefore going  
12 forward, the Company proposes that these specific investments, and the already approved  
13 funding, become a component of future Power Sector Transformation filings and  
14 removed from the program filings described above.  
15 Limitations in each of the existing programs (ISR, EE, SRP) are such that no one of those  
16 programs provides a suitable vehicle for all types of investment, including the types of  
17 PST investment proposed in the Plan. However, the Company recognizes that it is highly  
18 desirable for all interested parties to have overall visibility of all investment proposals –  
19 regardless of which program they are filed under. With this in mind the Company  
20 proposes that future related components of the ISR, EE, SRP and PST filings be aligned  
21 to allow consideration of all investments proposals in concert.

1   **Q.    Why has the Company proposed a separate Power Sector Transformation Factor to**  
2   **fund proposed investments instead of using other existing mechanisms?**

3   A.    There are statutory or other limitations on other possible funding mechanisms, such as the  
4   ISR, EE, or SRP:

- 5           a.   the ISR has statutory limitations on the categories of spending that may be  
6           included in the annual plan, as well as on the ability to recover for O&M costs,  
7           except for those associated with vegetation management activities and the  
8           Company's Inspection and Maintenance Program. Many of the proposed Power  
9           Sector Transformation investments will require information services (IS)  
10          investments, which are treated as O&M. In addition, the types of investments  
11          which are statutorily allowed to be included in the ISR are capital investments to  
12          primarily address safety and reliability concerns, whereas, the proposed Plan  
13          investments are designed to address system efficiency and resiliency, as well as  
14          the large scale integration of distributed generation resources, among other things.
- 15          b.   the EE plan is limited to the use of the funds to reduce individual customers'  
16          energy consumed and demand for capacity in the state.
- 17          c.   the SRP is designed to pilot new opportunities, not fund on-going capital  
18          programs.

19

1 **Q. Why has the Company not proposed to recover Power Sector Transformation**  
2 **investments in a general rate case?**

3 A. It was apparent throughout the Docket 4600 process, as well as the extensive Power  
4 Sector Transformation working group process, that stakeholder input is critical. This  
5 stakeholder input will assure that future Power Sector Transformation investments best  
6 meet the goals of state policy, including customer choice and empowerment, while also  
7 providing significant market opportunities to make the on-going process self-sustaining,  
8 low cost, and efficient for all participants. If the Company were to move forward with  
9 these investments without the critical feedback and input of all interested participants, it  
10 would not be certain that its investments were appropriately meeting the needs of the  
11 state and its customers. Including an annual stakeholder process will provide  
12 concurrence and certainty about Power Sector Transformation investments before-hand,  
13 as opposed to after-the-fact, and result in quicker and more efficient progress to the next  
14 generation electric grid.

15

16 **Q. How will the investments proposed under the Plan build upon the investments that**  
17 **the Company has already proposed?**

18 A. The investments already proposed are very small-scale projects designed to better  
19 understand the larger implementation and marketing needs that projects within the Plan  
20 will build from and have been designed to help the Company work out the processes

1 needed to properly scale investments needed to fully (over a period of time) implement  
2 an advanced grid in the state.

3 National Grid USA (National Grid) and its affiliates have engaged in grid modernization  
4 discussions through initiatives in both Massachusetts and New York. National Grid's  
5 experience in those states has informed the Company's proposals for Rhode Island, and,  
6 where their goals and objectives are consistent, the Company's proposed investments in  
7 all three jurisdictions are consistent. A coordinated deployment of certain investments in  
8 which system synergies can be achieved could produce significant cost savings for  
9 customers; thus, for the purposes of this Plan, we highlight the cost (where relevant) of  
10 making investments solely for Rhode Island, while also presenting a view that highlights  
11 potential synergies if investments are made in other jurisdictions on a consistent  
12 timeframe. The customer benefits that could be realized from shared systems and an  
13 increased scale of deployment have informed our proposed cost recovery mechanism for  
14 power sector transformation.

15  
16 **Q. Has the Company considered how the proposed Plan investments will allow an on-**  
17 **going evolution of the grid over time as expectations and capabilities change?**

18 A. Yes, the grid facing elements of this Plan provide foundational building blocks to support  
19 an evolving set of functionalities and capabilities of a modern grid. Lessons learned from  
20 previous investments have shaped this Plan and are integrated within the proposed  
21 projects. Additionally, the Company has taken into consideration how investments can be

1 leveraged across regulatory jurisdictions. For example, the DSCADA and ADMS  
2 deployments proposed in the Plan will support multiple operating companies and  
3 significant cost synergies that can be realized because investments can be coordinated  
4 across the operating companies.

5

6 **Q. Does the Plan address the goals and Framework that the PUC adopted in its Report**  
7 **and Order and the Guidance Document issued in Docket 4600?**

8 A. Yes. The Company designed the Plan to further each of the eight distinct goals for the  
9 electric system that the PUC adopted in Docket 4600:

- 10 ● Provide reliable, safe, clean, and affordable energy to Rhode Island customers  
11 over the long term (this applies to all energy use, not just regulated fuels);
- 12 ● Strengthen the Rhode Island economy, support economic competitiveness, retain  
13 and create jobs by optimizing the benefits of a modern grid and attaining  
14 appropriate rate design structures;
- 15 ● Address the challenge of climate change and other forms of pollution;
- 16 ● Prioritize and facilitate increasing customer investment in their facilities  
17 (efficiency, distributed generation, storage, responsive demand, and the  
18 electrification of vehicles and heating) where that investment provides  
19 recognizable net benefits;
- 20 ● Appropriately compensate distributed energy resources for the value they provide  
21 to the electricity system, customers, and society;
- 22 ● Appropriately charge customers for the cost they impose on the grid;
- 23 ● Appropriately compensate the distribution utility for the services it provides;
- 24 ● Align distribution utility, customer, and policy objectives and interests through  
25 the regulatory framework, including rate design, cost recovery, and incentives.

26 Each of the Company's Plan investment categories are designed to advance at least four  
27 of the eight goals articulated in the Docket 4600 Guidance Document (*see* Table 2-1

1 below). Section VI of this testimony includes additional detail regarding each investment  
2 category, including how each investment fits within each of these goals.

3

4 In addition, where it was appropriate to do so, the Company also included a cost-benefit  
5 analysis for each category of investment to address the Framework that the PUC adopted  
6 in Docket 4600. The PUC noted that, while the Framework required additional work for  
7 it to be applied in a fully quantitative manner, it could be used to provide a basis for  
8 qualitative assessment of proposals. Where a benefit-cost analysis was not appropriate,  
9 the Company also considered the Department of Energy (DOE) Modern Distribution  
10 Grid Report issued on March 27, 2017 (DOE Report). Finally, the Company worked  
11 with an external consultant (KPMG) to apply the Framework as a basis from which to  
12 develop a Rhode Island-specific benefit-cost analysis (BCA) model, which was then  
13 applied to each of the proposed Plan investments. In Chapter 2 of the Plan, Sections 3  
14 and 4, the Company provides additional detail regarding the BCA that it applied to each  
15 category of investment. This analysis is also discussed in Section V of this testimony  
16 with respect to each proposed investment. Appendix 2.1 provides additional support for  
17 the BCA applicable to individual initiatives.

18

19 **Q. Does the Plan provide a summary of how each investment category relates to goals**  
20 **adopted in Docket 4600?**

1 A. Yes, Table 2-1 (reproduced below) compares each goal adopted in Docket 4600 to the  
2 seven categories of Plan investments.

3

4 **Table 2-1: Proposals in the Plan that are expected to advance Docket 4600 goals**

| <b>GOALS FOR “NEW”<br/>ELECTRIC SYSTEM</b>                                   | Modern<br>Grid | AMF | Electric<br>Transport | Electric<br>Heat | Storage | Solar   | Income<br>Eligible |
|--|----------------|-----|-----------------------|------------------|---------|---------|--------------------|
| Provide reliable, safe, clean, and affordable energy                         | Y              | Y   | Y                     | Y                | Y       | Y       | Y                  |
| Strengthen the Rhode Island economy  | Y              | Y   | Y                     | Y                | Y       | Y       | Y <sup>8</sup>     |
| Address climate change and other forms of pollution                          | Y              | Y   | Y                     | Y                | Y       | Y       | Y                  |
| Prioritize and facilitate increasing customer investment in their facilities | Y              | Y   | Y                     | Y                | Y       | Y       | Neutral            |
| Appropriately compensate distributed energy resources                        | Y              | Y   | Y                     | Y                | Y       | Neutral | Neutral            |
| Appropriately charge customers for the cost they impose on the grid          | Y              | Y   | Y                     | Neutral          | Neutral | Neutral | Y                  |
| Appropriately compensate the distribution utility                            | Neutral        | Y   | Y                     | Neutral          | Neutral | Neutral | Neutral            |
| Align distribution utility, customer, and policy objectives and interests    | Y              | Y   | Y                     | Y                | Neutral | Neutral | Y                  |

<sup>8</sup> The version of Table 2-1 filed on November 27, 2017 stated that the Income Eligible Program was neutral regarding the goal of strengthening the Rhode Island economy. However, this program will strengthen the Rhode Island economy because ensuring that income eligible customers have utility service grants them greater stability and therefore greater means to participate in the economy. Lower utility bills for income eligible customers frees up funds for additional spending contributions to the economy.

1 In addition, the Company prepared a more detailed summary table for each investment  
2 category. These detailed summary tables are also discussed and reproduced in the section  
3 of this testimony corresponding to each investment.

4

5 **Q. What is the PUC's authority to approve the Company's Tariff Provisions and**  
6 **request for cost-recovery of the incremental \$2 million for the Company's AMF**  
7 **proposal?**

8 A. The PUC has broad regulatory authority under Rhode Island law to set just and  
9 reasonable rates. In issuing the Guidance Document, the PUC recognized its own  
10 authority to determine whether a specific proposal should be approved, notwithstanding  
11 whether the proposal is cost-effective or not, by noting that "the Rhode Island Supreme  
12 Court has oft held that the PUC is not held to any one specific formula in setting rates,  
13 but is expected to use its expertise in setting rates."<sup>9</sup> The PUC further noted that where a  
14 proposal does not pass the benefit-cost screening, but is nonetheless found to be  
15 beneficial to the system and further state energy goals, it may be approved.<sup>10</sup>

16

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<sup>9</sup> Guidance Document, at 7 (citing *In re: Island Hi-Speed Ferry, LLC*, 746 A.2d 1240, 1246 (R.I. 2000) ([T]his Court's review of decisions of the Commission is extremely deferential in light of the fact that *the Commission possesses a unique, specialized expertise and the ability to consider the complex social, economical, and technical information required to set public utility rates that are fair and reasonable*. Further, we reiterate that the Commission has exclusive jurisdiction to make such orders as it deems necessary to protect consumers and to ensure the economic viability of the utility. It is important to further note that this Court has held that "[n]o particular formula binds the commission in formulating its rate decision; the sole requirement is that the ultimate rate be fair and reasonable." (citations omitted) (emphasis added)).

<sup>10</sup> Guidance Document, at 7.

1 To the extent that the PUC makes findings in this docket that the proposed investments  
2 are consistent with the Docket 4600 goals and Framework, and would be beneficial to the  
3 system and further state energy goals, the PUC may approve the proposed Tariff  
4 Provisions that will allow the Company to include such investments in future annual Plan  
5 filings for cost-recovery, as well as the Company's request for cost-recovery of the \$2  
6 million for the AMF investment. Such approval is consistent with the PUC's broad  
7 regulatory authority and Supreme Court precedent.

8

9 **Q. Is there specific statutory authority for any of the proposed investments?**

10 A. Yes. The Company's proposed Solar Program is designed specifically to meet the  
11 requirements of R.I. Gen. Laws § 39-26-6(g). This statute authorizes utility ownership of  
12 up to 15 MW of renewable generation demonstration projects, provided that a portion of  
13 these demonstration projects specifically benefit customers of non-profit affordable  
14 housing projects. To comply with these directives, the Company has proposed  
15 demonstration program installations of up to 3.75 MW with several of the proposed sites  
16 located near affordable housing developments. This statutory authorization is in addition  
17 to the Company's determination that the solar proposal also advances several of the  
18 Docket 4600 goals.

19

1 **Q. With respect to the Docket 4600 Framework, please explain the methods of benefit-**  
2 **cost analysis that the Company used.**

3 A. Grid-side investments to enable DER (as described in Chapter 3 of the Plan): Because of  
4 the lack of quantifiable benefits that flow from these investments they are difficult to  
5 analyze using the Docket 4600 framework, and therefore the Company employed a best  
6 fit/least cost assessment as described in the DOE Report. DOE developed this  
7 recommendation through its work with state regulators, the utility industry, energy  
8 services companies, and technology developers to determine the functional requirements  
9 for a modern distribution system necessary to enhance reliability, resiliency, and  
10 operational efficiency, and also integrate and utilize DER. The DOE Report includes a  
11 “Decision Guide” which presents considerations for the rational implementation of  
12 advanced distribution system functionality. DOE recommends the “best-fit/least-cost  
13 assessment” cost-benefit analysis for traditional utility infrastructure investments and  
14 DER-enabling investments. Accordingly, the Company employed this method to  
15 evaluate proposed grid-side investments to enable DER using a conceptual cost estimate  
16 and an expectation that it will utilize a competitive procurement process as part of project  
17 deployment.

18  
19 Investments utilizing DER: For other investments included in Chapters 4 through 7 of  
20 the Plan (i.e., those which are not grid expenditures to enable DER), the Company  
21 developed a Rhode Island specific BCA methodology. This methodology leveraged

1 guidance from the Docket 4600 Benefit-Cost Framework, including the benefit and cost  
2 categories that are included in Appendix 2.1 (Program BCA). The Company also vetted  
3 and compared BCA models from the Company's Massachusetts and New York affiliates  
4 to identify other potential project value drivers and evaluate their relevance to the  
5 projects proposed in the Plan. Finally, the Company integrated already well-established  
6 assumptions and methodologies relied on for the Energy Efficiency Program BCAs in  
7 Rhode Island. Avoided cost and externality cost values and wholesale market price  
8 impact assumptions and general methodology for their application were taken from the  
9 2015 (updated in 2017) Avoided Energy Supply Costs in New England Report.

10

11 **Q. Did the Company also consider qualitative benefits?**

12 A. Yes. Consistent with the Docket 4600 Guidance Document findings, the Company found  
13 that not all benefits can be quantified and a benefit-cost framework is not the exclusive  
14 measure for evaluation of a proposal. Therefore, the Plan also includes a discussion of  
15 qualitative benefits for each initiative. These benefits have been summarized under the  
16 categories of societal, economic, educational, and environmental benefits.

17

18 **V. The Company's Proposed Plan Investments**

19 a. *DER Enablement through Grid Modernization*

20

21 **Q. Please describe the Company's proposed grid modernization investments in support**  
22 **of Power Sector Transformation objectives.**

- 1 A. While the Company continually takes steps to enhance the capabilities of the grid to  
2 ensure safe and reliable operation, the investments proposed in Chapter 3 of the Plan are  
3 intended to further enable the interconnection and integration of higher levels of DER.  
4 These DER enabling investments include the following:
- 5 1. System Data Portal: to provide information desired by DER developers to better  
6 understand interconnection limitations and to better understand where DER may  
7 be more advantageous to the grid. This investment will continue work begun in  
8 the approved 2018 SRP to expand the Portal, provide timely updates, and further  
9 develop the locational opportunity analysis and DG hosting capacity analysis.
  - 10 2. Feeder Monitoring Sensors: to provide more granular monitoring of the system  
11 that is required for distribution system planning and grid operations with  
12 increased DER penetration.
  - 13 3. Control Center Enhancements: a Distribution Management System, supported by  
14 a GIS and comprehensive network model, and distribution SCADA system are  
15 necessary to ensure safe, reliable and efficient operations due to increasing  
16 penetration of intermittent DER that increases the complexity of grid operations.
  - 17 4. Operational Data Management: enhancements are necessary to efficiently share  
18 information between information systems and operational control systems.
  - 19 5. Telecommunications: telecommunications investments will enable the integration  
20 of grid edge monitoring devices and centralized management and control systems.
  - 21 6. Cybersecurity: protections must be employed across all elements of the modern  
22 grid to maintain system security and customer protections.  
23

1 **Q. Does the Plan cover all elements of grid modernization or is the Company currently**  
2 **pursuing other categories of grid modernization investments through other dockets?**

3 A. The Company invests to modernize the grid as a normal course of business with  
4 investments supported by multiple cost-recovery mechanisms as depicted in the table  
5 below.

| Categories of Existing Grid Modernization Investments | Cost Recovery Mechanisms  |
|---|---------------------------|
| Physical Grid Infrastructure                          | ISR                       |
| Automated Field Devices                               | ISR                       |
| Power Flow Analysis and Fault Analysis                | Base                      |
| DER and Load Forecasting                              | Base                      |
| Power Quality Analysis                                | Base                      |
| Outage Management System and Outage Information       | Base                      |
| Volt-var management                                   | ISR                       |
| Customer DER Programs                                 | RES, REG, NM, SRP, and EE |

6  
7 The Power Sector Transformation stakeholder initiative and the Company's Plan have  
8 focused on the elements of grid modernization targeting DER enablement and utilization  
9 to improve efficiency and environmental stewardship.

11 **Q. How are these existing grid modernization investments different from the proposed**  
12 **Plan investments?**

13 A. Investments that advance the capabilities typically presented in the Company's ISR  
14 filings address capacity, reliability and asset condition concerns to accommodate  
15 traditional load growth and reliability concerns. The Company anticipates the objectives  
16 of Power Sector Transformation and other state policy goals will significantly alter the

1 utilization of the distribution system with the proliferation of DER. The initiatives of the  
2 Plan are incremental to those proposed in other filings and are intended to enable the  
3 interconnection and integration of high penetrations for DER in a safe, reliable and  
4 efficient fashion.

5

6 **Q. Of the investments referenced in the previous response, why should the PUC**  
7 **authorize cost recovery for such investments through the proposed Power Sector**  
8 **Transformation Provision, rather than through existing cost recovery mechanisms?**

9 A. The modern grid investments proposed in Chapter 3 of the Plan are incremental to those  
10 proposed in any existing recovery proceedings and are intended to develop a distribution  
11 system capable of supporting the aggressive state energy goals. The investments  
12 proposed in the Plan are a combination of field deployments and information systems and  
13 represent a combination of capital and O&M expenditures that do not fit well within the  
14 requirements and/or restrictions of existing recovery mechanisms. While these  
15 investments could be approved through periodic base rate cases, an annual Power Sector  
16 Transformation review allows for greater transparency and more timely stakeholder  
17 engagement to ensure the Company's plans are aligned with the goals and objectives of  
18 the state. As noted previously, the Company recognizes that it is highly desirable for all  
19 interested parties to have overall visibility of all investment proposals – regardless of  
20 which program they are filed under. With this in mind the Company proposes that future

1           ISR, EE, SRP and PST filings be aligned to allow consideration of all investments  
2           proposals in concert.

3

4   **Q.   Have any of the Company's affiliates in other jurisdictions implemented or**  
5   **proposed to implement any of the Company's proposed Power Sector**  
6   **Transformation-related grid modernization investments?**

7   A.   Yes, affiliates of the Company have proposed similar investments in Massachusetts as  
8       part of that state's Grid Modernization docket and in New York associated with the  
9       Reforming the Energy Vision (REV) proceedings. The Company's Plan has considered  
10      these proposals and where objectives align and project synergies can be realized, multi-  
11      jurisdictional scenarios have been presented in the Plan.

12

13   **Q.   Please describe the Company's proposed timetable to implement its Grid**  
14   **Modernization investments and compare that timetable to the timing the Company**  
15   **currently follows for implementing its Grid Modernization investments.**

16   A.   Rhode Island has proposed aggressive goals for the interconnection of clean energy  
17       resources and therefore the ability of the grid to integrate these resources in a safe and  
18       reliable manner must progress in a timely fashion. The timeline of specific projects in the  
19       plan represent a modest sense of urgency while recognizing reasonable time requirements  
20       to effectively plan and implement the proposed projects. The Company would propose  
21       these investments for consideration in its proposed annual Power Sector Transformation

1 filings and the specific proposed timing would be provided therein with significant  
2 stakeholder input.

3

4 **Q. What are the expected costs and benefits from the Grid Modernization investments**  
5 **described in Chapter 3 of the Plan?**

6 A. The proposed grid modernization investments are foundational to enable the  
7 interconnection of DER within distribution system planning and operations in a safe and  
8 reliable fashion. While the Company is not yet seeking recovery of any costs, a multi-  
9 year plan of investments is presented for each project. The benefits of these enabling  
10 investments are difficult to quantify in a standard benefit cost analysis. Therefore, the  
11 Company has proposed that these investments be justified using a “best fit/least cost”  
12 assessment. To achieve state policy objectives, including the integration of 1GW of  
13 renewable resources, significant changes in system planning and grid operations are  
14 necessary. The “needs” of the system include increased transparency of system  
15 performance for DER providers, real time situational awareness for grid operators and  
16 distribution system planners, and an ability to manage significantly increased data in a  
17 secure environment to accommodate the desired penetration of DER without adverse  
18 impacts. When these needs are addressed, the Company expects DER providers will  
19 benefit with access to system data that make DER interconnection more efficient, that  
20 hosting capacity will not be unnecessarily constrained due to conservative consumptions  
21 that are employed due to the lack of interval system monitoring, and grid operations will

1 have an enhanced ability to manage higher volumes of DER in both normal and  
2 contingency system configurations. Also, appropriate data management will facilitate the  
3 assessment of new data sources in an effort to continuously improve processes and  
4 performance.

5

6 In several instances, the Company has presented implementation cost estimates for both a  
7 Rhode Island only scenario, and a multi-jurisdictional scenario where implementation  
8 scenarios may be realized if coordinated with one or more of its affiliates.

9

10 **Q. Is the Company's Grid Modernization proposal consistent with the goals identified**  
11 **in Docket 4600?**

12 A. Yes. The Company's Grid Modernization proposal is closely aligned with Rhode  
13 Island's goals for a modern electric distribution system as articulated in the Docket 4600  
14 Guidance Document. The Company has identified how the infrastructure and DER  
15 enabling proposals align with and advances the goals of Docket 4600 in Section 3 of  
16 Chapter 3 of the Plan; this information is summarized in Table 3-22 (reproduced below).

17

18

1  
2

**Table 3-22: High level summary of alignment between grid modernization and Docket 4600 goals**

| Goals For “New” Electric System  | Advances?/Detracts From?/Is Neutral To?  |
|--|--|
| <p>Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels).</p>                                   | <p><u>Advances</u>: The Company’s grid modernization plans are foundational enablers necessary to achieve these goals. The monitoring, control, communications, and data management elements of grid modernization are necessary to effectively manage emerging multi-directional power flows in a reliable, safe, clean, and affordable manner. In addition, proposed cybersecurity elements will enable the integration of new, grid-connected devices and remote control capabilities in a reliable and secure fashion.</p>   |
| <p>Strengthen the Rhode Island economy, support economic competitiveness, and retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures.</p> | <p><u>Advances</u>: The investments herein include new tools, processes, and analytical capabilities that will drive a more efficient grid and ensure the affordability of clean electric power. An example of a new product being developed in Rhode Island includes Utilidata’s VVO/CVR technology, which has been shown to reduce consumption and peak demand in a cost-effective manner. In addition, the system data portal and other grid modernization elements will help more Rhode Island customers become both producers and consumers of energy by enabling them to invest in their own DER technologies in areas that are most cost-effective for these resources.</p> |
| <p>Address the challenge of climate change and other forms of pollution.</p>   | <p><u>Advances</u>: The proposed feeder monitoring system, ADMS, and system data portal will enable higher penetration of clean DERs into the grid, which will reduce Rhode Island’s reliance on central, carbon-based generation technologies. In addition, the modern grid will be more efficient as a result of better monitoring and control of grid-side devices and as customers become more active in managing energy usage.</p>  |

| <b>Goals For “New” Electric System</b>  | <b>Advances?/Detracts From?/Is Neutral To?</b>  |
|---|---|
| <p>Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits.</p> | <p><u>Advances:</u> The system data portal and new information such as hosting capacity analysis will help more Rhode Island customers and local DER developers become both producers and consumers of energy by enabling them to invest in their own DER technologies in areas where these technologies are most cost effective.</p> |
| <p>Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society.</p>  | <p><u>Advances:</u> The monitoring, communications, and data management elements of grid modernization are necessary to assess the locational and temporal value DER may provide to the electric system.</p>  |
| <p>Appropriately charge customers for the cost they impose on the grid.</p>   | <p><u>Advances:</u> The monitoring, communications, data management, and cybersecurity elements of grid modernization will enable new pricing and allocation mechanisms to attribute costs and benefits more equitably.</p>   |
| <p>Appropriately compensate the distribution utility for the services it provides.</p>  | <p><u>Advances:</u> the ability of a distribution utility to recover investments in a timely provides for more financial security to utility investors and therefore should moderate and/or lower costs of borrowing to the utility and these savings will be passed along to all customers.</p>                                      |
| <p>Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive</p>  | <p><u>Advances:</u> The system data portal will provide transparency concerning system needs and opportunities for interested stakeholders, thereby fostering a more collaborative approach to distribution system planning and operations.</p>   |

1  
2

1           **b.**       *AMF Investments*

2

3       **Q.**       **Please describe the Company's proposed AMF investments.**

4       **A.**       The Company is proposing to deploy electric and gas AMF for all of the Company's  
5               electric and gas residential and commercial customers, where appropriate. The  
6               Company's AMF deployment program consists of four key elements:

7               •       An integrated system of smart electric meters and natural gas encoded radio  
8               transmitters (ERTs);

9               •       A communications network;

10              •       An IT platform to collect, monitor, manage, and process raw data into intelligent  
11              information, and to engage customers and third parties; and

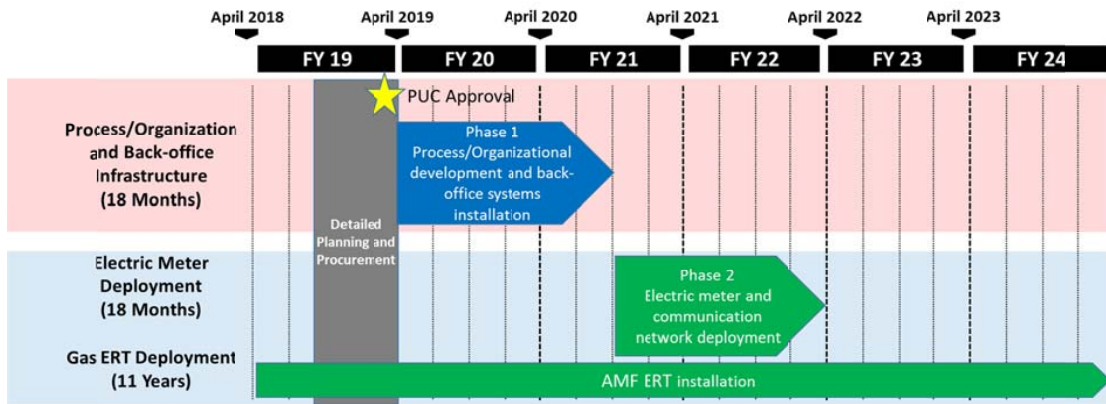
12              •       Project management and ongoing business operations.

13              The estimated timeline for implementation of the AMF proposal is provided in Figure 4-2  
14              (reproduced below) and may be updated as part of the Company's Plan for FY 2020. The  
15              AMF timeline includes the next phase of design work, including further exploration of  
16              partnerships, stakeholder input, and procurement to refine costs that will be conducted  
17              during FY 2019 if approved for cost recovery as part of this proceeding.

18

1  
2

**Figure 4-2: AMF Program Deployment Schedule**



3  
4

5 **Q. Are there any other components to the AMF proposal?**

6 A. Yes. Deployment of AMF will allow the Company to also deploy time varying rates  
7 (TVR) because the Company will be able to collect utility customers' energy usage in  
8 greater detail than current technologies allow. The Company's TVR proposal is  
9 explained in detail in Section 2.3 of Chapter 4 of the Plan. In summary the proposal is  
10 based on deployment of TVR on an 'opt out' basis, offering a rate that may consist of two  
11 supply pricing components: time of use prices, and critical peak prices. Subject to  
12 approval of an AMF deployment consistent with the timescales set out above, new rates  
13 could go live in 2023 – after meters have been deployed and following 12 months of  
14 customers engagement.

15

1 **Q. What are the costs associated with the Company's proposed AMF investments?**

2 A. The Company developed cost estimates by leveraging work completed to support AMF  
3 filings by its affiliates and estimates from AMF vendors. Section 2.4 of Chapter 4 of the  
4 Plan sets out the estimated costs, including the 20 year net present value (NPV)  
5 (in FY20 \$). The 20 year NPV for a full AMF deployment is \$259.75 million if AMF is  
6 deployed in Rhode Island only, and \$191.61 million if AMF is deployed in both Rhode  
7 Island and the Company's upstate New York businesses. The Company will refine its  
8 cost estimates during the design phase through Request for Information (RFI) and/or  
9 Request for Proposal (RFP) events. The Company is not seeking approval of these costs  
10 in this filing, but will include updated costs as part of the FY 2020 Plan filing.

11

12 **Q. Please elaborate on the Company's request for cost recovery associated with the**  
13 **proposed AMF investments.**

14 A. As discussed above, the Company is requesting approval to perform AMF design work  
15 during FY 2019. The Company has estimated that this work will cost \$2 million, and  
16 will provide the necessary groundwork for implementation of its future AMF investments  
17 that the Company will submit for further review and approval as part of National Grid's  
18 FY 2020 Plan, which it proposes to file by December 1, 2018.

19

1 **Q. What are the expected benefits from the AMF investments?**

2 A. The Company has identified the following customer benefits that are expected to result  
3 from deployment of AMF:

- 4 • Enhanced energy management capability;
- 5 • Enablement of third-party programs and offerings;
- 6 • Customer service enhancements;
- 7 • Easier move in/out process; and
- 8 • Savings on electric vehicle (EV) charging costs.

9 Additional detail regarding each of these customer benefits is provided in Sections 1 and  
10 3.2.1 of Chapter 4 of the Plan.

11

12 **Q. Has the Company also identified AMF benefits to the electric distribution system?**

13 A. Yes. The Company has identified the following grid-side benefits:

- 14 • Volt-var optimization (VVO);
- 15 • Avoided O&M costs;
- 16 • Storm outage management system improvements; and
- 17 • Reduced socialized costs from theft of service, write-offs due to unpaid bills, and  
18 the measurement accuracy of existing electro-mechanical meters.

19 Additional detail regarding each of these operational benefits is provided in Sections 1  
20 and 3.2.2 of Chapter 4 of the Plan.

1 **Q. Are any other benefits expected from deployment of AMF?**

2 A. Yes. In addition to these specific benefits, the Company has identified broader societal  
3 benefits such as reduced greenhouse gas emissions and economic development. These  
4 benefits are addressed in greater detail in Sections 1 and 3.2.3 of Chapter 4 of the Plan.

5

6 **Q. Has the Company presented a BCA of its proposed AMF investment in the Plan?**

7 A. Yes. As discussed in Chapter 2 of the Plan, this BCA for the AMF proposal includes  
8 consideration of both a Rhode Island-only deployment scenario and a joint Rhode Island  
9 and New York deployment scenario. The Company did not include a scenario where  
10 National Grid's Massachusetts companies also deploy AMF because it is unclear when  
11 final Order will be issued in the Massachusetts Grid Modernization proceeding and  
12 without an Order the Company has no visibility as to the likelihood of an AMI  
13 deployment in the short to medium term. The Company has provided the results of its  
14 BCA in Sections 1 and 7 of Chapter 4 of the Plan and in Appendices 4.1 and 4.2. Tables  
15 4-6 and 4-7 (reproduced below) provide the results of this BCA, for Rhode Island only  
16 and for a joint Rhode Island, New York implementation, respectively.

17

1 **Table 4-6: Rhode Island Only Implementation Societal Test Benefits and Costs**

| Category                              | Component  | Scenario 1<br>Opt-in w/<br>Low<br>Savings | Scenario 2<br>Opt-in w/<br>High<br>Savings | Scenario 3<br>Opt-out w/<br>Low<br>Savings | Scenario 4<br>Opt-out w/<br>High<br>Savings |
|---------------------------------------|--|---|--|--|---|
| Costs<br>20 Yr NPV<br>(\$ Million)    | Meter Equipment and<br>Installation                      | \$83.58                                   | \$83.58                                    | \$83.58                                    | \$83.58                                     |
|                                       | Communication<br>Equipment and<br>Installation           | \$7.58                                    | \$7.58                                     | \$7.58                                     | \$7.58                                      |
|                                       | IT Platform and<br>Ongoing IT                            | \$137.79                                  | \$137.79                                   | \$137.79                                   | \$137.79                                    |
|                                       | Project Management<br>and Ongoing Business<br>Operations | \$30.80                                   | \$30.80                                    | \$30.80                                    | \$30.80                                     |
|                                       | Total Costs  | \$259.75                                  | \$259.75                                   | \$259.75                                   | \$259.75                                    |
| Benefits<br>20 Yr NPV<br>(\$ Million) | Avoided O&M Costs  | \$52.64                                   | \$52.64                                    | \$52.64                                    | \$52.64                                     |
|                                       | Avoided AMR Costs  | \$66.49                                   | \$66.49                                    | \$66.49                                    | \$66.49                                     |
|                                       | Customer   | \$68.99                                   | \$122.61                                   | \$87.44                                    | \$162.02                                    |
|                                       | Societal   | \$16.40                                   | \$35.01                                    | \$22.65                                    | \$47.50                                     |
|                                       | Total Benefits   | \$204.52                                  | \$276.74                                   | \$229.22                                   | \$328.65                                    |
| B/C Ratio                             | Societal Cost Test                                       | 0.79                                      | 1.07                                       | 0.88                                       | 1.27  |

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**Table 4-7: Rhode Island and New York Joint Implementation  
Societal Test Benefits and Costs**

| Category  | Component  | Scenario 1<br>Opt-in w/<br>Low<br>Savings | Scenario 2<br>Opt-in w/<br>High<br>Savings | Scenario 3<br>Opt-out w/<br>Low<br>Savings | Scenario 4<br>Opt-out w/<br>High<br>Savings |
|-----------|--|---|--|--|---|
| Costs     | Meter Equipment and Installation                   | \$82.68                                   | \$82.68                                    | \$82.68                                    | \$82.68                                     |
|           | Communication Equipment and Installation           | \$7.06                                    | \$7.06                                     | \$7.06                                     | \$7.06                                      |
|           | IT Platform and Ongoing IT                         | \$72.78                                   | \$72.78                                    | \$72.78                                    | \$72.78                                     |
|           | Project Management and Ongoing Business Operations | \$29.09                                   | \$29.09                                    | \$29.09                                    | \$29.09                                     |
|           | Total Costs  | \$191.60                                  | \$191.60                                   | \$191.60                                   | \$191.60                                    |
| Benefits  | Avoided O&M Costs                                  | \$52.64                                   | \$52.64                                    | \$52.64                                    | \$52.64                                     |
|           | Avoided AMR Costs                                  | \$66.06                                   | \$66.06                                    | \$66.06                                    | \$66.06                                     |
|           | Customer   | \$68.99                                   | \$122.61                                   | \$87.44                                    | \$162.02                                    |
|           | Societal   | \$16.40                                   | \$35.01                                    | \$22.65                                    | \$47.50                                     |
|           | Total Benefits                                     | \$204.09                                  | \$276.31                                   | \$228.79                                   | \$328.22                                    |
| B/C Ratio | Societal Cost Test                                 | 1.07                                      | 1.44                                       | 1.19                                       | 1.71  |

3

4 **Q. Is the Company’s AMF proposal consistent with the goals identified in the Docket**  
5 **4600 Guidance Document?**

6 A. Yes. The Company’s AMF proposal is closely aligned with Rhode Island’s goals for a  
7 modern electric distribution system as articulated in the PUC’s Docket 4600 Guidance  
8 Document. Specifically, AMF empowers customers to reduce their energy consumption,  
9 creates economic development opportunities, and improves reliability and efficiency of

1 electric delivery. The proposal also would slowly convert Company gas customer meters  
2 to be able to be read by the system remotely and at more frequent intervals opening up  
3 the door to new service opportunities from outside competitive energy suppliers. Table 4-  
4 3 below summarizes the Company’s assessment of how the AMF proposal aligns with  
5 and advances each of the Docket 4600 goals.

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**Table 4-3: High-Level Summary of Alignment between AMF and Docket 4600 Goals**

| Goals for “New” Electric System   | Advances? / Detracts from? / Neutral to?   |
|---|--|
| Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels)  | Advances – Gives customers additional tools to reduce their energy consumption and helps the utility improve its operational efficiency. Improves the visibility of DERs on the grid and offer insight into where DERs can provide the most value. |
| Strengthen the Rhode Island economy, support economic competitiveness, retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures  | Advances – Positively impacts GDP and tax revenue, while also creating jobs, generating labor income, and helping build a workforce with the skills and experience required to support Rhode Island’s future as a clean energy economy.            |
| Address the challenge of climate change and other forms of pollution  | Advances – Gives customers additional tools to optimize their energy consumption and helps the utility improve operational efficiency.   |
| Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits | Advances – Enables time-varying rates and demand response programs, providing electric customers the ability to gain value from their energy use and giving them an incentive to invest in devices that will facilitate this control.              |

| Goals for “New” Electric System   | Advances? / Detracts from? / Neutral to?   |
|---|--|
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society                              | Advances – Provides time and location specific information required for DER integration and valuation. |
| Appropriately charge customers for the cost they impose on the grid   | Advances – Provides time and location specific information required for valuation.                     |
| Appropriately compensate the distribution utility for the services it provides  | Advances – Provides time and location specific information required for valuation.                     |
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive | Advances – Enables new time-varying rate options for electric customers.                               |

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In addition, the Company specifically reflected on the state’s Power Sector Transformation Phase One Report while developing the AMF proposal. As described in Section 1 of Chapter 4 of the Plan, the Company has included specific components in the AMF proposal that are consistent with the recommendations in the Power Sector Transformation Phase One Report.

**Q. Have any of the Company’s affiliates in other jurisdictions implemented or proposed to implement AMF?**

A. Yes. The Company’s New York and Massachusetts affiliates have conducted pilot programs that included AMF. The Company applied lessons learned from these pilot programs to develop the Rhode Island proposal.

1 In addition, the Company's New York affiliate, Niagara Mohawk Power Corporation  
2 (Niagara Mohawk), has submitted a proposal to deploy AMF to all of its customers in  
3 upstate New York. This proposal is currently pending before the New York Public  
4 Service Commission. As part of the Company's BCA, it considered a joint Rhode Island  
5 and New York implementation strategy to show the potential synergies and cost savings  
6 to Rhode Island customers if AMF deployment in New York is approved.

7  
8 The Company's Massachusetts electric distribution affiliates also have included an AMF  
9 component as part of their grid modernization proposal. This proposal currently is  
10 pending before the Massachusetts Department of Public Utilities.

11

12 **Q. Has the Company proposed AMF-related investments in other PUC proceedings to**  
13 **date?**

14 A. Yes. In its FY 2019 ISR Plan, the Company has proposed a pilot to test the use of  
15 advanced meters as additional voltage sensing devices to increase savings garnered from  
16 the current VVO programs as approved in the last two years ISR filings. This involves  
17 the use of 8,000 AMI meters to incrementally increase the effectiveness of a VVO system  
18 to reduce demand and energy usage by roughly 1% over and above the 3% savings  
19 typically achieved from VVO on a standalone basis.

20

1    **Q.    If so, why is it appropriate to recover costs associated with AMF investments**  
2           **through the Power Sector Transformation Provision, rather than through the ISR**  
3           **as per the VVO/AMF pilot?**

4    A.    The VVO/AMF pilot proposal included in the FY2019 ISR Plan is designed first and  
5           foremost to enhance value of VVO technology that is already being deployed through the  
6           ISR by integrating interval voltage data from advanced meters into optimization  
7           algorithms to improve system efficiency. While the VVO/AMF pilot will offer insight  
8           into additional conceptual operational benefits and others insights to support a full AMF  
9           deployment, it is the connection with existing and ongoing VVO investments that mean it  
10          is appropriate for this pilot to be included in the ISR.

11          In contrast, the full AMF deployment proposed by the Company under Power Sector  
12          Transformation represents a major new area of investment that includes significant  
13          capital and operational and maintenance (O&M) expenditures that may exceed statutory  
14          or other limitations on other possible funding mechanisms, such as the ISR. Furthermore,  
15          as described on page 12, the Company considers broad stakeholder engagement to be  
16          critical to the development of its Power Sector Transformation Plan, including is  
17          proposals for AMF.

18

1 **Q. Has the Company designed its proposal for AMF investments to ensure that they**  
2 **will be made in a manner that will facilitate adoption of new technologies or**  
3 **functions in the future?**

4 A. Yes. To reduce the risk of obsolescence, the Company plans, to the best of its ability, to  
5 "future-proof" the investments by leveraging open integration standards and protocols,  
6 new generation smart meters that are equipped with a computing platform that can be  
7 programmed over the air, and the outsourcing of key system components to ensure  
8 maximum technology agility in the future.

9  
10 *c. Electric Transportation Initiative*

11  
12 **Q. Please describe the Company's electric transportation initiative.**

13 A. The Company is proposing a three-year, multi-part Electric Transportation Initiative to  
14 accelerate electrification of transportation in Rhode Island. As described in Chapter 5 of  
15 the Plan, the Company will achieve this through multiple market development strategies  
16 enabled by six key program components:

- 17 1. Off-peak charging rebate pilot to evaluate a simple and convenient way to reward  
18 customers for charging their EVs during off-peak hours;
- 19 2. Charging station demonstration program to test new incentives to increase the  
20 number of charging stations and to reduce fleet and transit operators' charging  
21 infrastructure costs;
- 22 3. Discount pilot for direct current fast charging station accounts to reduce the  
23 operating costs for three years and thereby encourage the development of such  
24 charging stations;

- 1           4. Transportation education and outreach to educate consumers about the benefits  
2           and decreasing costs of EVs and improvements in charging infrastructure;
- 3           5. Company fleet expansion to increase the number of electrified heavy-duty trucks  
4           as a proof-point for market development; and
- 5           6. Initiative evaluation to test multiple market development strategies.

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8   **Q.    Where has the Company provided specific details regarding this initiative?**

9    A.    Sections 2.1 through 2.6 of Chapter 5 provide additional detail regarding each of the six  
10       components identified above. In addition, the Company has provided supporting  
11       materials in the following appendices and workpapers:

- 12           • Appendix 10.6: Revenue Requirement
- 13           • Workpaper 5.1: Electric Transportation Costs and Assumptions
- 14           • Workpaper 9.3: Electric Vehicle Targets (to support a new Performance  
15            Incentive Mechanism)

16

17   **Q.    What are the costs associated with the Electric Transportation Initiative?**

18    A.    As detailed in Section 4 of Chapter 5, the Company has estimated the total spending over  
19       the three years as \$7.34 million in capital and \$4.21 million in expense. These costs  
20       represent incremental costs to the Company, including funding for incremental staff  
21       whose roles will be to support advancement of transportation electrification in

1 Rhode Island. A breakdown of costs by component and year is provided in Table 5-4 of  
2 the Plan. A breakdown of costs by capital and expense and by year is provided in Table  
3 5-5 of the Plan.

4  
5 **Q. Did the Company perform a BCA for the Electric Transportation Initiative?**

6 A. Yes. More detailed information regarding the BCA is provided in Appendix 2.1. Tables  
7 5.6 and 5.7 (reproduced below) provide a summary of these BCA results.

8 **Table 5-6: Societal Cost Test Benefits and Costs**

| Electric Vehicles -- Total |  |                      |
|----------------------------|--|----------------------|
| <b>Benefit</b>             | Forward Commitment: Capacity Value                                       | \$ (1,016,847)       |
|                            | Energy Supply & Transmission Operating Value of Energy Provided or Saved | \$ (2,005,010)       |
|                            | Avoided Renewable Energy Credit (REC) Cost                               | \$ (199,162)         |
|                            | Greenhouse Gas (GHG) Externality Costs                                   | \$ 4,189,624         |
|                            | Criteria Air Pollutant and Other Environmental Costs                     | \$ 999,129           |
|                            | Non-Electric Avoided Fuel Cost   | \$ 13,567,821        |
|                            | Economic Development   | \$ -                 |
|                            |  | \$ -                 |
|                            | <b>Total</b>   | <b>\$ 15,535,555</b> |
| <b>Cost</b>                | Total Program Administration Costs                                       | \$ 10,420,428        |
|                            | Incremental Purchase and Maintenance Cost                                | \$ 4,671,444         |
|                            |  | \$ -                 |
|                            | <b>Total</b>   | <b>\$ 15,091,871</b> |
|                            | <b>BCA Ratio</b>   | <b>1.03</b>          |

9

1

**Table 5-7: Rate Impact Measure Benefits and Costs**

| Electric Vehicles -- Total |  |                      |
|----------------------------|--|----------------------|
| <b>Benefit</b>             | Forward Commitment: Capacity Value                                       | \$ (1,016,847)       |
|                            | Energy Supply & Transmission Operating Value of Energy Provided or Saved | \$ (2,005,010)       |
|                            | Avoided Renewable Energy Credit (REC) Cost                               | \$ (199,162)         |
|                            | Wholesale Market Price Effect  | \$ (7,138)           |
|                            |  |                      |
|                            | Net Utility Revenue Increase   | \$ 4,604,788         |
|                            | <b>Total</b>   | <b>\$ 1,376,632</b>  |
| <b>Cost</b>                | Total Program Administration Costs                                       | \$ 10,420,428        |
|                            | Net Utility Revenue Decrease   | \$ 326,937           |
|                            | <b>Total</b>   | <b>\$ 10,747,365</b> |
|                            | <b>BCA Ratio</b>   | <b>0.13</b>          |

2

3 **Q. What are the expected benefits from the Electric Transportation Initiative?**

4 A. The Company has identified the following categories of benefits associated with this  
5 initiative:

- 6 • Societal benefits including reduced reliance on conventional fossil fuels;
- 7 • Economic benefits including creation of local jobs;
- 8 • Educational benefits including raising awareness regarding the benefits of  
9 renewal and emerging energy technologies; and
- 10 • Environmental benefits including support for state and federal programs,  
11 including Rhode Island's Zero Emission Vehicle goals.

12 The Company has provided additional detail regarding these benefits in Table 5-8  
13 included in Chapter 5 of the Plan and reproduced below.

1

**Table 5-8: Qualitative Benefits**

| Category                    | Description/Examples   |
|-----------------------------|--|
| Societal                    | <p>Reduces reliance on conventional fuel sources, reducing societal exposure to price volatility and national security costs associated with other fuel sources.</p> <p>Advances local and regional knowledge of clean transportation technologies, positioning Rhode Island for further innovation across related industries, including autonomous vehicles which will have benefits for passenger safety and could also lead to a decrease in traffic congestion.</p>  |
| Economic                    | <p>Creates new and sustained local jobs through construction of charging stations and EV's as well as long-term maintenance of charging stations, EVs, and other associated industries.</p> <p>Increases awareness of job opportunities in emerging and sustainable energy sources, which can generate interest in these jobs and create future local jobs in these areas.</p> <p>Generates increased exposure and benefits of public (<i>i.e.</i>, utility) and private partnerships through the charging site development activities. This approach could help promote future public/private partnerships that support improving infrastructure and creating jobs.</p> |
| Educational                 | <p>Raises awareness among both program participants and other Rhode Island residents of the benefits of renewable and emerging energy technologies (economic, social, environmental, etc.).</p> <p>Creates data from charging stations that can be utilized by various entities in most effectively deploying charging stations in the future in other areas.</p>  |
| Environmental Externalities | <p>Supports state and federal programs advancing Zero Emission Vehicles in the consumer sector and fleet/transit sectors.</p> <p>Could result in increased uptake of other customer energy solutions that lower the environmental (<i>e.g.</i> air, ground, and water) impacts.</p>  |

2

3

1 **Q. Does the Company’s Electric Transportation proposal advance the goals articulated**  
2 **in the PUC’s Docket 4600 Guidance Document?**

3 A. Yes. As set forth in Table 5-3 (reproduced below), this initiative advances each of the  
4 goals articulated in the Docket 4600 Guidance Document.

5 **Table 5-3: High-Level Summary of Alignment between Electric Vehicle Initiative**  
6 **and Docket 4600 Goals**

| <b>Goals For “New” Electric System</b>  | <b>Advances? / Detracts from? / Neutral to?</b>   |
|---|---|
| Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels)  | Advances - Increases charging availability and affordability at a variety of locations, including home charging and non-home charging.  |
| Strengthen the Rhode Island economy, support economic competitiveness, retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures  | Advances - Supports the development of the EV and EV charging markets by incorporating many components that advance a modern grid and novel approaches to rates.  |
| Address the challenge of climate change and other forms of pollution  | Advances - Enables the adoption of lower-emitting all-electric and partially-electric vehicles.   |
| Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits | Advances - Enables customers to purchase and install their own EV supply equipment, or host Company-operated EV supply equipment with a cost-sharing payment. Also enables fleet customer investment in electrified vehicles. |
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society  | Advances - Pays enrolled EV customers a rebate for charging conducted off-peak.   |
| Appropriately charge customers for the cost they impose on the grid   | Advances - Proposed charging rates at Company-operated stations incorporate peak-time pricing to reflect higher costs.  |

| Goals For “New” Electric System   | Advances? / Detracts from? / Neutral to?  |
|---|---|
| Appropriately compensate the distribution utility for the services it provides  | Advances - Supports the implementation of EV-related Performance Incentive Mechanisms described in Chapter Nine.  |
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive | Advances - Demonstrates multiple market development strategies to enable EV charging development and EV adoption, through rate design, cost recovery, and incentives. |

1

2 **Q. Does this initiative advance any other state goals or policies?**

3 A. Yes. As detailed in Section 3.1 of Chapter 5, this initiative also is expected to advance  
4 Rhode Island’s Zero Emission Vehicle Draft Plan. The Company also developed this  
5 proposal specifically to be consistent with the Beneficial Electrification Principles set  
6 forth in the Power Sector Transformation Phase One Report.

7

8 **Q. Have any of the Company’s affiliates in other jurisdictions implemented or  
9 proposed to implement an electric transportation initiative?**

10 A. Yes. The Company’s Massachusetts affiliates have proposed a three-year Electric  
11 Vehicle Market Development Program that currently is pending with the Massachusetts  
12 Department of Public Utilities in Docket D.P.U. 17-13. This pilot proposal consists of  
13 four components: (1) an EV charging program intended to increase the number of  
14 available EV chargers; (2) a marketing, communications and education plan designed to  
15 promote the charging program; (3) a research and development plan focused on  
16 collecting data to develop potential future demand response program design; and (4) and

1 evaluation plan and performance incentive. The Massachusetts petition for approval also  
2 includes a request for pre-approval of the associated costs and a cost recovery  
3 mechanism.

4 In addition, Niagara Mohawk has proposed an Electric Transportation Initiative under its  
5 electric rate case currently pending before the NY Public Service Commission (Case 17-  
6 E-0238). Under this initiative, the Company would make capital upgrades to  
7 accommodate the future installation of electric vehicle charging stations at commercial  
8 customers' properties, and provide incentives to property owners to encourage the  
9 installation of these stations.

10

11 **Q. Has the Company made any other electric transportation proposals in other Rhode**  
12 **Island dockets?**

13 A. No.

14

15 **Q. Has the Company considered how it will ensure that the Electric Transportation**  
16 **Initiative investments will be made in a manner that will facilitate adoption of new**  
17 **technologies in the future?**

18 A. The Company's proposal supports innovation in the rapidly-evolving technology sectors  
19 of EVs and EV charging. By providing enabling investment and incentives for site hosts  
20 and third-parties to establish charging in the Charging Demonstration, alongside  
21 Company-operated EV supply equipment, the Company's program allows site hosts and

1 third-parties to select equipment that meets the program's qualifications, rather than  
2 specifying particular technologies in all sectors. As a time-limited program, the Initiative  
3 will allow for the installation of many types of charging equipment by many different  
4 market participants, without prematurely committing to a technology configuration,  
5 deployment approach, or market design.

6

7 *d. Electric Heat Initiative*

8

9 **Q. Please describe the Company's Electric Heat Initiative.**

10 A. The Company's Electric Heat Initiative is intended to accelerate efficient heat  
11 electrification in Rhode Island through multiple development strategies. Each of the four  
12 components of this initiative supports this objective:

- 13 • A ground source heat pump program to demonstrate that partial utility ownership  
14 with large commercial and industrial building owners will reduce the upfront  
15 costs of ground-source heat pumps, which has been the main barrier to  
16 widespread adoption;
- 17 • Equipment incentives (including incentives set aside for income eligible  
18 customers) will reduce the upfront cost barrier for residential customers to convert  
19 to heat pump systems, thereby broadening the market;
- 20 • Community based outreach through municipal partnerships will engage localities  
21 in driving heat pump adoption, thereby building broader awareness with  
22 renewable thermal technologies; and
- 23 • Oil/propane dealer training programs will support oil and propane dealers  
24 diversifying into the heat pump industry, thereby contributing to the development  
25 of a renewable heating and cooling supply chain.

26

27

1 **Q. What are the details of these components?**

2 A. Sections 2.1 through 2.4 of Chapter 6 provide additional detail regarding each of the four  
3 components of this initiative. In addition, the Company has provided supporting  
4 materials in the following appendix and workpaper:

- 5 • Appendix 10.7: Revenue Requirement;
- 6 • Workpaper 6.1 Electric Heat Cost Assumption; and
- 7 • Workpaper 9.2: Electric Heat Targets (to support a new performance incentive  
8 mechanism).
- 9

10 **Q. What are the costs associated with the Electric Heat Initiative?**

11 A. As discussed in Section 4 of Chapter 6 of the Plan, the Company estimates \$0.5 million  
12 in capital and \$1.41 million in O&M expense over three years. These costs represent  
13 incremental costs to the Company, including funding for incremental full-time staff to  
14 support advancement of heat electrification in Rhode Island. A breakdown of costs by  
15 component and year is provided in Table 6-2 of the Plan.

16

17 **Q. Did the Company perform a BCA for the Electric Heat Initiative?**

18 A. Yes. More detailed information regarding the BCA is provided in Appendix 2.1. Tables  
19 6.4 and 6.5 (reproduced below) provide a summary of these BCA results.

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**Table 6-4: Societal Cost Test Benefits and Costs**

| <b>Electric Heat - BCA Ratio</b> |  |                     |
|----------------------------------|--|---------------------|
| <b>Benefits</b>                  | Forward Commitment: Capacity Value   | \$ 277,788          |
|                                  | Energy Supply & Transmission Operating Value of Energy Provided or Saved (time- and location-specific LMP) | \$ (1,121,845)      |
|                                  | Avoided Renewable Energy Credit (REC) Cost   | \$ (99,926)         |
|                                  |  |                     |
|                                  | Greenhouse Gas (GHG) Externality Costs   | \$ 527,088          |
|                                  | Criteria Air Pollutant and Other Environmental Costs   | \$ 222              |
|                                  | Non-Electric Avoided Fuel Cost   | \$ 4,162,394        |
|                                  | Economic Development   | \$ -                |
|                                  | <b>\$ 3,745,721</b>  |                     |
| <b>Costs</b>                     | Utility / Third Party Developer Renewable Energy, Efficiency, or DER Costs                                 | \$ 1,073,830        |
|                                  | Program Participant / Prosumer Benefits / Costs  | \$ 2,275,503        |
|                                  |  | <b>\$ 3,349,332</b> |
|                                  | <b>BCA Ratio</b>   | <b>1.12</b>         |

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**Table 6:5: Rate Impact Measure Benefits and Costs**

| Electric Heat - BCA Ratio |  |                     |
|---------------------------|--|---------------------|
| <b>Benefits</b>           | Forward Commitment: Capacity Value   | \$ 277,788          |
|                           | Energy Supply & Transmission Operating Value of Energy Provided or Saved (time- and location-specific LMP) | \$ (1,121,845)      |
|                           | Avoided Renewable Energy Credit (REC) Cost   | \$ (99,926)         |
|                           | Wholesale Market Price Impacts   | \$ (5,073)          |
|                           |  |                     |
|                           | Change in Utility Revenue  | \$ 3,552,155        |
|                           |  | <b>\$ 2,603,098</b> |
| <b>Costs</b>              | Utility / Third Party Developer Renewable Energy, Efficiency, or DER Costs                                 | \$ 1,073,830        |
|                           |  |                     |
|                           |  | <b>\$ 1,073,830</b> |
| <b>BCA Ratio</b>          |  | <b>2.42</b>         |

3

4 **Q. What are the expected benefits from the Electric Heat Initiative?**

5 A. National Grid has quantified the following categories of benefits associated with this  
6 initiative:

- 7 • Societal benefits including the potential to lower GHG and criteria air pollution  
8 emissions through avoided delivered fossil fuel combustion, and avoided peak  
9 capacity costs through efficient summer cooling;
- 10 • Program participant benefits including reduced heating and cooling expenditures;

11 In addition to these benefits included in the BCA, National Grid expects other benefits  
12 such as:

- 13 • Economic development through targeted support for income eligible customers,  
14 and through the creation of local jobs in the renewable thermal market;

- 1           • Educational benefits including raising awareness for both program participants  
2           and citizens in general regarding the benefits of renewable and emerging energy  
3           technologies; and
  
- 4           • Positive environmental externalities from invigorating increased awareness of  
5           environmental issues resulting from selecting different energy technologies.

6           The Company has provided additional detail regarding each of these categories of  
7           benefits in Table 6-6.

8

9   **Q.    Does the Company’s Electric Heat proposal advance the goals articulated in the**  
10 **PUC’s Docket 4600 Guidance Document?**

11 A.    Yes. As set forth in Table 6.1 (reproduced below), this initiative advances six out of the  
12 eight Docket 4600 goals. The proposal is neutral for the remaining two goals.

13

14 **Table 6.1: High-Level Summary of Alignment between Electric Heat Initiative and**  
15 **Docket 4600 Goals**

| Goals For “New” Electric System  | Advances?/Detracts from?/Neutral to?   |
|--|--|
| Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels)                               | Advances - The Electric Heat Initiative advances this goal by providing greater access to clean and affordable electric heat in place of costlier and more polluting delivered fuels.                            |
| Strengthen the Rhode Island economy, support economic competitiveness, retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures | Advances - The Electric Heat Initiative advances this goal by invigorating the renewable thermal market, facilitating customer investment in their homes, and supporting the formation of a robust supply chain. |

| <b>Goals For “New” Electric System</b>  | <b>Advances?/Detracts from?/Neutral to?</b>   |
|---|---|
| Address the challenge of climate change and other forms of pollution  | Advances - This goal is central to the Electric Heat Initiative, as it aims to achieve high-impact emissions reduction opportunities in the residential and small commercial heating sectors.                                     |
| Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits | Advances - This goal is also central to the Electric Heat Initiative, which is structured to leverage utility investment to unlock customer investment in their heating systems.  |
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society  | Advances - The Electric Heat Initiative advances this goal, as the rebate amounts closely align with the social value of GHG emissions reduction attributable to the heating systems.   |
| Appropriately charge customers for the cost they impose on the grid   | Neutral - The Electric Heat Initiative is neutral on this goal because compensation of distributed heat energy resources is not included at this time.  |
| Appropriately compensate the distribution utility for the services it provides  | Neutral - The Electric Heat Initiative is neutral on this goal because new rate structures are not included at this time.   |
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive   | Advances - The Electric Heat Initiative advances this goal by re-directing utility incentives toward the GHG reduction goals of the Resilient Rhode Island Act of 2014 and the Rhode Island GHG Emissions Reduction Plan of 2016. |

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**Q. Does this initiative advance any other state goals or policies?**

A. Yes. As detailed in Section 3.1 of Chapter 6, the Electric Heat Initiative directly responds to Rhode Island’s 2015 State Energy Plan, the 2016 Systems Integration Rhode

1 Island (SIRI) Vision Document, the 2016 Rhode Island Emissions Reduction Plan  
2 developed by the Executive Climate Change Coordinating Council (EC4) (the EC4 Plan),  
3 the 2017 Rhode Island Thermal Market Development Strategy, and the 2017 Power  
4 Sector Transformation stakeholder process.

5

6 **Q. Have any of the Company's affiliates in other jurisdictions implemented or**  
7 **proposed to implement an electric heat initiative?**

8 A. Yes. National Grid has proposed a similar electric heat initiative in upstate New York  
9 under its electric rate case currently pending before the NY Public Service Commission  
10 (Case 17-E-0238). This initiative is proposed to be implemented in early- to mid-2018,  
11 and is similarly linked to an incentive mechanism based on carbon emissions reductions.

12

13 **Q. Has the Company made any other electric heat proposals in other Rhode Island**  
14 **dockets?**

15 A. Yes. A complementary proposal to "jump-start" the effort was made in RIPUC Docket  
16 No. 4684 (the 2018-2020 Energy Efficiency Procurement Plan), and subsequently in  
17 RIPUC Docket No. 4755, the 2018 Energy Efficiency Program Plan, but its funding is  
18 limited in amount and number of participants.

19

1 **Q. Has the Company considered how it will ensure that the Electric Heat Initiative**  
2 **investments will be made in a manner that will facilitate adoption of new**  
3 **technologies in the future?**

4 A. Yes. In the expectation that renewable thermal technologies will continue to advance,  
5 National Grid has based technology eligibility on respected third-party specifications  
6 (e.g. the Northeast Energy Efficiency Partnership specification for air-source heat  
7 pumps), and has also structured the corresponding performance incentive mechanisms to  
8 be based on carbon emissions reduction. Basing the incentive on emissions reduction  
9 promotes technology neutrality and encourages innovation focused on positive  
10 environmental outcomes.

11  
12 *e. Energy Storage Initiative*

13  
14 **Q. Please describe the Company's Energy Storage Initiative.**

15 A. The Company's Energy Storage Initiative is intended to demonstrate the value of energy  
16 storage by installing approximately two (2) MWh of Company-owned energy. The  
17 Company will install energy storage at locations that will test benefits to the distribution  
18 system, maximize benefits to co-located customers/partners, and enable  
19 youth/community educational opportunities. The Company plans to share its lessons  
20 learned for the benefit of industry stakeholders including energy storage providers and  
21 developers by presenting findings at industry conferences.

22

1 **Q. Where has the Company provided specific details regarding this initiative?**

2 A. Chapter 7 provides additional detail regarding the Energy Storage Initiative. In addition,  
3 the Company has provided supporting materials in the following appendix and  
4 workpaper:

- 5 • Appendix 10.8: Revenue Requirement; and
- 6 • Workpaper 7.1: Energy Storage Costs / Assumptions.

7  
8 **Q. What are the objectives of the Energy Storage Initiative?**

9 A. As discussed further in Section 2 of Chapter 7, there are three main objectives of the  
10 Energy Storage Initiative, as follows:

- 11 • Maximize quantifiable benefits by reducing system capacity through daily  
12 peak shifts, reducing system dynamic wear-out effects from co-located  
13 intermittent generation, understanding integration with renewables, and  
14 identifying potential reliability benefits.
- 15  
16 • Advance internal research and development by learning more about  
17 interconnection processes and challenges for energy storage systems,  
18 including the capabilities of grid interactive inverters and use cases for energy  
19 storage system control to move from simply interconnecting DERs to fully  
20 integrating them to provide specific quantifiable value to the distribution  
21 system.
- 22  
23  
24 • Promote general energy awareness through educational outreach to  
25 community and youth organizations.

26 **Q. What are the costs associated with the Energy Storage Initiative?**

27 A. The Company estimates that the total development capital cost of the proposed Energy  
28 Storage System Initiative over the course of three years totals \$2.3 million. The

1 Company used information from the RFPs issued by its Massachusetts affiliates for their  
2 solar and storage program, which includes storage facilities, to develop these cost  
3 estimates. A breakdown of annual costs is provided in Table 7-2 of the Plan.

4  
5 **Q. Did the Company perform a BCA for the Energy Storage Initiative?**

6 A. Yes. More detailed information regarding the BCA is provided in Appendix 2.1. Tables  
7 7.3 and 7.4 (reproduced below) provide a summary of these BCA results.

8  
9 **Table 7-3: Societal Cost Test Benefits and Costs**

| Energy Storage - BCA Ratio |  |                     |
|----------------------------|--|---------------------|
| <b>Benefits</b>            | Forward Commitment: Capacity Value   | \$ 889,173          |
|                            | Energy Supply & Transmission Operating Value of Energy Provided or Saved (time- and location-specific LMP) | \$ 139,264          |
|                            | Avoided Renewable Energy Credit (REC) Cost   | \$ (2,859)          |
|                            | Greenhouse Gas (GHG) Externality Costs   | \$ (6,674)          |
|                            | Economic Development   | \$ -                |
|                            |  | <b>\$ 1,018,904</b> |
| <b>Costs</b>               | Utility / Third Party Developer Renewable Energy, Efficiency, or DER Costs                                 | \$ 2,260,660        |
|                            |  | <b>\$ 2,260,660</b> |
| <b>BCA Ratio</b>           |  | <b>0.45</b>         |

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**Table 7-4: Ratepayer Impact Measure Benefits and Costs:**

| Energy Storage - BCA Ratio |  |                     |
|----------------------------|--|---------------------|
| <b>Benefits</b>            | Forward Commitment: Capacity Value   | \$ 889,173          |
|                            | Energy Supply & Transmission Operating Value of Energy Provided or Saved (time- and location-specific LMP) | \$ 139,264          |
|                            | Avoided Renewable Energy Credit (REC) Cost   | \$ (2,859)          |
|                            | Wholesale Market Price Impacts   | \$ (136)            |
|                            |  |                     |
|                            |  | <b>\$ 1,025,442</b> |
| <b>Costs</b>               | Utility / Third Party Developer Renewable Energy, Efficiency, or DER Costs                                 | \$ 2,260,660        |
|                            | Frequency Regulation   | \$ (163,044)        |
|                            |  | <b>\$ 2,097,616</b> |
|                            | <b>BCA Ratio</b>   | <b>0.49</b>         |

2

3 **Q. What are the expected benefits from the Energy Storage Initiative?**

4 A. The Company has quantified, in the BCA, the following categories of benefits identified  
5 with this initiative:

- 6 • Forward Commitment Capacity Value;
- 7 • Energy Supply and Transmission Operating Value

8 In addition to these benefits included in the BCA, National Grid expects other benefits  
9 such as:

- 10 • Demand benefits to the host facility;
- 11 • Societal benefits associated with improvement of customer comfort levels and  
12 the ability to make information energy usage decisions;
- 13 • Educational benefits associated with integrated community/youth educational  
14 outreach and partnerships;

- 1                   • Economic development and local job opportunities; and
- 2                   • Environmental benefits including awareness of broad environmental issues,
- 3                   shifting to cleaner energy options, and increased sensitivity to energy usage
- 4                   behaviors.

5

6 **Q. What were the results for the BCA on the Energy Storage Initiative?**

7 A. As indicated in Tables 7-3 and 7-4 (reproduced above), the proposed Energy Storage

8 Initiative does not pass the BCA test. The Company nevertheless believes the program

9 provides value to customers and the distribution system that cannot currently be captured

10 by the BCA used. However, as energy storage is a new product, not yet fully integrated

11 in to existing energy markets at the ISO-NE, storing renewable energy to use during peak

12 loading must have the ability to provide value to the entire energy delivery system.

13 Further, energy storage is anticipated to be a significant market in the near future, and all

14 customers will benefit if the Company can maximize its understanding of operations and

15 processes for accommodating energy storage before the technology achieves wider

16 commercial deployment.

17

18 **Q. Why is the Company proposing to include the Energy Storage Initiative in the Plan**

19 **at this time?**

20 A. The Company's energy storage initiative is timely because energy storage provides the

21 ability to optimize system performance over time and allows intermittent renewable

22 resources, such as wind and solar, to make a larger contribution to overall generation.

1 Early Company engagement with this technology, before a commercial market develops,  
2 is important in identifying process improvements and methods needed to properly and  
3 efficiently take full advantage of the technology benefits, and minimize future program  
4 costs. This is especially important in light of the technology's potential impact on  
5 fundamental operating principles of the electric system. Energy storage is likely to  
6 become a significant market in the near future and all customers will benefit if the  
7 Company can maximize its understanding of the operations and processes for  
8 accommodating energy storage before the technology achieves wider commercial  
9 deployment.

10

11 **Q. Does this initiative advance any other state goals or policies?**

12 A. Yes. In addition to supporting Rhode Island's Power Sector Transformation initiative,  
13 the Energy Storage Initiative aligns with the state's clean energy goals. Energy storage is  
14 a key enabling technology for advancing the deployment of clean energy resources,  
15 particularly intermittent renewables, and thereby further diversifying and decarbonizing  
16 the state's energy supply. In addition, energy storage provides important system benefits  
17 in terms of resiliency and local economic development, and therefore has the potential to  
18 play an important role in supporting the objectives of the Resilient Rhode Island Act of  
19 2014.<sup>11</sup>

20

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<sup>11</sup> R.I. Gen. Laws Ch. 42-62.

1 **Q. Does the Company’s Energy Storage proposal advance the goals articulated in the**  
2 **PUC’s Docket 4600 Guidance Document?**

3 A. Yes. As set forth in Table 7-1 (reproduced below), this initiative advances five out of the  
4 eight Docket 4600 goals. The proposal is neutral for the remaining three goals.

5  
6 **Table 7-1: High-Level Summary of Alignment Between Energy Storage System and**  
7 **Docket 4600 Goals**

| <b>Goals For “New” Electric System</b>  | <b>Advances? / Detracts from? / Neutral to?</b>   |
|---|---|
| Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels)  | Advances – Energy storage has the potential to increase distributed generation and increase reliability.  |
| Strengthen the Rhode Island economy, support economic competitiveness, retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures  | Advances – The storage program would provide local economic benefits, both during the construction phase and over the system’s operating lifetime.  |
| Address the challenge of climate change and other forms of pollution  | Advances – Energy storage has the potential to increase distributed generation and enable higher penetration of solar, thereby providing more reliable, safe, clean, and affordable energy. |
| Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits | Advances – Company-owned storage provides opportunities to understand how to better integrate storage into the distribution system.   |
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society  | Advances – Energy storage projects can help develop a better understanding of how to compensate distributed resources in the distribution system.   |
| Appropriately charge customers for the cost they impose on the grid   | Neutral   |
| Appropriately compensate the distribution utility for the services it provides  | Neutral   |

| Goals For “New” Electric System   | Advances? / Detracts from? / Neutral to? |
|---|--|
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive | Neutral                                  |

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**Q. Have any of the Company’s affiliates in other jurisdictions implemented or proposed to implement a similar energy storage initiative?**

A. Yes. The Company’s Massachusetts affiliates already owns or are in the process of installing approximately 15 MWh of energy storage in Massachusetts. In addition, the Massachusetts Department of Energy Resources has established a 200 MWh energy storage target for the distribution companies to reach by 2020.

The Company’s New York affiliate has proposed to implement two energy storage projects, each estimated at 2MW/3MWh. A decision on these projects is currently pending; if approved the projects will be constructed by December 2018.

The Company will apply experience it gains constructing facilities in Massachusetts and New York to construct new storage systems in a more efficient manner.

1 **Q. Has the Company made any other energy storage proposals in other Rhode Island**  
2 **dockets?**

3 A. Not for Company owned storage. In the 2017 and 2018 SRP plans funding was approved  
4 to 'purchase' 250 kW's of capacity for four's per day in the summer from 330 to 730 pm  
5 from an outside vendor.

6

7 *f. Income Eligible Programs*

8

9 **Q. Please describe the Company's Income Eligible programs.**

10 A. The Company proposes two initiatives as part of the Plan to better support our Income  
11 Eligible customers: (1) the Solar Demonstration Program for Income Eligible customers  
12 (referred to herein as the Solar Program); and (2) an Income Eligible Customer Rewards  
13 Program. These independent initiatives are in addition to the support programs the  
14 Company already provides to income eligible customers, and, in addition to other  
15 proposed investments in the Company's general rate case (Docket 4770), as discussed in  
16 the pre-filed direct testimony of Company Witness John F. Isberg.

17

18 **Q. Please describe the Solar Program.**

19 A. The Solar Program consists of a utility-owned solar photovoltaic demonstration program  
20 for installations up to 3.75 MW. The Company will use these solar sites for community  
21 education and renewable energy generation.

22

1 **Q. Where has the Company provided specific details regarding this initiative?**

2 A. Details regarding the Company's Solar Program are found in Section 3 of Chapter 8 of  
3 the Plan. In addition, the Company has provided supporting materials in the following  
4 appendix and workpaper:

- 5 • Appendix 10.9: Revenue Requirements; and
- 6 • Workpaper 8.1: Solar Cost Assumptions

7

8 **Q. What are the costs associated with the Solar Program?**

9 A. The Company estimates the aggregate total development (capital) cost estimate for the  
10 Solar Program is approximately \$9 million (*see* Section 5 of Chapter 8 of the Plan). The  
11 Company's estimate of O&M costs assumes that annual system and site maintenance  
12 services will be provided by third-parties. The Company estimates that costs associated  
13 with managing the project will total approximately \$155,750 over three years. Estimated  
14 costs by year are shown in Table 8-2 of the Plan.

15

16 **Q. Did the Company perform a cost-benefit analysis for the Solar Program?**

17 A. Yes. More detailed information regarding the BCA is provided in Appendix 2.1. Tables  
18 8.3 and 8.4 (reproduced below) provide a summary of these BCA results.

19

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**Table 8-3: Societal Cost Test Benefits and Costs**

| <b>Solar - BCA Ratio</b> |  |                     |
|--------------------------|--|---------------------|
| <b>Benefits</b>          | Forward Commitment: Capacity Value   | \$ 1,204,029        |
|                          | Energy Supply & Transmission Operating Value of Energy Provided or Saved (time- and location-specific LMP) | \$ 3,022,542        |
|                          | Avoided Renewable Energy Credit (REC) Cost   | \$ 213,002          |
|                          |  | \$ -                |
|                          | Greenhouse Gas (GHG) Externality Costs   | \$ 1,605,107        |
|                          | Non-Electric Avoided Fuel Cost   | \$ -                |
|                          | Economic Development   | \$ -                |
|                          |  | \$ -                |
|                          | <b>\$ 6,044,680</b>  |                     |
| <b>Costs</b>             | Utility / Third Party Developer Renewable Energy, Efficiency, or DER Costs                                 | \$ 7,093,687        |
|                          |  | \$ -                |
|                          |  | <b>\$ 7,093,687</b> |
|                          | <b>BCA Ratio</b>   | <b>0.85</b>         |

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4

The benefits and costs included in the Rate Impact Measure for the Solar Program BCA model are as follows:

5

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**Table 8-4: Rate Impact Measure Benefits and Costs**

| <b>Solar - BCA Ratio</b> |  |                     |
|--------------------------|--|---------------------|
| <b>Benefits</b>          | Forward Commitment: Capacity Value   | \$ 1,204,029        |
|                          | Energy Supply & Transmission Operating Value of Energy Provided or Saved (time- and location-specific LMP) | \$ 3,022,542        |
|                          | Avoided Renewable Energy Credit (REC) Cost   | \$ 213,002          |
|                          | Wholesale Market Price Impacts   | \$ 7,598            |
|                          |  | 0 \$ -              |
|                          |  | 0 \$ -              |
|                          |  | 0 \$ -              |
|                          |  | 0 \$ -              |
|                          | <b>\$ 4,447,170</b>  |                     |
| <b>Costs</b>             | Utility / Third Party Developer Renewable Energy, Efficiency, or DER Costs                                 | \$ 7,093,687        |
|                          |  | 0 \$ -              |
|                          |  | <b>\$ 7,093,687</b> |
|                          | <b>BCA Ratio</b>   | <b>0.63</b>         |

2

3

4 **Q. What are the expected benefits from the Solar Program?**

5 A. The Company has quantified, in the BCA, the following categories of benefits identified  
6 with this initiative:

- 7 • Forward Commitment capacity Value
- 8 • Energy Supply & Transmission Operating Value
- 9 • Renewable Energy Credit
- 10 • Wholesale Market Price Impacts

11

1 In addition to these benefits included in the BCA, National Grid expects other benefits  
2 such as:

- 3 • Investing revenues from the solar sites into energy-saving programs for  
4 income eligible programs to help lower these customers' electric bills;
- 5 • Reducing the electric bills of income eligible customers to reduce the burden  
6 of funding income eligible energy discounts for all Rhode Island customers;
- 7 • Lowering energy costs to provide local economic development benefits;
- 8 • Promoting awareness of environmental issues, such as pollution impacts from  
9 older, less efficient energy technologies (*e.g.*, particulate emissions);
- 10 • Facilitating community education by locating solar sites in accessible  
11 locations;
- 12 • Learning more about income eligible customers' engagement with renewable  
13 energy through the Rewards Program;
- 14 • Potentially creating new and recurring local job opportunities.
- 15 • Economic development and local job opportunities

16  
17 **Q. How will the Solar Program benefit Income Eligible customers?**

18 A. The Company proposes to use revenues from the solar sites to lower energy bills for  
19 Income Eligible customers who reside at nonprofit, affordable housing locations.  
20 Proceeds will be transferred to the Company's income eligible targeted programs, which  
21 seek to reduce energy use within this customer group, consistent with the Renewable

1 Energy Standard set forth in R.I. Gen. Laws § 39-26-6(g). For example, rather than  
2 providing a one-time reduction of a customer’s bill, the Company may provide energy  
3 saving measures, above those provided through current EE programs.

4  
5 **Q. Does the Solar Program pass the BCA?**

6 A. As indicated in Tables 8-3 and 8-4, the results of the BCA suggests that the costs will  
7 slightly exceed benefits. This program nonetheless provides value, both to customers and  
8 to the distribution system (not captured by the benefit-cost analysis), while also  
9 advancing state law.

10  
11 **Q. Does the Company’s proposed solar program advance the goals articulated in the**  
12 **PUC’s Docket 4600 Guidance Document?**

13 A. Yes. As set forth in Table 8-1 (reproduced below), this initiative advances four out of the  
14 eight Docket 4600 goals. The proposal is neutral for the remaining four goals.

15 **Table 8-1: High-Level Summary of Alignment Between Solar Program and**  
16 **Docket 4600 Goals**

| <b>Goals for “New” Electric System</b>   | <b>Advances? / Detracts from? / Neutral to?</b>   |
|--|---|
| Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels)                               | Advances – solar generators to provide reliable, safe, clean, and affordable energy.  |
| Strengthen the Rhode Island economy, support economic competitiveness, retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures | Advances – solar development provides local economic benefits both during the construction phase and over the life of the system. |

| Goals for “New” Electric System   | Advances? / Detracts from? / Neutral to?   |
|---|--|
| Address the challenge of climate change and other forms of pollution  | Advances – solar energy has no greenhouse gas or other pollutant emissions.  |
| Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits | Advances – Company-owned solar provides opportunities to understand how to better integrate distributed generation into the distribution system. |
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society  | Neutral  |
| Appropriately charge customers for the cost they impose on the grid   | Neutral  |
| Appropriately compensate the distribution utility for the services it provides  | Neutral  |
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive   | Neutral  |

1

2 **Q. Does the proposed solar program initiative advance any other state goals or**  
3 **policies?**

4 A. Yes. The Solar Program also supports Governor Raimondo’s goal to increase clean  
5 energy in Rhode Island to approximately 1,000 MW by 2020. Additionally, this program  
6 aligns with the energy security, cost-effectiveness, and sustainability goals of ENERGY  
7 2035. The Company’s Solar Program also is designed to meet the specific requirements  
8 of R.I. Gen. Laws § 39-26-6(g), which authorizes utility ownership of up to 15 MW of  
9 renewable generation demonstration projects, provided that a portion of demonstration  
10 projects specifically benefit customers of nonprofit affordable housing projects. Finally,

1 the Solar Program also helps to achieve numerous climate-related goals set out in state  
2 legislation and other policies or programs.

3

4 **Q. Please describe the Income Eligible Customer Rewards Program.**

5 A. The Income Eligible Customer Rewards Program is intended to achieve two goals, both  
6 in support of increasing the rate at which Income Eligible customers make timely bill  
7 payments and to reduce the incidence of arrears, collection, and service termination  
8 situations. First, it will provide a mechanism for the Company to convey direct financial  
9 benefits to customers who exhibit behaviors or take actions that the Company wishes to  
10 incentivize, either because they increase the likelihood that customers will stay current on  
11 their bills or because they directly reduce the cost of serving these customers. Second, it  
12 will provide vulnerable customers with a “bank” from which they can draw to pay their  
13 utility bill during months when that might otherwise be challenging, recognizing that  
14 many income eligible customers lack access to savings that would traditionally provide a  
15 cushion against unanticipated increases in expenses and/or reductions in income.

16

17 **Q. What are the costs associated with the Income Eligible Customer Rewards  
18 Program?**

19 A. Total costs for the Income Eligible Rewards Program are yet to be determined, and will  
20 be a function of the specific reward account triggers, mechanisms, and levels that will  
21 need to be established as part of an internal program development effort in conjunction

1 with broader external stakeholder engagement. The Company has retained an external  
2 consultancy firm, Utility Boost, to support development of a business case and design of  
3 the Rewards Program.

4

5 **Q. Has the Company prepared a BCA for the Income Eligible Customer Rewards**  
6 **program?**

7 A. The Company is working with Utility Boost to complete a BCA that aligns program costs  
8 with anticipated benefits in the form of reduced arrearages and bad-debt write downs,  
9 reduced collection and service termination expense, and reduced Contact Center burdens.  
10 The BCA, expected to be completed in early 2018, will inform the appropriate scope and  
11 scale of the Rewards Program. The Company anticipates collaborating with the Rhode  
12 Island Division of Public Utilities and Carriers to finalize program design. Subject to  
13 development of an appropriately robust business case, the Company will introduce costs  
14 into this filing for a pilot scale deployment in FY 2020 and would anticipate proposing a  
15 larger scale deployment as part of its FY 2021 Plan.

16

17 **Q. What are the expected benefits from the Income Eligible Customer Rewards**  
18 **Program?**

19 A. The Company expects that this program will benefit Income Eligible customers as well as  
20 the broader customer base. The benefits are discussed in detail in Section 8.2 of Chapter  
21 8. In general, the program will provide Income Eligible electric and gas customers

1 financial rewards for desired behavior to encourage actions that have long term benefits.  
2 The program also will encourage adoption of technologies to reduce energy consumption  
3 and increase energy affordability. Finally, Reward Accounts can provide a financial  
4 buffer for Income Eligible customers to draw upon to pay utility bills during times of  
5 income volatility. The program also will result in benefits to other customers by reducing  
6 the costs of service termination and bad debt write-downs and by increasing participation  
7 in EE and demand-side management programs with system-wide benefits.

8

9 **Q. Does the Company's Income Eligible Customer Rewards Program proposal**  
10 **advance the goals articulated in the PUC's Docket 4600 Guidance Document?**

11 A. Yes. The PUC places emphasis on low income/customer protections and opportunities in  
12 its Docket 4600 Guidance Document by specifically recommending temporary additional  
13 discounts or other mechanisms as needed for low income consumers related to rate  
14 increases driven by programs, infrastructure changes, or uneven access to new programs  
15 or resources (*i.e.*, where the benefit of the new programs or resources will not accrue to  
16 low-income consumers), or as required by principles of equity or burden. The  
17 Company's Income Eligible Program meets this recommendation.

18

19 As set forth in Table 8-6 (reproduced below), this initiative advances four out of the eight  
20 Docket 4600 goals. The proposal is neutral for the remaining four goals.

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**Table 8-6: High-Level Summary of Alignment between Income Eligible Customer Rewards Program and Docket 4600 Goals**

| <b>Goals for “New” Electric System</b>  | <b>Advances? / Detracts from? / Neutral to?</b>  |
|---|--|
| Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels)  | Advances- The Rewards Program advances this goal by creating a mechanism to incentivize actions and behaviors among income eligible customers that support progress toward a clean energy system.  |
| Strengthen the Rhode Island economy, support economic competitiveness, retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures  | Neutral  |
| Address the challenge of climate change and other forms of pollution  | Advances - The Rewards Program supports the Company’s efforts to address climate change and other forms of pollution by encouraging customers to participate in energy-saving behaviors and programs.  |
| Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits | Neutral  |
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society  | Neutral  |
| Appropriately charge customers for the cost they impose on the grid   | Advances - The Rewards Program supports the Company’s efforts to appropriately charge customers for the costs they impose on the grid by providing a mechanism to share directly with Income Eligible customers the benefits of customer actions and behaviors that reduce the costs of serving customers in this segment. |
| Appropriately compensate the distribution utility for the services it provides  | Neutral  |

| Goals for “New” Electric System   | Advances? / Detracts from? / Neutral to?  |
|---|---|
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive | Advances- The Rewards Program supports this goal by providing a direct mechanism for aligning incentives for Income Eligible customers with customer behaviors and actions that further these objectives. |

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**Q. Have any of the Company’s affiliates in other jurisdictions implemented or proposed to implement similar income eligible programs?**

A. No, the Company’s affiliates have not proposed or implemented any similar income-eligible Rewards Programs or Solar Programs.

**Q. Has the Company made any other proposals for Company-owned solar or Income Eligible Customer Rewards Programs in other Rhode Island PUC dockets?**

A. No, the Company has not.

**Q. Has the Company considered how it will ensure that the Solar Program and Income Eligible Customer Rewards Program will be made in a manner that will facilitate adoption of new technologies in the future?**

A. Yes, specifically with respect to the Rewards Program, the Company believes that the program’s capabilities and benefits to customers can be greatly enhanced with the adoption of AMI for residential customers, which will allow the Company to provide more timely and more granular consumption data to participating customers, and to

1 design and deliver reward incentives that are aligned with customer visibility into and  
2 actions based upon this information. At present, the Company is focused on developing a  
3 Reward Program design that does not require AMI, but whose capabilities could be  
4 enhanced in an AMI environment.

5  
6 The Company intends to utilize the Solar Program initiative as an opportunity to integrate  
7 this technology into its local workforce and operations. This initiative, being small in  
8 scope, is a manageable way for the company to obtain learnings and provide a foundation  
9 for cost effectively expanding company owned solar in the future. Further, establishing a  
10 mechanism to transfer company owned solar benefits to income eligible customers could  
11 be readily scaled in the future.

12

13 **VI. The Proposed Performance Incentive Mechanisms**

14 *The Role of Performance Incentives in the Power Sector Transformation*

15 **Q. Please summarize the Company's performance incentive mechanism proposal.**

16 A. The Company has developed performance incentive mechanisms designed to advance  
17 Rhode Island's energy policy goals and provide broad new benefits to customers, reward  
18 performance in delivering key programs and objectives aligned with state policy goals.  
19 The Company is proposing two categories of new performance incentives.

20

1 The first category of incentives, capital efficiency, rewards efficient delivery of complex  
2 capital projects included in the Company's electric ISR Plan and improvements in  
3 efficient delivery of overhead distribution line projects.

4  
5 The second category of proposed incentives is a portfolio of performance incentive  
6 mechanisms implementation incentives that fall into three groups: (1) system efficiency;  
7 (2) DERs; and (3) network support services. These three groupings will align with the  
8 recommended performance incentive mechanisms set forth in the Power Sector  
9 Transformation Phase One Report.

10

11 **Q. Where has the Company provided specific details regarding the various**  
12 **performance incentive mechanisms?**

13 A. The Company has provided details regarding the performance incentive mechanisms in  
14 Chapter 9 of the Plan. Specifically, Section 2 of Chapter 9 discusses the proposed  
15 Capital Efficiency Incentives and Section 3 discusses the proposed Implementation  
16 Incentives. In addition, the Company provided additional support in Workpaper 9.4:  
17 Incentive Benefits.

18

19 **Q. Why has the Company proposed the performance incentive mechanisms?**

20 A. While the fundamental objective of the electric utility to provide safe, reliable, and  
21 affordable electricity service has remained relatively constant over the past several

1 decades, new objectives around sustainability, system efficiency, resiliency, grid  
2 modernization, distributed energy resource integration, and customer engagement have  
3 gained prominence with regulators and customers. And increasingly, these new  
4 objectives are transforming expectations for electric distribution utilities. In Rhode  
5 Island, these objectives are fundamental to the energy policy goals (discussed in Chapter  
6 Two) that have been articulated through Docket 4600 and the Power Sector  
7 Transformation Initiative.<sup>12</sup>

8  
9 Although today's regulatory framework supports cost-recovery and earnings on  
10 investment deemed prudent by regulators, it is not sufficient to drive innovative utility  
11 performance in delivering these new objectives. To best encourage utilities to innovate  
12 and to align their financial interests with broader policy goals and customer outcomes  
13 that expand beyond core performance obligations, new compensation mechanisms are  
14 needed.

15  
16 The incentives in the Company's Plan support the delivery of new benefits and savings to  
17 customers and in many cases reflect new areas of accountability for the Company that

---

<sup>12</sup> Outside of Rhode Island, similar objectives have provided the foundation for initiatives such as Massachusetts Grid Modernization and New York REV. For example, the four objectives of Massachusetts Grid Modernization are: (1) reducing the effects of outages; (2) optimizing demand, including reducing system and customer costs; (3) integrating distributed resources; and (4) improving workforce and asset management. See, Order in D.P.U. 12-76-B, June 12, 2014, at 10-13. The NY REV objectives are: (1) customer knowledge and tools that support effective management of their total energy bill; (2) market animation and leverage of ratepayer contributions; (3) system wide efficiency; (4) fuel and resource diversity; (5) system reliability and resiliency; and (6) reduction of carbon emissions. See Case 14-M-010, Developing the REV Market in New York: DPS Staff Straw Proposal on Track One Issues, at 1-2 (August 22, 2014).

1 expand beyond its core obligations. In developing these proposals the Company  
2 considered the recommendations set forth in the Power Sector Transformation Phase One  
3 Report; the Company views the performance incentive mechanisms included in this  
4 proposal as a first step in a broader evolution of the regulatory framework that will unfold  
5 as the power sector transforms, bringing new opportunities to customers. Successful  
6 implementation of these incentives is likely to foster further innovation in the Rhode  
7 Island power sector, by providing both the Company and regulators with the confidence  
8 to identify and propose new areas for incentives that might drive further efficiencies or  
9 customer benefits.

10  
11 With respect to the proposed capital efficiency incentives, the Company's ability to  
12 identify efficiencies in the delivery of capital investments has the potential to generate  
13 meaningful savings for customers over time. However, under the current regulatory  
14 framework there is no reward if the utility identifies and delivers such efficiencies. The  
15 Company's proposal for two capital efficiency performance incentives represents an  
16 initial step toward a framework that provides a more equal incentive for the delivery of  
17 operating and capital cost-savings.

18

19 **Q. Has the PUC approved performance incentives in any other proceedings?**

20 A. Yes. For example, the PUC has approved shareholder incentives for the Company's EE  
21 programs dating back to 1990. The Company also is subject to performance standards

1 under its service quality plans; these standards are associated with metrics, targets, and  
2 penalties, with the potential to earn offsets that can be applied against future penalties.

3

4 **Q. Why has the Company proposed the new incentives only as potential rewards?**

5 **A.** The incentives in the Company's Plan support the delivery of new benefits and savings to  
6 customers and in many cases reflect new areas of accountability for the Company that  
7 expand beyond its core obligations. In the near term, reward-only incentives are  
8 desirable in order to establish performance-based incentives as a beneficial mechanism  
9 for both the utility and customers.

10

11 *Specific Performance Incentive Metrics*

12 **Q. Has the Company proposed specific metrics for the capital efficiency performance**  
13 **incentives?**

14 **A.** The Company has designed a metric for the Complex Capital Projects Capital Cost  
15 Incentive and is currently developing a metric for the Construction Costs per Mile  
16 Productivity Incentive.

17

18 With respect to the Complex Capital Projects Capital Cost Incentive, National Grid is  
19 proposing to compare actual capital costs at closure of the project over the lifetime of the  
20 set of projects that are closing in a given fiscal year to a baseline estimate of the costs  
21 (based on final sanction costs) for the same set of projects. When a portfolio of projects

1 is delivered for a capital costs that is less than the baseline cost, the Company will retain  
2 50% of such savings subject to a cap of \$2.5 million on an annual basis; anything above  
3 this cap will be returned to customers. The Company sought to propose an incentive  
4 structure for complex capital projects that would balance customer and Company  
5 interests. The \$2.5 million cap was chosen because it represents a significant revenue  
6 opportunity for the Company that will motivate Company performance, while also  
7 providing 50% of the savings to customers until the threshold is reached, and 100% of the  
8 savings to customers for savings above the cap.

9

10 For the proposed Construction Costs per Mile Productivity Incentive, the Company has  
11 proposed a metric that would be a composite per-mile construction costs metric. This  
12 metric is under development and the Company is working to create a specific benchmark.  
13 This baseline and the associated targets will be proposed for consideration by the PUC  
14 and other stakeholders as part of the Company's FY 2020 Electric ISR Plan filing.

15

16 **Q. Has the Company proposed specific targets for the implementation performance**  
17 **incentives that are designed to reward delivering key program and objectives that**  
18 **are aligned with the identified state policy goals?**

19 A. Yes. The three groupings identified above (System Efficiency, DER, and Network  
20 Support Services) are the same categories proposed in the state's Power Sector  
21 Transformation Phase One Report. Within each of the three groupings, the Company is

1 proposing a set of performance incentive mechanisms that will encourage successful  
2 delivery of new programs and broader Company activities aligned with Rhode Island  
3 state goals and in doing so create value for customers. Each performance incentive is  
4 comprised of (1) a metric to capture Company results for the specific area of interest; (2)  
5 targets that indicate performance goals or milestones for each metric; and (3) a financial  
6 incentive associated with the achievement of each target. Tables 9-2 through 9-16  
7 provide specific targets basis points for the following performance incentives:

- 8 • Monthly peak demand reduction in MW;
- 9 • Annual peak demand reduction in MW;
- 10 • EV off-peak rebate participation measured by number of participants;
- 11 • DG-friendly substation transformers measured by cumulative 3V0 installations;
- 12 • Connected solutions customer participation measured by number of participants;
- 13 • Commercial and industrial customer participation measured by enrolled MW;
- 14 • Electric Heat Initiative measured in metric tons of CO<sub>2</sub> avoided per year;
- 15 • EVs measured by annual incremental registered EVs;
- 16 • Behind the meter storage measured by incremental installed MW;
- 17 • Company-owned storage measured by incremental installed MW;
- 18 • AMF customer engagement and deployment milestones measuring timely  
19 implementation of the AMF initiative;

- 1           • VVO Pilot delivery milestones measuring timely implementation of the VVO  
2           Plot;
- 3           • Time to ISA measuring the Company's average performance over all processes  
4           against the requirement timeframes set forth in its Interconnection Tariff;
- 5           • Average days to system modifications measuring the percent below the required  
6           timeframe; and
- 7           • Interconnection support measuring estimate versus actual costs.

8

9   **Q.   How did the Company develop this performance incentive proposal?**

10  A.   The Company followed the following principles while designing these performance  
11  incentives:

- 12           • Establish incentives that will appropriately reward the Company for successful  
13           delivery of activities, programs, investments, and outcomes that are foundational  
14           to power sector transformation;
- 15           • Align, to the extent possible, with the proposed performance incentive  
16           mechanisms in the Power Sector Transformation Phase One Report; and
- 17           • Assign values to individual performance incentive mechanisms based on a  
18           combination of (1) relevance to developing a foundation for transforming the  
19           power sector in the near term, and (2) the associated benefits or savings to  
20           customers due to the activity encouraged by the incentive.

21           Additional detail regarding development of the performance incentives is contained in  
22           Section 3 of Chapter 9 of the Plan.

23

1 **Q. How will the PUC be able to evaluate the Company's performance under these**  
2 **metrics?**

3 A. As part of its annual Power Sector Transformation filings seeking approval of  
4 reconciliation filings (discussed in greater detail above), the Company will report on prior  
5 calendar year performance relative to each target and the calculation for the incentives  
6 earned. The Company's achievement of the proposed Capital Efficiency Performance  
7 Incentives will also be reviewed as part of the Company's Electric ISR proceedings.

8  
9 Any incentives that are earned will be recovered on a per-kWh basis from all customers  
10 through the Power Sector Transformation Provision (discussed in greater detail below).

11

12 *Performance Incentives are Aligned With the Goals of the Docket 4600 Guidance*  
13 *Document*

14 **Q. Do National Grid's proposed performance incentives promote the goals articulated**  
15 **in the Docket 4600 Guidance Document?**

16 A. Yes. In fact, throughout the stakeholder processes in Docket 4600 and the Power Sector  
17 Transformation Initiative, numerous stakeholders spoke to the value of using incentives  
18 to advance state policy objectives. These stakeholders recognized that new incentives  
19 will encourage innovation and investments that might not otherwise occur under  
20 traditional cost-of-service regulation.

21

1 **Q. Which goals articulated in the Docket 4600 Guidance Document will the**  
2 **performance incentives specifically advance?**

3 A. As detailed in Table 9-17 (reproduced below), the Company’s proposed performance  
4 incentives will advance all but one of the goals articulated in Docket 4600 Guidance  
5 Document. The performance incentives are neutral to the goal of appropriately  
6 compensating DERs.

7 **Table 9-17: Overview of Proposal Impacts on State Energy Policy Goals**  
8

| <b>GOALS FOR “NEW” ELECTRIC SYSTEM</b>  | <b>Advances?/Detracts From/Is Neutral Toward?</b>   |
|---|---|
| Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term (this applies to all energy use, not just regulated fuels)  | Advances – Supports utility delivery of capital cost, and capacity and transmission cost savings.\  |
| Strengthen the Rhode Island economy, support economic competitiveness, retain and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures  | Advances – Supports utility delivery of capacity and transmission cost savings; encourages distributed energy resource development; promotes customer engagement and supports timely AMF deployment.                |
| Address the challenge of climate change and other forms of pollution  | Advances – Reductions in energy use during peak periods will reduce carbon emissions; increasing and expediting distributed energy resource integration will deliver larger and earlier CO <sub>2</sub> reductions. |
| Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits | Advances – Enables efficient interconnection of distributed energy resources, encourages electrification of vehicles and heat; rewards company investment in and support of energy storage.                         |

| <b>GOALS FOR “NEW” ELECTRIC SYSTEM</b>  | <b>Advances?/Detracts From/Is Neutral Toward?</b>  |
|---|--|
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society                              | Neutral – Does not address compensation of distributed energy resources.   |
| Appropriately charge customers for the cost they impose on the grid   | Advances – Rewards the Company for achieving participation targets in EV off-peak rebate; rewards timely deployment of AMF, which will support development of rates that are more aligned with cost-causation. |
| Appropriately compensate the distribution utility for the services it provides  | Advances – Rewards timely deployment of AMF, which will support development of rates more aligned with cost-causation and support appropriate utility compensation.  |
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive | Advances – Proposed incentives reward the Company for activities that are geared toward meeting state policy goals and that generate opportunities and savings for customers.                                  |

1  
2  
3  
4  
5  
6  
7

**Q. Has the Company performed a BCA for the proposed performance incentives?**

A. The Company has not conducted a quantitative BCA of the full performance incentive mechanism portfolio; however, it has quantified benefits and costs where possible and provided a qualitative explanation of key benefits in cases where quantification is not possible. Summaries are provided as follows:

- 1           • System Efficiency: Section 4.1 of Chapter 9;
- 2           • Distributed Energy Resources: Section 4.2 of Chapter 9; and
- 3           • Network Support Services: Section 4.3 of Chapter 9.
- 4

5 **Q. What benefits will arise from each of these three categories?**

6 A. System Efficiency: The system efficiency metrics will provide two major benefits to  
7 customers: annual peak reduction contributing to avoided generation capacity costs and  
8 reductions in monthly peaks reducing the Company's transmission costs. Summaries of  
9 these potential benefits compared to the incentive values are set forth in Tables 9-18 and  
10 9-19 in Chapter 9 of the Plan.

11

12 Distributed Energy Resources: The benefits for these performance incentives will be  
13 based on a number of outcomes including reductions in CO<sub>2</sub> (and other pollutant  
14 emissions); avoided energy and capacity costs; avoided renewable energy certificate  
15 (REC) costs; and avoided costs of non-electric fuels (for the EV and heat electrification  
16 proposals). As a result, the Company has not quantified all of the benefits associated  
17 with these performance incentives because the net benefits to customers will not be  
18 measurable until the timing of implementation is known. The potential earnings under  
19 the Electric Vehicle and Electric Heat Initiative performance incentive mechanisms are  
20 shown in Table 9-20.

1        Network Support Services: the activities that will be supported by the Network Support  
2        services performance incentive mechanisms are foundational to a broader power sector  
3        transformation (e.g., the VVO Pilot delivery or AMF customer engagement). The  
4        benefits associated with this category are therefore difficult to quantify but are provided  
5        in recognition of the foundational role that these achievements will play in the  
6        transformation of the power sector.

7  
8        **VII. Funding the Transformation**

9        **Q.    Noting that the Company is seeking approval in this filing for the FY 2019 costs**  
10       **only, for illustrative purposes what is the summary total of capex and O&M costs**  
11       **across all programs, for the five year period FY 2019 through FY 2023?**

12      A.    Tables A and B provided in Attachment 1 summarize the Power Sector Transformation  
13       cash flow estimates in a Rhode Island only deployment scenario and a multi jurisdiction  
14       deployment scenario respectively.

15  
16      **Q.    How is the Company proposing to recover costs for its Power Sector**  
17       **Transformation investments?**

18      A.    The success of the Plan will be dependent upon sufficient revenue to recover the  
19       Company's incremental costs to construct, own, operate, and maintain its proposed Plan  
20       investments. Success will also depend upon the Company's ability to fund the  
21       management, marketing, and evaluation of its Power Sector Transformation initiatives, as

1 well as system enhancements needed to implement the initiatives. To that end, in  
2 Appendices 10.10 and 10.11 of the Plan (for electric and gas respectively), the Company  
3 is submitting proposed Tariff Provisions that provide for the recovery of forecasted and  
4 actual Power Sector Transformation-related incremental capital investment and O&M  
5 expense, subject to full reconciliation, for initiatives approved by the PUC pursuant to an  
6 annual pre-approved budget. In addition, the Tariff Provisions also provides the  
7 Company an opportunity to earn performance incentives associated with the Power  
8 Sector Transformation initiatives and to recover earned performance incentives through  
9 the Power Sector Transformation Reconciliation Factors.

10

11 **Q. How will the Company determine if a particular investment is eligible for cost**  
12 **recovery through the proposed Power Sector Transformation Provisions?**

13 A. The Tariff Provisions provide for the recovery of incremental costs associated with the  
14 Company's Plan approved by the PUC. To be eligible for recovery, Plan costs must:  
15 (1) be pre-authorized by the PUC; (2) include only costs of investing in Power Sector  
16 Transformation initiatives; (3) be incremental to those costs that the Company currently  
17 recovers through any other rate, charge, or factor; and (4) be prudently incurred. The  
18 Company's rates for Retail Delivery Service are subject to adjustment to reflect the  
19 operation of the Tariff Provisions.

1 For all Power Sector Transformation initiatives, the Company's Power Sector  
2 Transformation-related costs are proposed to be recovered through two cost recovery  
3 factors that reflect a combination of volumetric (per-kilowatt hour) factors and per-bill  
4 factors:

- 5 (1) Power Sector Transformation Factors, designed to recover the Company's  
6 cumulative actual Power Sector Transformation capital investment for years prior  
7 to a given Plan Year, and forecasted Power Sector Transformation capital  
8 investment for the Plan Year, plus forecasted O&M Expense for the Plan Year;  
9 and
- 10 (2) Power Sector Transformation Reconciliation Factors, designed to recover or  
11 credit any over or under recovery of the Annual Revenue Requirement on  
12 cumulative actual Power Sector Transformation capital investment through the  
13 end of the prior Plan Year plus actual O&M expense for the prior Plan Year.

14 Additional details regarding these factors are included in Section 2.1 of Chapter 10 of the  
15 Plan.

16

17 **Q. How is the Company proposing to recover the costs of grid modernization**  
18 **investments and AMF?**

19 A. The Company is proposing the Power Sector Transformation factors and Power Sector  
20 Transformation Reconciliation factors for Grid Modernization Expansion and AMF be  
21 based upon the categorization of the nature of the spending in this initiative to better align  
22 with how the Company will incur the various costs in these two initiatives. The  
23 Company is proposing to categorize capital and O&M expense as those that are  
24 customer-related (*i.e.*, driven by the number of customers the Company serves) and those  
25 that are distribution-related or shared between customer-related and distribution-related

1 (i.e., driven by the overall benefit to the Company's distribution system and the service it  
2 provides and common costs such as program and project management). By categorizing  
3 the costs of grid modernization expansion, including AMF, in this way, the Company is  
4 able to allocate the revenue requirement and O&M expenses to its customer rate classes  
5 in a manner consistent with how the same costs are allocated to the rate classes as part of  
6 a general rate case as reflected in a cost of service study and, ultimately, and allocated  
7 cost of service study. By taking this approach, when these investments and O&M  
8 expenses eventually become a part of a distribution cost of service study, the allocation of  
9 the overall revenue requirement will be aligned with how these costs were allocated to  
10 and recovered from customers through the Power Sector Transformation Factors.

11

12 **Q. Are the Power Sector Transformation factors proposed to be applied to all retail**  
13 **delivery service bills?**

14 A. Yes. In addition, the Power Sector Transformation Factors will be adjusted annually,  
15 subject to the PUC's review and approval.

16

17 **Q. How is the Company proposing the PUC review and approve its Power Sector**  
18 **Transformation investments and Power Sector Transformation Factors over time?**

19 A. The Company will submit by January 1 each year its annual Plan and Power Sector  
20 Transformation Factors for its upcoming Plan Year, which coincides with the beginning  
21 of Company's fiscal year on April 1, based on the Company's forecasted costs for such

1 initiatives. The Company will attempt to align its PST plan with its annual ISR filing to  
2 better inform the PUC on all proposed costs that will impact customers. The Company  
3 will seek approval of both its annual Plan and Power Sector Transformation Factors by  
4 April 1, to allow the Company to implement its annual Plan coincident with the  
5 beginning of its fiscal year. For the first full Plan Year (2020), which commences on  
6 April 1, 2019, the Company will submit its plan and proposed annual Power Sector  
7 Transformation Factors one month earlier, on December 1, 2018, in order to allow the  
8 PUC additional time to review and approve the Company's first Plan investments.

9  
10 Also by August 1, the Company will submit a Power Sector Transformation  
11 reconciliation filing in which it will reconcile the prior Plan Year's revenue requirement  
12 based on actual investment and O&M expenses and the revenue billed from the Power  
13 Sector Transformation Factors in effect during the same Plan Year. The Company will  
14 seek approval of its Power Sector Transformation Reconciliation Factors annually in this  
15 filing, to take effect the following October 1.

16

17

18 **Q. Is this process similar to that used to review and approve the Company's electric**  
19 **ISR Plan investments?**

20 A. It is, although the Plan review and approval process is not governed by statute.  
21 Therefore, the PUC has considerable flexibility to determine for any given Plan Year  
22 whether a particular Plan investment should be approved for inclusion in that year's Plan.

1 **VIII. Request for Cost Recovery for FY 2019 Costs**

2 **Q. What are the costs that the Company is proposing to recover for FY 2019?**

3 A. The Company is proposing to spend \$2 million in O&M expense associated with its AMF  
4 proposal only. The Company has reduced this request from the \$3.593 million of  
5 incremental O&M expense requested in the Company's November 27, 2017 filing by  
6 removing all other requests for funding beyond that needed for AMF design work. This  
7 reduction is intended to further narrow the Company's request for approval of Power  
8 Sector Transformation-related matters by October 1, 2018.

9

10 **Q. Why is the Company seeking cost recovery for AMF design work by October 1,**  
11 **2018?**

12 A. AMF is a foundational component of a modern grid, essential to meeting evolving  
13 customer needs related to greater information, control, and choice. Specifically,  
14 advanced metering is required to provide greater access to the customer of their usage  
15 throughout the month such that the customer can make more informed decisions on when  
16 to use energy, and opens the door to TVR. Therefore, the Company is seeking to  
17 advance the deployment of AMF and achievement of this state goal at a pace which  
18 appropriately balances acceleration of these benefits with the cost to customers.

19

20 Further, National Grid has proposed to deploy AMF in it Massachusetts and New York  
21 jurisdictions. In both proceedings, National Grid is expecting an order in 2018, which

1           may provide either an approval to deploy AMF, or alternatively, a requirement for further  
2           refinement of the AMF business case for future review and approval. As illustrated in the  
3           BCA included in the Plan, meaningful savings could potentially be achieved if AMF is  
4           deployed in more than one jurisdiction at the same time. Cost recovery for AMF design  
5           work would enable the Company to align with other National Grid operating companies  
6           to develop a plan, during 2018, that maximizes those synergies and the likelihood of  
7           achieving them, for example by conducting multi jurisdiction RFP events to secure  
8           economies of scale in the procurement of meters.

9

10   **Q.    Has the Company calculated its revenue requirement associated with its request for**  
11   **FY 2019 incremental O&M funding, and for Plan investments generally?**

12   A.    Yes, the Company has calculated the revenue requirement associated with the Plan, using  
13           the Company's proposed budget and cost estimates. The Company's FY2019 proposed  
14           revenue requirement is presented in Appendix 10.1.

15

16           For FY 2020, FY 2021, and FY 2022, the revenue requirement addresses each proposed  
17           Plan investment and is illustrative. The illustrative revenue requirement includes the  
18           effects of the tax law change and is presented in summary format in Appendix 10.1 and  
19           for each program in Appendices 10.2 through 10.9. The Company's proposed Plan  
20           revenue requirement for those fiscal years will be calculated annually in the Company's  
21           annual Plan cost recovery filings.

1 **IX. Conclusion**

2 **Q. Please summarize your testimony.**

3 A. The Company has developed a Plan that will ensure resiliency, efficiency, and openness  
4 of the electric distribution system today and for the future. The Plan is designed to create  
5 a platform that will empower the Company's customers and support the transition to a  
6 cleaner, more affordable, safe, and reliable energy system for Rhode Island. The Plan has  
7 been designed specifically to achieve these goals and be consistent with the objectives set  
8 forth by the PUC.

9  
10 The Company understands that the PUC needs sufficient time to review the Company's  
11 Plan before approving any particular Plan spending and is concerned with potentially pre-  
12 approving investments to be proposed and implemented in future years. Accordingly, the  
13 Company makes the following limited requests for PUC review and approval by  
14 October 1, 2018:

- 15 (1) Approval of the proposed Power Sector Transformation Provisions: (i)  
16 R.I.P.U.C. 2205 for electric; and (ii) the proposed gas provision that would be  
17 incorporated into the Company's Distribution Adjustment Clause of its gas  
18 tariff (collectively, the Tariff Provisions), which include, but are not limited  
19 to:  
20  
21 (a) the methodology for calculating Power Sector Transformation Factors and  
22 Power Sector Transformation Reconciliation Factors;  
23  
24 (b) the methodology for recovering Power Sector Transformation-related  
25 Performance Incentives through a Performance Incentive Factor (see Plan,  
26 Appendix 10.10 and Appendix 10.11);  
27

- 1 (c) the process for submitting annual Plans by December 1 for FY 2020 and  
2 January 1 annually thereafter, for approval by April 1;  
3  
4 (2) Approval of \$2 million for incremental O&M expense for AMF design work  
5 in FY 2019;  
6  
7 (3) Approval of new performance incentive mechanisms in three categories: (1)  
8 System Efficiency, (2) Distributed Energy Resources and (3) Network  
9 Support Services, including approval of the individual metrics, measurement  
10 methodologies, targets and associated basis points of earning opportunity; and  
11  
12 (4) Findings regarding whether each proposed category of Plan investment and  
13 the proposed Power Sector Transformation incentive mechanism are  
14 consistent with Rhode Island law, the PUC's Docket 4600 Guidance  
15 Document, and state regulatory policy, and therefore, appropriate for inclusion  
16 in annual Power Sector Transformation Plans to implement the Company's  
17 overall Plan over time.

18

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

20 A. Yes.

21

1  
2

**Attachment 1**

3

Table A: Power Sector Transformation Summary Cash Flow Estimate - Rhode Island Only Deployment Scenario

| RI Only Scenario        | Capex (\$m) - Cash Flow |      |      |      |      | O&M (\$m) - Cash Flow |      |      |      |      | Total (\$m) - Cash Flow |          |      |      |       |       |       |          |
|-------------------------|-------------------------|------|------|------|------|-----------------------|------|------|------|------|-------------------------|----------|------|------|-------|-------|-------|----------|
|                         | FY19                    | FY20 | FY21 | FY22 | FY23 | 5-Yr Sum              | FY19 | FY20 | FY21 | FY22 | FY23                    | 5-Yr Sum | FY19 | FY20 | FY21  | FY22  | FY23  | 5-Yr Sum |
|                         | -                       | 29.8 | 26.1 | 11.8 | 13.4 | 81.1                  | 109  | 14.6 | 15.6 | 14.3 | 55.4                    | -        | 40.7 | 40.7 | 27.4  | 27.7  | 136.5 |          |
| AMI                     | -                       | 9.9  | 43.1 | 67.7 | 1.8  | 122.5                 | 2.0  | 13.0 | 10.7 | 13.0 | 6.8                     | 45.5     | 2.0  | 22.9 | 53.8  | 80.7  | 8.6   | 168.0    |
| Electric Transportation | -                       | 1.2  | 1.8  | 4.3  | -    | 7.3                   | -    | 0.9  | 1.3  | 2.0  | 0.3                     | 4.5      | -    | 2.1  | 3.1   | 6.4   | 0.3   | 11.8     |
| Electric Heat           | -                       | -    | -    | -    | -    | -                     | -    | 0.4  | 0.4  | 0.5  | -                       | 1.2      | -    | 0.4  | 0.4   | 0.5   | -     | 1.2      |
| Energy Storage          | -                       | 0.9  | 1.3  | -    | -    | 2.2                   | -    | 0.0  | 0.0  | 0.0  | -                       | 0.1      | -    | 0.9  | 1.4   | 0.0   | -     | 2.3      |
| Solar                   | -                       | 1.3  | 2.6  | 5.2  | -    | 9.1                   | -    | 0.0  | 0.0  | 0.1  | 0.2                     | 0.3      | -    | 1.3  | 2.6   | 5.3   | 0.2   | 9.4      |
| <b>Total</b>            | -                       | 43.1 | 74.9 | 89.0 | 15.2 | 222.2                 | 2.0  | 25.2 | 27.1 | 31.2 | 21.6                    | 107.1    | 2.0  | 68.3 | 102.0 | 120.2 | 36.8  | 329.2    |

Table B: Power Sector Transformation Summary Cash Flow Estimate - Multi Jurisdiction Scenario

| Multiple Jurisdiction Scenario | Capex (\$m) - Cash Flow |      |      |      |      | O&M (\$m) - Cash Flow |      |      |      |      | Total (\$m) - Cash Flow |          |      |      |      |       |      |          |
|--------------------------------|-------------------------|------|------|------|------|-----------------------|------|------|------|------|-------------------------|----------|------|------|------|-------|------|----------|
|                                | FY19                    | FY20 | FY21 | FY22 | FY23 | 5-Yr Sum              | FY19 | FY20 | FY21 | FY22 | FY23                    | 5-Yr Sum | FY19 | FY20 | FY21 | FY22  | FY23 | 5-Yr Sum |
|                                | -                       | 13.3 | 12.1 | 5.1  | 4.3  | 34.8                  | 39   | 6.0  | 6.5  | 5.3  | 21.8                    | -        | 17.2 | 18.0 | 11.6 | 9.6   | 56.5 |          |
| AMI                            | -                       | 4.0  | 39.3 | 66.8 | 1.5  | 111.6                 | 2.0  | 6.9  | 8.2  | 10.9 | 5.5                     | 33.5     | 2.0  | 10.8 | 47.5 | 77.7  | 7.1  | 145.1    |
| Electric Transportation        | -                       | 1.2  | 1.8  | 4.3  | -    | 7.3                   | -    | 0.9  | 1.3  | 2.0  | 0.3                     | 4.5      | -    | 2.1  | 3.1  | 6.4   | 0.3  | 11.8     |
| Electric Heat                  | -                       | -    | -    | -    | -    | -                     | -    | 0.4  | 0.4  | 0.5  | -                       | 1.2      | -    | 0.4  | 0.4  | 0.5   | -    | 1.2      |
| Energy Storage                 | -                       | 0.9  | 1.3  | -    | -    | 2.2                   | -    | 0.0  | 0.0  | 0.0  | -                       | 0.1      | -    | 0.9  | 1.4  | 0.0   | -    | 2.3      |
| Solar                          | -                       | 1.3  | 2.6  | 5.2  | -    | 9.1                   | -    | 0.0  | 0.0  | 0.1  | 0.2                     | 0.3      | -    | 1.3  | 2.6  | 5.3   | 0.2  | 9.4      |
| <b>Total</b>                   | -                       | 20.7 | 57.1 | 81.4 | 5.8  | 165.0                 | 2.0  | 12.1 | 15.9 | 20.1 | 11.3                    | 61.4     | 2.0  | 32.8 | 73.0 | 101.5 | 17.2 | 226.5    |

**Table 2-1: Proposals in the Plan that are expected to advance Docket 4600 goals**

| <b>GOALS FOR “NEW” ELECTRIC SYSTEM</b>                                       | Modern Grid | AMF | Electric Transport | Electric Heat | Storage | Solar   | Income Eligible |
|--|-------------|-----|--------------------|---------------|---------|---------|-----------------|
| Provide reliable, safe, clean, and affordable energy                         | Y           | Y   | Y                  | Y             | Y       | Y       | Y               |
| Strengthen the Rhode Island economy  | Y           | Y   | Y                  | Y             | Y       | Y       | Y Neutral       |
| Address climate change and other forms of pollution                          | Y           | Y   | Y                  | Y             | Y       | Y       | Y               |
| Prioritize and facilitate increasing customer investment in their facilities | Y           | Y   | Y                  | Y             | Y       | Y       | Neutral         |
| Appropriately compensate distributed energy resources                        | Y           | Y   | Y                  | Y             | Y       | Neutral | Neutral         |
| Appropriately charge customers for the cost they impose on the grid          | Y           | Y   | Y                  | Neutral       | Neutral | Neutral | Y               |
| Appropriately compensate the distribution utility                            | Neutral     | Y   | Y                  | Neutral       | Neutral | Neutral | Neutral         |
| Align distribution utility, customer, and policy objectives and interests    | Y           | Y   | Y                  | Y             | Neutral | Neutral | Y               |

**3. EVALUATING COSTS AND BENEFITS OF PROPOSALS INCLUDED IN THE PLAN**

The Company’s Plan proposes a broad suite of investments to respond to the impact of decentralization, decarbonization, and digitization. These investments include grid-side investments to enable distributed energy resources (DER), deployment of advanced metering functionality (AMF), beneficial electrification programs in transportation and heating, and investments in energy storage and solar. While all of these investments fall under the umbrella term “grid modernization,” the differing nature of the investments warrants a different benefit-cost evaluation approach in each case.

The U.S. Department of Energy is working with state regulators, the utility industry, energy services companies and technology developers to determine the functional requirements for a modern distribution grid that are needed to enhance reliability, resiliency and operational efficiency, and integrate and utilize DER. The Modern Distribution Grid Report is a three-volume set that is intended to develop a consistent understanding of requirements to inform investments in grid modernization. Volume III of the DOE Report is a “Decision Guide” that

|   |   |
|---|---|
| heating) where that investment provides recognizable net benefits.  |   |
| Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society.                             | <u>Advances:</u> The monitoring, communications, and data management elements of grid modernization are necessary to assess the locational and temporal value DER may provide to the electric system.   |
| Appropriately charge customers for the cost they impose on the grid.  | <u>Advances:</u> The monitoring, communications, data management, and cybersecurity elements of grid modernization will enable new pricing and allocation mechanisms to attribute costs and benefits more equitably.  |
| Appropriately compensate the distribution utility for the services it provides.   | <u>Neutral Advances:</u> <u>The ability of a distribution utility to recover investments in a timely manner provides for more financial security to utility investors and therefore should moderate and/or lower costs of borrowing to the utility and these savings will be passed along to all customers.</u> |
| Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive | <u>Advances:</u> The system data portal will provide transparency concerning system needs and opportunities for interested stakeholders, thereby fostering a more collaborative approach to distribution system planning and operations.  |

### 3.9 Conceptual Cost Estimate for Near-Term Roadmap

While National Grid’s affiliates in both Massachusetts and New York have proposed similar grid modernization projects, these plans have not yet been approved by the applicable regulatory agencies. Therefore the Company is presenting two scenarios of deployment: a Rhode Island only deployment scenario and a multi-jurisdiction deployment scenario. The estimated cash flow requirements for implementing the Plan in Rhode Island only are presented in Table 3-23; the requirements for Rhode Island’s portion of implementing a multi-jurisdictional Plan are presented in Table 3-24. Significant cost synergies can be realized if these investments are coordinated across the operating companies. It should be noted that the Company is presenting

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## CHAPTER 10: FUNDING THE TRANSFORMATION

### 1. INTRODUCTION

The success of the Plan will be dependent upon sufficient revenue to recover the Company's incremental costs to construct, own, operate, and maintain its proposed PST investments. Success will also depend upon the Company's ability to fund the management, marketing, and evaluation of its PST Initiatives, as well as system enhancements needed to implement the initiatives. To that end, in Appendices 10.10 and 10.11 (for electric and gas respectively), the Company is submitting a PST Provision that provides for the recovery of forecasted and actual PST-related incremental capital and operation and maintenance ("O&M") costs, subject to full reconciliation, for PST Initiatives approved by the PUC, pursuant to an annual pre-approved budget. In addition, the PST Provision also provides the Company an opportunity to earn performance incentives associated with the PST Initiatives and to recover earned performance incentives through the PST Reconciliation Factors.

As described in more detail herein, the Company will submit by January 1 each year its annual PST Plan and PST Factors for its upcoming PST Plan Year, which coincides with the beginning of Company's fiscal year on April 1, based on the Company's forecasted costs for such initiatives. The Company will seek approval of both its annual PST Plan and PST Factors by April 1, to allow the Company to implement its annual PST Plan coincident with the beginning of its fiscal year.

In addition, by August 1 of each year, the Company proposes to file an annual report with the PUC and Division on the progress of its PST Initiatives, including information on the prior fiscal year's activities. The Company is cognizant that, in implementing its PST Plan in any fiscal year, the circumstances encountered during the year may require reasonable deviations from the original PST Plan. In such cases, the Company would explain in its annual report any significant deviations the Company implemented during the prior PST Plan Year from the annual PST Plan approved by the PUC.

Also by August 1, the Company will submit a PST Reconciliation Filing in which it will reconcile the prior PST Plan Year's revenue requirement based on actual investment and O&M expenses and the revenue billed from the PST Factors in effect during the same PST Year. The Company will seek approval of its PST Reconciliation Factors annually in this filing, to take effect the following October 1.

The FY 2019 level of incremental O&M expense contained in the Company's proposed Plan is ~~\$23.593~~ million. The Company is not seeking funding for any PST related capital investment in FY19. Each of these categories of spending is addressed below. In addition, a description of the Company's proposed revenue requirements and associated illustrative calculations are outlined herein. Finally, the Company is providing a PST Provision for review and approval.

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The prices for Retail Delivery Service contained in each of the Company's rate class tariffs are subject to adjustment to reflect Power Sector Transformation ("PST") Factors, designed to recover the Company's costs incurred as a result of the operation of this PST Provision.

**1.0 GENERAL**

**1.1 Purpose**

The PST Provision provides for the recovery by the Company of forecasted and actual capital investment and operations and maintenance ("O&M") expense, subject to full reconciliation, as defined herein, for the following PST Initiatives:

- (1) PST Expansion of Grid Modernization;
- (2) Electric Transportation Initiative;
- (3) Electric Heat Initiative;
- (4) Energy Storage System Program;
- (5) Solar Demonstration Program; and
- (6) Income Eligible Customer Rewards Program.

The PST Provision also provides the Company an opportunity to earn performance incentives associated with the PST Initiatives and to recover earned performance incentives through the PST Factors.

**1.2 Applicability**

The PST Provision provides for the recovery of incremental costs associated with the Company's PST Plan approved by the Commission. To be eligible for recovery, PST Plan costs must: (1) be pre-authorized by the Commission; (2) include only costs of investing in PST Initiatives; (3) be incremental to those costs that the Company currently recovers through any other rate, charge, or factor; and (4) be prudently incurred.

The Company's rates for Retail Delivery Service are subject to adjustment to reflect the operation of this PST Provision. The PST Factors, as defined herein, shall be applied to all retail delivery service bills as determined in accordance with the provisions of Section 4.0 and Section 5.0 below. The PST Factors shall be adjusted annually, subject to the Commission's review and approval.

**2.0 ANNUAL PST PLAN**

The first PST Plan Year shall be the period from April 1, 2019 through March 31, 2020. By December 1, 2018 for the first PST Plan Year and by January 1 ~~of~~for each succeeding PST Plan ~~Y~~Year, the Company shall submit to the Commission for review and approval its proposed PST Plan for the

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upcoming PST Plan Year. The PST Plan shall consist of Forecasted Capital Investment, Forecasted O&M Expense, and, if mutually agreed upon by the Division and the Company, any other capital or O&M expense relating to PST Initiatives, accompanied by the revenue requirement determined by the costs presented in the PST Plan.

Subject to Commission approval, ~~the first PST Plan Year shall be the period ending March 31, 2019. The Company shall not implement PST Factors effective April 1, 2018, unless otherwise approved by the Commission. The Company shall include the Annual Revenue Requirement, or portion thereof, on Actual CapEx and Actual O&M Expense for incurred during the period October 1, 2018 through April 1, 2019 (the start of the first PST Plan Year), in its annual PST Reconciliation Filing by August 1, 2019 following the completion of the first PST Plan Year, and shall recover the Annual Revenue Requirement, or portion thereof, and Actual O&M Expense, as approved by the Commission, through PST Reconciliation Factors effective the following October 1.~~

**3.0. ANNUAL REPORT ON PST PLAN ACTIVITIES**

By August 1 of each year as part of the annual PST Reconciliation Filing, the Company shall include a report on the prior PST Plan Year's PST activities. In implementing its PST Plan, the circumstances encountered during the preceding PST Plan Year may require reasonable deviations from the original PST Plan for the PST Plan Year approved by the Commission. In such cases, for each PST Initiative, the Company shall include in the report an explanation of (1) Actual Capital Investment in excess of Forecasted Capital Investment by ten (10) percent, and (2) Actual O&M Expense in excess of Forecasted O&M Expense by ten (10) percent. For cost recovery purposes, the Company has the burden to show that any such deviations were due to circumstances out of its reasonable control or, if within its control, were reasonable and prudent.

**4.0 DEFINITIONS**

"Accumulated Deferred Income Taxes" shall mean the net reduction in Federal income taxes associated with the use of accelerated depreciation allowed for income tax purposes.

"Accumulated Reserve for Depreciation" shall mean the cumulative net credit balance arising from the provision for Depreciation Expense.

"Actual CapEx" shall mean all capital investment associated with each PST Initiative listed in Section 1.1, plus cost of removal, for a PST Plan Year, including capital investment prior to April 1, 2019 as approved by the Commission, and not included in the Company's Infrastructure, Safety, and Reliability ("ISR") Plan.

"Actual O&M Expense" shall mean the O&M expense recorded by the Company for a given PST Plan Year associated with its PST Initiatives, including O&M expense incurred prior to April 1, 2019 as approved by the Commission, not otherwise recovered through any other rates, charges, or factors.

"Annual Revenue Requirement" shall mean the return and taxes on year-end Rate Base, at a rate equal to the pre-tax weighted average cost of capital as approved by the Commission in the most recent general rate case, plus the annual depreciation expense on Cumulative CapEx as defined below, plus the annual municipal property taxes on Cumulative CapEx. For the purpose of calculating the PST Reconciliation

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Factors, the Company will use the sum of Actual CapEx for all PST Plan Years through the prior PST Plan Year in place of Cumulative CapEx.

“Cumulative CapEx” shall mean the cumulative Actual CapEx for years prior to the PST Plan Year, including Actual CapEx prior to April 1, 2019 as approved by the Commission, plus Forecasted CapEx for the PST Plan Year.

“Depreciation Expense” shall mean the return of the Company’s in-service PST investment in Rate Base at established depreciation rates as approved by the Commission.

“Forecasted CapEx” shall mean the estimated capital investment and cost of removal anticipated to be recorded as plant in service by the Company for a given PST Plan Year associated with distribution system infrastructure consistent with its capital forecast, and not included in the Company’s ISR Plan.

“Forecasted kWh” shall mean the forecasted amount of electricity, as measured in kilowatt-hours (“kWh”), to be delivered to the Company’s retail delivery service customers for the period during which the per-kWh PST Factors and per-kWh PST Reconciliation Factors will be in effect.

“Forecasted Number of Bills” shall mean the forecasted number of bills to be issued to the Company’s retail delivery service customers for the period during which the per-bill PST Factors and per-bill PST Reconciliation Factors will be in effect. Where applicable, the Company shall use estimated number of street lighting fixtures for the street lighting rate classes in lieu of forecasted number of bills.

“Forecasted O&M Expense” shall mean the estimated incremental O&M expense for a given PST Plan Year associated with its PST Initiatives, and not otherwise recovered through any the Company’s other rates, charges, or factors.

“O&M” shall mean operation and maintenance expenses recorded in FERC accounts 580 through 598 and administrative and general expenses recorded in FERC accounts 920 through 935, pursuant to FERC’s Code of Federal Regulations. O&M shall also mean the amortization of capital investment in system development and/or enhancements recorded on the general ledger of an affiliate of the Company and charged to the Company by the affiliate, with the Company recording the charge as an expense.

“PST Factors” shall mean the sum of the per-kWh and per-bill factors, as applicable, for each rate class designed to recover the total of the Annual Revenue Requirement on Cumulative CapEx and the Forecasted O&M Expense for each PST Initiative, based on Forecasted kWh and Forecasted Number of Bills, as applicable, for a PST Plan Year. PST Factors shall consist of the following factors, as defined below: GMEFs, ETFs, EHF, ESSFs, SPFs, RAFs, and PIFs.

“PST Plan Year” shall mean the year beginning April 1 of the current year and running through March 31 of the subsequent year during which the proposed PST Factors will be in effect.

“PST Reconciliation Factors” shall mean the sum of the per-kWh and per-bill factors, as applicable, designed to recover or credit the over or under billing of the Annual Revenue Requirement on the sum of Actual CapEx for all PST Plan Years, including Actual CapEx prior to April 1, 2019 as approved by the Commission, through the prior PST Plan Year and Actual O&M Expense for each PST Initiative, based on Forecasted kWh or Forecasted Number of Bills, as applicable, for the recovery/refund

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period beginning October 1. PST Reconciliation Factors shall consist of the following factors, as defined below: GMERFs, ETRFs, EHRFs, ESSRFs, SPRFs, RARFs, and PIRFs.

“Rate Base” shall mean the investment value upon which the Company is permitted to earn its authorized rate of return and shall include Cumulative CapEx, Accumulated Reserve for Depreciation, and Accumulated Deferred Income Taxes for the purpose of calculating the Annual Revenue Requirement included in the determination of the PST Factors. For the purpose of calculating the PST Reconciliation Factors, the Company will use the sum of Actual CapEx for all PST Plan Years through the prior PST Plan Year, [including Actual CapEx prior to April 1, 2019 as approved by the Commission](#), in place of Cumulative CapEx.

## 5.0 PST RECOVERY

The Company shall recover the PST capital investment, including associated cost of removal, and O&M expense pursuant to this PST Provision and subject to the review and approval of the Commission, only for PST Initiatives the Company is authorized to undertake by the Commission. Capital investment, including associated cost of removal, recovered through this PST Provision shall be excluded from recovery through the Company’s ISR Plan. The Company shall ~~be allowed to~~ recover the revenue requirement on Cumulative CapEx and O&M Expense incurred ~~up to~~ through the date upon which new base distribution rates begin recovering the revenue requirement of PST capital investment and ongoing O&M expense. All amounts earned and incurred by the Company prior to the date on which new base distribution rates, which [will](#) include [the](#) ongoing recovery of PST costs, take effect and as approved by the Commission for recovery, shall be recovered through this PST Provision.

The factors for each PTS Initiative, as defined below, shall recover the total of the Annual Revenue Requirement on Cumulative CapEx, ~~including~~ Forecasted CapEx, and Forecasted O&M Expense, as approved by the Commission in the Company’s annual PST Plan Filings. The factors shall be effective during the PST Plan Year, coincident with the PST Plan upon which they are calculated. The Company shall calculate separate revenue requirements to which it will add the estimate of O&M expense for each PST Initiative and shall calculate separate factors for each PST Initiative. For billing purposes, the Company shall aggregate the factors for all PST Initiatives into the PST Factors.

PST capital investment and O&M expense recovery for each PST Initiative shall include separate annual reconciliations of each PST Initiative’s Annual Revenue Requirement on the sum of Actual CapEx for all PTS Plan Years plus Actual O&M Expense to actual billed revenue generated from the PST Initiative’s factors for the applicable PTS Plan Year. The reconciliation of the recovery shall accrue interest monthly at the same rate as that paid on customer deposits. The recovery or credit of the reconciliation amounts, including interest, shall be reflected in the PST Reconciliation Factors. The Company shall submit a filing by August 1 of each year (“Reconciliation Filing”), in which the Company shall propose the PTS Reconciliation Factors to become effective for the 12 months beginning October 1. The amounts approved for recovery or refund through the PTS Reconciliation Factors shall be subject to reconciliation with amounts billed through the PTS Reconciliation Factors, and shall accrue interest monthly at the same rate as that paid on customer deposits, and any difference, including interest, reflected in future PTS Reconciliation Factors. For billing purposes, the Company shall calculate reconciliation factors for each PST Initiative, and aggregate the reconciliation factors for all PST Initiatives into the PST Reconciliation Factors.

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**6.0 PST EXPANSION OF GRID MODERNIZATION**

The PST Grid Modernization Expansion (“GME”) activities consist of the following functionalities to be deployed over a period of five years commencing with the Commission’s approval of the Company’s PST Program:

- (1) System Data Portal: Distributed Energy Resources Provider Data and Information, a Grid Data Portal, Locational Value Analysis capability, and Hosting Capacity;
- (2) Advanced Metering Functionality (“AMF”): a Customer Portal, Customer Choice Decision Support Analytics capability, Customer Energy Information and Analytics capability, Smart Meters, and Advanced Meters;
- (3) Feeder Monitoring Sensors: Sensing and Measurement Technology;
- (4) Control Center Enhancements: Distribution Management System (“DMS”), Geographic Information System (“GIS”), Network Model, and the Supervisory Control and Data Acquisition (“SCADA”) system;
- (5) Operational Data Management;
- (6) Telecommunications: Operational Communications; and
- (7) Cybersecurity.

The GME Factors (“GMEFs”) are designed to recover the Company’s investment in and ongoing O&M expense incurred as a result of the Company deploying its GME activities as approved by the Commission.

GME capital costs shall consist of the Company’s capitalized cost, plus cost of removal and municipal property taxes, of all assets and systems deployed pursuant to a plan approved by the Commission and recorded as plant in-service. The Company shall calculate two Annual Revenue Requirements: a Customer-Related Annual Revenue Requirement based on Customer-Related Cumulative CapEx and a Distribution/Shared Annual Revenue Requirement based on Distribution/Shared Cumulative CapEx.

GME capital costs shall be categorized as Customer-Related and Distribution/Shared. Customer-Related capital costs shall be the capitalized costs of assets and systems placed into service as approved by the Commission associated with AMF as part of the GME within a PST Plan. Distribution/Shared capital costs shall be all other GME capital costs associated within a PST Plan as approved by the Commission that is not specifically categorized as Customer-Related.

O&M expense shall consist of the Company’s incremental O&M expense incurred by the Company as a result of deploying its GME pursuant to a PST Plan approved by the Commission and not recovered through any of the Company’s other rates or charges. O&M expense shall be categorized as Customer-Related O&M expense and Distribution/Shared O&M expense. Customer-Related O&M expense shall be the incremental O&M expense approved by the Commission associated with AMF as part of the GME within a PST Plan. Distribution/Shared O&M expense shall be all other GME O&M expense within a PST Plan as approved by the Commission that is not specifically categorized as Customer-Related.

The Company shall allocate the Customer-Related Annual Revenue Requirement for the purpose of calculating rate-class specific per-bill charges applicable to all Retail Delivery Service customers

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except those receive service on the Company's streetlighting rate classes to the extent streetlighting customers are receiving unmetered service. The Company shall allocate the Customer-Related Annual Revenue Requirement to each rate class based on the Meter/Billing Allocator below, which represents the percentage of meter-related rate base and customer billing expense allocated to each rate class as determined from the Company's most recent general rate case as follows:

|                |        |
|----------------|--------|
| Rate A-16/A-60 | 60.41% |
| Rate C-06      | 27.29% |
| Rate G-02      | 9.46%  |
| Rate G-32/X-01 | 2.84%  |

The Company shall allocate the Customer-Related Forecasted O&M Expense for the purpose of calculating rate-class specific per-bill charges applicable to all Retail Delivery Service customers except those receive service on the Company's streetlighting rate classes to the extent streetlighting customers are receiving unmetered service. The Company shall allocate the Customer-Related Forecasted O&M Expense to each rate class based on the Meter/Customer Expense Allocator below, which represents the percentage of meter-related and customer service O&M expense allocated to each rate class as determined from the Company's most recent general rate case as follows:

|                |        |
|----------------|--------|
| Rate A-16/A-60 | 73.38% |
| Rate C-06      | 19.24% |
| Rate G-02      | 5.78%  |
| Rate G-32/X-01 | 1.60%  |

The Company shall combine the per-bill Customer-Related GMEFs calculated above for billing purposes.

The Company shall allocate the Distribution/Shared Annual Revenue Requirement for the purpose of calculating rate-class specific per-kWh rates applicable to all Retail Delivery Service customers. The Company shall allocate the Distribution/Shared Annual Revenue Requirement to each rate class based on the Rate Base Allocator below, which represents the percentage of total rate base allocated to each rate class as determined from the Company's most recent general rate case as follows:

|                |        |
|----------------|--------|
| Rate A-16/A-60 | 53.37% |
| Rate C-06      | 10.27% |
| Rate G-02      | 16.03% |
| Rate G-32      | 17.17% |
| Rate X-01      | 0.03%  |
| Streetlighting | 1.13%  |

The Company shall allocate the Distribution/Shared Forecasted O&M Expense for purposes of calculating rate-class specific per-kWh rates applicable to all Retail Delivery Service customers. The Company shall allocate the Distribution/Shared Forecasted O&M Expense to each rate class based on the Distribution Revenue Allocator below, which represents the percentage of final revenue requirement allocated to each rate class as determined in the Company's most recent general rate case as follows:

|                |        |
|----------------|--------|
| Rate A-16/A-60 | 56.33% |
|----------------|--------|

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|                |        |
|----------------|--------|
| Rate C-06      | 10.81% |
| Rate G-02      | 14.87% |
| Rate G-32      | 15.11% |
| Rate X-01      | 0.22%  |
| Streetlighting | 2.66%  |

The Company shall combine the per-kWh Distribution/Shared GMEFs calculated above for billing purposes.

In the Reconciliation Filing, the Company shall reconcile the Annual Revenue Requirement on actual Cumulative CapEx through the prior PST Plan Year and Actual O&M Expense incurred during the prior PST Plan Year to the actual amount of revenue billed to customers through the GMEFs. The Company shall prepare separate reconciliations for each of the four categories of recovery identified above. The excess or deficiency, including interest at the interest rate paid on customer deposits, shall be allocated to the Company's rate classes based upon the applicable allocators stated above, and shall be the basis for the GME Reconciliation Factors ("GMEFs"), calculated consistent with the calculation of the GMEFs described above.

## 7.0 ELECTRIC TRANSPORTATION INITIATIVE

The Electric Transportation Factor ("ETF") is designed to recover the Company's investment in and incremental O&M expense, pursuant to the Company's Electric Transportation Initiative ("ETI"), as approved by the Commission, consisting of the following:

- (1) Charging Station Demonstration Program: (a) ownership and O&M expense of Electric Vehicle Supply Equipment ("EVSE") constructed, owned, and operated by the Company; (b) the capital costs of typical distribution infrastructure required to provide service to EVSEs, including for customer-operated EVSE and Company-operated EVSE; (c) the capital costs of electrical equipment on the customer's property required to install EVSE, with the equipment constructed, owned, and operated by the Company; (d) rebates paid to customers who purchase eligible EVSEs; (e) the capital cost and O&M expense of developing and/or enhancing systems to bill the charging rates for Company-owned and operated EVSEs;
- (2) Off-Peak Charging Rebate Pilot: (a) rebates paid to eligible Electric Vehicle ("EV") drivers for charging their EV's during defined off-peak hours; (b) the cost of monitoring devices or other technology for the collection of EV data; (c) the cost of developing and/or enhancing systems or otherwise administering the pilot; and (d) the cost of other incentives for EV drivers exhibiting desired EV behavior;
- (3) Discount Pilot for Direct Current Fast Charging ("DCFC") Accounts: the bill discount provided on electric bills for eligible customers installing DCFC stations, the cost of billing system modifications, marketing, and other administrative costs to provide the discount;
- (4) Company Fleet Expansion: the cost of incremental heavy-duty electrified trucks used by the Company in its daily activities;
- (5) Transportation Education and Outreach ("E&O"): the cost of E&O activities; and
- (6) Evaluation: the cost of evaluating the above programs and pilots.

ETI capital costs shall consist of the Company's capitalized cost, plus municipal property taxes, on ESVE, distribution system infrastructure, and electrical equipment installed on participating

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customers' property, along with any capitalized enhancements to the Company's CSS or other systems, and recorded as plant in-service on the Company's general ledger.

ETI O&M expense shall represent incremental O&M expense that is not recorded as a capital investment of the Company, less Site Host Participation Payments from customers having a Company-owned ESVE at their service location, consisting of:

- (1) O&M expense incurred to operate and maintain Company-owned EVSEs;
- (2) any enhancements to the Company's CSS or other systems not eligible to be capitalized;
- (3) rebates paid to eligible customers for their installation of Level 2 EVSEs;
- (4) rebates, incentives, and monitoring equipment provided through the Off-Peak Charging Rebate Pilot;
- (5) bill discounts provided to eligible customers through the Discount Pilot for DCFC Accounts;
- (6) incremental lease or vehicle modification costs of heavy-duty electrified trucks and ongoing O&M expense through the Company Fleet Expansion;
- (7) E&O, marketing, and evaluation costs; and
- (8) program management and administration.

The Company shall recover the Annual Revenue Requirement on Cumulative CapEx plus Forecasted O&M Expense through the ETF. The ETF shall be a uniform per-kWh rate applicable to all Retail Delivery Service customers based on kWh deliveries.

In the Reconciliation Filing, the Company shall reconcile the Annual Revenue Requirement on actual Cumulative CapEx through the prior PST Plan Year and Actual O&M Expense incurred during the prior PST Plan Year to the actual amount of revenue billed to customers through the ETF and actual Site Host Participation Payments received during the prior PST Plan Year. The excess or deficiency, including interest at the interest rate paid on customer deposits, shall be the basis for the ET Reconciliation Factor ("ETRF"). The Company shall calculate the ETRF based on Forecasted kWh for the period October 1 through the following September 30.

## 8.0 ELECTRIC HEAT INITIATIVE

The Electric Heat Factor ("EHF") is designed to recover the Company's investment in ground heat exchangers constructed, owned, and operated by the Company, any ongoing O&M expense on such ground heat exchangers, plus expenses associated with the other elements under the Company's EH Initiative as identified below.

EH capital costs shall consist of the Company's capitalized cost, plus municipal property taxes, on Company-installed ground heat exchangers through the GSHP Program of the EH Initiative and recorded as plant in-service.

EH O&M expense shall represent incremental O&M expenses of:

- (1) GSHP Program costs consisting of program administration, consultant costs for system design, project management, ongoing O&M, and evaluation costs;
- (2) Equipment Incentives Program costs consisting of equipment incentives paid to eligible customers, outreach and marketing cost, and program administration costs;

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- (3) Community-Based Outreach costs consisting of program administration, consultant costs for program design and evaluation, and marketing costs ; and
- (4) Oil/Propane Dealer Training Program costs consisting of incremental costs to develop and market the program, including consultant costs for developing the training program and delivering the training, and program administration costs.

The Company shall recover the Annual Revenue Requirement on Cumulative CapEx plus Forecasted O&M Expense through the EHF. The EHF shall be a uniform per-kWh rate applicable to all Retail Delivery Service customers based on kWh deliveries.

In the Reconciliation Filing, the Company shall reconcile the Annual Revenue Requirement on actual Cumulative CapEx through the prior PST Plan Year and Actual O&M Expense incurred during the prior PST Plan Year to the actual amount of revenue billed to customers through the EHF. The excess or deficiency, including interest at the interest rate paid on customer deposits, shall be the basis for the EH Reconciliation Factor ("EHRF"). The Company shall calculate the EHRF based on Forecasted kWh for the period October 1 through the following September 30.

#### 9.0 ENERGY STORAGE SYSTEM PROGRAM

The Energy Storage System Factor ("ESSF") is designed to recover the Company's investment in and ongoing O&M expense of ESS constructed, owned, and operated by the Company under the Company's ESS Program.

ESS capital costs shall consist of the Company's capitalized cost of construction plus municipal property taxes on the ESS recorded as plant in-service.

ESS O&M expense shall represent incremental O&M expenses, net of any research and development tax incentives claimed by the Company, of:

- (1) annual ESS O&M to operate and maintain ESS equipment;
- (2) ESS site maintenance;
- (3) project management of maintenance;
- (4) oversight, reporting and analysis;
- (5) property rental or lease payments; and
- (6) any other incremental O&M costs associated with the upkeep of the ESS sites.

Oversight and reporting costs shall consist of the oversight of annual ESS maintenance, reporting to state and local agencies of ESS performance, and research and testing costs at the ESS sites.

The Company shall recover the Annual Revenue Requirement on Cumulative CapEx plus Forecasted O&M Expense through the ESSF. The ESSF shall be a uniform per-kWh rate applicable to all Retail Delivery Service customers based on kWh deliveries.

In the Reconciliation Filing, the Company shall reconcile the Annual Revenue Requirement on actual Cumulative CapEx through the prior PST Plan Year plus Actual O&M Expense incurred during the prior PST Plan Year to the actual amount of revenue billed to customers through the ESSF. The excess or deficiency, including interest at the interest rate paid on customer deposits, shall be the basis for the ESS

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Reconciliation Factor (“ESSRF”). The Company shall calculate the ESSRF based on Forecasted kWh for the period October 1 through the following September 30.

**10.0 SOLAR DEMONSTRATION PROGRAM**

The Solar Program Factor (“SPF”) is designed to recover the Company’s investment in and ongoing O&M expense of up to 3.75 mega-watts of solar generating facilities constructed, owned, and operated by the Company under the Company’s Solar Demonstration Program.

Solar generating facility capital costs shall consist of the Company’s capitalized cost of construction plus municipal property taxes on the solar generating facilities recorded as plant in-service.

Solar generating facility O&M expense shall represent incremental O&M expenses, net of any research and development tax incentives claimed by the Company, of:

- (1) annual solar generating facilities’ O&M;
- (2) the solar generating facilities’ site maintenance;
- (3) project management of maintenance;
- (4) oversight, reporting and analysis;
- (5) property rental or least payments; and
- (6) any other incremental O&M costs associated with the upkeep of the solar generating facility sites.

Oversight and reporting costs consists of the oversight of annual solar generating facility maintenance, reporting of solar generating facility performance, and research and testing costs at the solar generating facility sites.

The Company shall recover the Annual Revenue Requirement on Cumulative CapEx and Forecasted O&M Expense through the SPF. The SPF shall be a uniform per-kWh rate applicable to all Retail Delivery Service customers based on kWh deliveries.

In the Reconciliation Filing, the Company shall reconcile the Annual Revenue Requirement on actual Cumulative CapEx through the prior PST Plan Year and Actual O&M Expense incurred during the prior PST Plan Year to:

- (1) the actual amount of revenue billed to customers through the SPF; and
- (2) the market value of RECs used to comply with the Renewable Energy Standard established in R.I.G.L. Section 39-26-1.

The excess or deficiency, including interest at the interest rate paid on customer deposits, shall be the basis for the Solar Program Reconciliation Factor (“SPRF”). The Company shall calculate the SPRF based on Forecasted kWh for the period October 1 through the following September 30.

**11.0 INCOME ELIGIBLE CUSTOMER REWARDS PROGRAM**

The Rewards Account Factor (“RAF”) is designed to recover the Company’s investment in and ongoing O&M expense of its Income Eligible Customer Rewards (“IECR”) Program.

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IECR capital costs shall consist of the Company's capitalized cost of assets and systems recorded as plant in-service and approved by the Commission associated with enhancements to the Company's CSS.

IECR O&M expense shall represent incremental O&M expenses of:

- (1) program development, training, marketing, and administration;
- (2) any enhancements to the Company's CSS or other systems not eligible to be capitalized;
- (3) technology development for administration of IECR accounts, bill design and presentation, and system interfaces; and
- (4) IECR account funding.

The Company shall recover the Annual Revenue Requirement on Cumulative CapEx plus Forecasted O&M Expense through the RAF. The RAF shall be a uniform per-kWh rate applicable to all Retail Delivery Service customers based on kWh deliveries.

In the Reconciliation Filing, the Company shall reconcile the Annual Revenue Requirement on actual Cumulative CapEx through the prior PST Plan Year and Actual O&M Expense incurred during the prior PST Plan Year to the actual amount of revenue billed to customers through the RAF. The excess or deficiency, including interest at the interest rate paid on customer deposits, shall be the basis for the Rewards Account Reconciliation Factor ("RARF"). The Company shall calculate the RARF based on Forecasted kWh for the period October 1 through the following September 30.

## 12.0 PERFORMANCE INCENTIVES

The Performance Incentive Factor ("PIF") shall recover the performance incentives earned by the Company as a result of the Company achieving specific performance metrics pertaining to the efficient delivery of the Company's capital program ("Capital Efficiency") and the achievement of objectives in the system efficiency, distributed energy resources, and network support services. Except otherwise noted in Appendix A, the Company shall measure actual performance against the performance metrics identified below during the calendar years shown.

### 12.1 Value of Performance Incentives

The performance incentives defined below and detailed in Appendix A shall allow the Company to earn incentives based on actual performance. With the exception of one performance metric, Complex Capital Projects Capital Cost Efficiency, actual performance measured against each the performance metrics will result in a basis point value earned by the Company. The Company shall aggregate the basis point values for all applicable performance metrics to determine the total basis point value earned by the Company for performance in the prior calendar year. The Company shall convert the total basis point value to a dollar value of performance incentives allowed for recovery through the PIF by multiplying the total basis point value by the equity portion of distribution rate base as determined at the end of each calendar year as part of the Company's annual earnings report filed with the PUC by May 1 annually.

The Company shall not earn a performance incentive for actual performance which falls below the minimum performance level identified for each performance metric. The Company shall use linear

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interpolation to calculate the basis point value of any performance incentive earned that falls between the target level and minimum value, and target value and maximum value.

The Company shall measure performance against the Complex Capital Projects Capital Cost Efficiency performance metric consistent with the annual ISR Plan period of April 1 through March 31 of the following year. Actual performance against this performance metric will result in a dollar value of performance incentive earned during the applicable PST Plan Year. The Company shall add the performance incentive earned through the Complex Capital Projects Capital Cost Efficiency performance metric to the total performance incentives determined above for all other performance metrics, and recover, on an annual basis, the total performance incentives through the PIF.

**12.2 Capital Efficiency Incentives**

Capital Efficiency Incentives shall include the opportunity for the Company to earn performance incentives when:

- (1) Complex Capital Projects Capital Cost Efficiency: the actual cost of certain projects proposed in the Company's ISR Plan is less than the estimated cost of those projects as identified in the Company's documents which are developed to authorize the projects to proceed to construction ("First Full Sanction"), measured during a PST Year; and
- (2) Construction Cost per Mile: a metric to be developed that is intended to represent the cost of overhead distribution line construction as proposed in the Company's ISR Plan, converted to a composite per-mile construction cost measured against an applicable benchmark..

Appendix A to this PST Provision provides the metrics and the incentive value associated with a range of outcomes.

**12.3 System Efficiency Incentives**

System Efficiency Incentives shall include the opportunity for the Company to earn performance incentives, based on actual performance during a calendar year, in the areas of:

- (1) Peak Demand Reduction: (a) measured reductions in the sum of the Company's monthly peak demand included in the transmission bills from New England Power Company ("NEP") to the Company over a calendar year, measured on a weather-normalized basis and normalized for new load added during the same calendar year; and (b) measured reductions in the Company's annual peak demand for a calendar year as included in NEP's transmission bills to the Company, measured on a weather-normalized basis and normalized for new load added during the same calendar year; and
- (2) Off-Peak Charging Rebate Pilot Participation: measured against the assumed participation rates represented in the targeted participation level deriving the pilot's budget of 500.

Appendix A to this PST Provision provides the metrics and the incentive value associated with a range of outcomes. The incentives associated with performance between minimum and target levels or maximum and target levels will be determined linearly.

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**12.4 Distributed Energy Resources Incentives**

Distributed Energy Resources Incentives shall include the opportunity for the Company to earn performance incentives, based on actual performance during a calendar year, in the areas of:

- (1) Distributed Generation (“DG”) – Friendly Substations: the number of substations that have ground fault detection (3V0) installed and that are capable of readily installing DG where significant amounts of DG have been proposed;
- (2) Demand Response – Residential Participation: measured by the number of residential customers participating in the Company’s Connected Solutions program;
- (3) Demand Response – C&I Participation: measured by the contracted MWs in the Company’s C&I demand response programs;
- (4) Electric Heat Program: measured reductions in carbon in short tons per year;
- (5) Electric Vehicles: EV ownership, measured by EVs registered after commencement of program, in excess of projections based on Annual Energy Outlook 2017 forecast EV sales growth for New England;
- (6) Behind the Meter Storage: measured by the annual MW growth in energy storage installed at customer locations behind a meter used to register electric load; and
- (7) Company-Owned Storage: measured by the installed MW of Company-owned in energy storage, inclusive of the ESS Program above, used to support peak load reduction and verified using interval metering.

Appendix A to this PST Provision provides the metrics and the incentive value associated with a range of outcomes. The incentives associated with performance between minimum and target levels or maximum and target levels will be determined linearly.

**12.5 Network Support Services Incentives**

Network Support Services Incentives shall include the opportunity for the Company to earn performance incentives, based on actual performance during a calendar year, in the areas of:

- a. AMF Customer Engagement and Deployment: measured based on achievement of stated milestones with documentation evidencing achievement provided by the Company;
- b. Volt/Var Optimization (“VVO”) Pilot Delivery: (a) timely delivery measured by date project is in service; and (b) delivery of expected results of VVO deployment measured by a 1 percent reduction in energy consumption and peak demand from that expected from primary VVO optimization that would not include AMF technology of 3 percent;

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- c. Interconnection Support – Time to ISA: the actual average time to provide executable Interconnection Service Agreements, measured from the date on which the Company receives the interconnection application to the date the ISAs are provided to customers for execution, during a calendar year, against total time allowed in the required time frames identified in the Company's Standards for Interconnecting Distributed Generation tariff, stated as a percentage;
- d. Interconnection Support – Average Days to System Modification: the actual average time to complete system modifications, measured from the date ISAs are executed to the date on which system modifications are completed, during a calendar year, against total time allowed in the required time frames identified in the Company's Standards for Interconnecting Distributed Generation tariff, stated as a percentage; and
- e. Interconnection Support – Estimate versus Actual Costs: the difference, measured as a percentage, between the sum of the costs estimated by the Company for interconnecting DG, during a calendar year, and the sum of the actual costs paid by those customers for the interconnection of DG where interconnection was completed in the same calendar year.

Appendix A to this PST Provision provides the metrics and the incentive value associated with a range of outcomes. The incentives associated with performance between minimum and target levels or maximum and target levels will be determined linearly.

**13.0. ADJUSTMENTS TO RATES**

Modifications to the factors contained in this PST Provision shall be in accordance with a notice filed with the Commission setting forth the amount(s) of the revised factor(s) and the amount(s) of the increase(s) or decrease(s). The notice shall further specify the effective date of such charges.

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APPENDIX A

**I. Capital Efficiency Incentives**

a. Complex Capital Project Capital Cost Efficiency

For a Complex Capital Project that is reported as closed in an annual ISR Plan Reconciling Filing, due to the Commission no later than August 1 following the completion of the prior year's ISR Plan on March 31, and has been recorded as plant in-service, if actual total capital costs are less than the first full sanctioned capital costs, the incentive shall be 50 percent of the difference.

b. Construction Cost per Mile

To be developed.

**II. System Efficiency Incentives**

a. Monthly Peak Demand Reduction

| Sum of Monthly Peak Demand Reduction Targets (MWs) |         |         |         |              |
|--|---------|---------|---------|--------------|
|  | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum  | 28      | 23      | 26      | 1.00         |
| Target   | 36      | 34      | 36      | 1.75         |
| Maximum  | 47      | 44      | 46      | 2.25         |

b. Annual Peak Demand Reduction

| Annual Peak Demand Reduction Targets (MWs) |         |         |         |              |
|--|---------|---------|---------|--------------|
|  | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum                                    | 22      | 18      | 19      | 6.00         |
| Target                                     | 29      | 26      | 26      | 12.00        |
| Maximum                                    | 38      | 31      | 31      | 18.00        |

c. Off-Peak Charging Rebate Pilot Participation

| Off-Peak Charging Rebate Pilot Participation (No. of Participants) |         |         |         |              |
|--|---------|---------|---------|--------------|
|  | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum  | 80      | 188     | 400     | 2.00         |
| Target   | 100     | 250     | 500     | 2.50         |
| Maximum  | 120     | 300     | 600     | 3.00         |

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**III. Distributed Energy Resources Incentives**

a. Distributed Generation (“DG”) – Friendly Substations

| DG-Friendly Substation Transformer Target<br>(Cumulative Transformers with 3VO Installations) |         |         |         |              |
|---|---------|---------|---------|--------------|
|   | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum   | 1       | 2       | 3       | 1.00         |
| Target  | 3       | 6       | 12      | 6.00         |
| Maximum   | 5       | 10      | 15      | 10.00        |

b. Demand Response – Residential Participation

| Demand Response – Residential Participation in Connected Solutions<br>(No. of Participants) |   |         |         |              |
|---|---|---------|---------|--------------|
|   | CY 2019   | CY 2020 | CY 2021 | Basis Points |
| Minimum   | Targets to be developed in<br>2019 Energy Efficiency Program Plan |         |         | 1.00         |
| Target  |   |         |         | 3.00         |
| Maximum   |   |         |         | 5.00         |

c. Demand Response – C&I Participation

| Demand Response – C&I Participation in Demand Response Programs<br>(No. of Participants) |   |         |         |              |
|--|---|---------|---------|--------------|
|  | CY 2019   | CY 2020 | CY 2021 | Basis Points |
| Minimum  | Targets to be developed in<br>2019 Energy Efficiency Program Plan |         |         | 1.00         |
| Target   |   |         |         | 3.00         |
| Maximum  |   |         |         | 5.00         |

d. Electric Heat Program

| Carbon Reduction from Electric Heat Initiative (Short Tons/Year) |         |         |         |              |
|--|---------|---------|---------|--------------|
|  | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum  | 119     | 178     | 156     | 0.00         |
| Target   | 149     | 223     | 195     | 1.00         |
| Maximum  | 179     | 268     | 234     | 2.00         |

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e. Electric Vehicles

| Incremental EVs In Excess of Expected Growth Based on Forecast |         |         |         |              |
|--|---------|---------|---------|--------------|
|  | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum  | 130     | 176     | 239     | 1.00         |
| Target   | 259     | 352     | 477     | 2.00         |
| Maximum  | 519     | 703     | 954     | 3.50         |

f. Behind the Meter Storage

| Behind the Meter Storage Targets (in MWs) |         |         |         |              |
|---|---------|---------|---------|--------------|
|   | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum                                   | 1       | 1       | 1       | 0.33         |
| Target                                    | 3       | 3       | 3       | 1.00         |
| Maximum                                   | 6       | 6       | 6       | 2.00         |

g. Company-Owned Storage

| Company-Owned Storage Targets (in MWs) |         |         |         |              |
|--|---------|---------|---------|--------------|
|  | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum                                | 1       | 1       | 1       | 0.33         |
| Target                                 | 3       | 3       | 3       | 1.00         |
| Maximum                                | 6       | 6       | 6       | 2.00         |

**IV. Network Support Services Incentives**

a. AMF Customer Engagement and Deployment

| AMF Customer Engagement and Deployment |   |              |
|--|---|--------------|
| CY End                                 | Milestone   | Basis Points |
| 2019                                   | Deliver customer engagement plan                  | 2.00         |
| 2020                                   | Conduct and report on customer awareness survey   | 1.00         |
| 2020                                   | Commence mass scale meter deployment              | 1.00         |
| 2021                                   | Achieve 30% deployment and customer portal access | 2.00         |
|  |   |              |

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b. VVO Pilot Delivery

| VVO Pilot Delivery |  |              |
|--------------------|--|--------------|
| CY End             | Milestone  | Basis Points |
| 2019               | Project in service   | 2.00         |
| 2020               | Achievement of enhanced VVO/CVR impacts 1 percent reduction in energy consumption and peak demand from that expected from primary VVO optimization | 2.00         |
| 2021               | Achievement of enhanced VVO/CVR impacts 1 percent reduction in energy consumption and peak demand from that expected from primary VVO optimization | 2.00         |

c. Interconnection Support – Time to ISA

| Interconnection Support – Time to ISA Targets<br>(% Actual Average Business Days Below Tariff Business Day Requirement) |         |         |         |              |
|---|---------|---------|---------|--------------|
|   | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum   | 5%      | 5%      | 5%      | 2.00         |
| Target  | 10%     | 10%     | 10%     | 4.00         |
| Maximum   | 15%     | 15%     | 15%     | 6.00         |

d. Interconnection Support – Average Days to System Modification

| Interconnection Support – Time to System Modifications<br>(% Actual Average Business Days Below Tariff Business Day Requirement) |         |         |         |              |
|--|---------|---------|---------|--------------|
|  | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum  | 5%      | 5%      | 5%      | 2.00         |
| Target   | 10%     | 10%     | 10%     | 4.00         |
| Maximum  | 15%     | 15%     | 15%     | 6.00         |

e. Interconnection Support – Estimate versus Actual Costs

| Interconnection Support – Estimated versus Actual Costs<br>(% Annual Actual Costs Below Associated Estimated Costs) |         |         |         |              |
|---|---------|---------|---------|--------------|
|   | CY 2019 | CY 2020 | CY 2021 | Basis Points |
| Minimum   | 10%     | 10%     | 10%     | 0.00         |
| Target  | 6%      | 6%      | 6%      | 4.00         |
| Maximum   | 4%      | 4%      | 4%      | 6.00         |

### 3.10 Power Sector Transformation Plan

#### 3.10.1 Power Sector Transformation Plan Filing:

~~The first PST Plan Year shall be the period from April 1, 2019 through March 31, 2020. By December 1, 2018 for the first PST Plan Year and by January 1 of each succeeding PST Plan Year, the Company shall submit to the PUC for review and approval its proposed Power Sector Transformation ("PST") Plan for the upcoming PST Plan Year. The PST Plan shall consist of Forecasted Capital Investment, Forecasted O&M Expense, and, if mutually agreed upon by the Division and the Company, any other capital or O&M expense relating to PST Initiatives, accompanied by the revenue requirement determined by the costs presented in the PST Plan.~~

Subject to PUC approval, the ~~first PST Plan Year shall be the period ending March 31, 2019. The Company shall not implement PST Factors effective April 1, 2018, unless otherwise approved by the Commission. The~~ Company shall include the Annual Revenue Requirement, or portion thereof, on Actual CapEx and Actual O&M Expense incurred during the period October 1, 2018 through April 1, 2019 (for the start of the first PST Plan Year) in its annual PST Reconciliation Filing by August 1, 2019 following the completion of the first PST Plan Year, and shall recover the Annual Revenue Requirement, or portion thereof, and Actual O&M Expense, as approved by the PUC Commission, through PST Reconciliation Factors effective the following October 1.

#### 3.10.2 Power Sector Transformation Factors:

The PST Factor shall recover the forecasted and actual capital investment and operations and maintenance ("O&M") expense, subject to full reconciliation, as defined herein, for the following components of PST Initiatives contained in the Company's PST Plan:

- (1) Advanced Metering Functionality ("AMF");
- (2) Company Fleet Expansion as part of the Electric Transportation Initiative; and
- (3) Income Eligible Customer Rewards Program.

Effective April 1 of each year, the Company shall recover through a change in Distribution Adjustment Charge rates the PST capital investment, including associated cost of removal, and O&M expense pursuant to this PST Provision and subject to the review and approval of the PUC, only for PST Initiatives the Company is authorized to undertake by the PUC and benefit the Company's customers. Capital investment, including associated cost of removal, recovered through this PST Provision shall be excluded from recovery through the Company's ISR Plan. The Company shall ~~be allowed to~~ recover the revenue requirement on Cumulative CapEx and O&M Expense up to the date upon which new base distribution rates begin recovering the revenue requirement of PST capital investment and ongoing O&M expense. All amounts earned and incurred by the Company prior to the date on which new base distribution rates, which will include the ongoing recovery of PST costs, take effect and as approved by the PUC for recovery, shall be recovered through this PST Provision.

The factors for each PTS Initiative, as defined below, shall recover the total of the Annual Revenue Requirement on Cumulative CapEx, including ~~Forecasted~~ Forecasted CapEx, and Forecasted O&M Expense, as approved by the PUC in the Company's annual PST Plan Filings. The factors

shall be effective during the PST Plan Year, coincident with the PST Plan upon which they are calculated. The Company shall calculate separate revenue requirements to which it will add the estimate of O&M expense for each PST Initiative and shall calculated separate factors for each PST Initiative.

The Company shall allocate the AMF Annual Revenue Requirement to each customer class based on the Meter/Billing Allocator below, which represents the percentage of meter-related rate base and customer billing expense allocated to each customer class as determined from the Company's most recent general rate case as follows:

|                                 |                                 |
|---------------------------------|---------------------------------|
| Residential Heating/Non-Heating | <u>74.63</u> <del>xx.xx</del> % |
| Small C&I                       | <u>10.38</u> <del>xx.xx</del> % |
| Medium C&I                      | <u>11.29</u> <del>x.xx</del> %  |
| Large/Extra-Large C&I           | <u>3.70</u> <del>x.xx</del> %   |

The Company shall allocate the AMF Forecasted O&M Expense to each customer class based on the Meter/Customer Expense Allocator below, which represents the percentage of meter-related and customer service O&M expense allocated to each customer class as determined from the Company's most recent general rate case as follows:

|                                 |                                 |
|---------------------------------|---------------------------------|
| Residential Heating/Non-Heating | <u>77.71</u> <del>xx.xx</del> % |
| Small C&I                       | <u>9.28</u> <del>xx.xx</del> %  |
| Medium C&I                      | <u>9.72</u> <del>x.xx</del> %   |
| Large/Extra-Large C&I           | <u>3.29</u> <del>x.xx</del> %   |

### 3.10.3 Annual Report on PST Plan Activities:

By August 1 of each year as part of the annual PST Reconciliation Filing, the Company shall include a report on the prior PST Plan Year's PST activities. In implementing its PST Plan, the circumstances encountered during the preceding PST Plan Year may require reasonable deviations from the original PST Plan for the PST Plan Year approved by the PUC. In such cases, for each PST Initiative, the Company shall include in the report an explanation of (1) Actual Capital Investment in excess of Forecasted Capital Investment by ten (10) percent, and (2) Actual O&M Expense in excess of Forecasted O&M Expense by ten (10) percent. For cost recovery purposes, the Company has the burden to show that any such deviations were due to circumstances out of its reasonable control or, if within its control, were reasonable and prudent.

### 3.10.4 PST Reconciliation Factors:

PST capital investment and O&M expense recovery for each PST Initiative shall include separate annual reconciliations of each PST Initiative's Annual Revenue Requirement on the sum of Actual CapEx for all PTS Plan Years plus Actual O&M Expense to actual billed revenue generated from the PST Initiative's factors for the applicable PTS Plan Year. The reconciliation of the recovery shall accrue interest monthly at the Bank of America Prime minus 200 basis points. The recovery or credit of the reconciliation amounts, including interest, shall be reflected in the PST Reconciliation Factors.

The Company shall submit a filing by August 1 of each year (“Reconciliation Filing”), in which the Company shall present the Annual Revenue Requirement on Actual CapEx plus Actual O&M Expense.

As part of its annual DAC filing, the Company shall submit by August 1 proposed PTS Reconciliation Factors to become effective for the 12 months beginning November 1. The amounts approved for recovery or refund through the PTS Reconciliation Factors shall be subject to reconciliation with amounts billed through the PTS Reconciliation Factors, and shall accrue interest monthly at the Bank of America Prime minus 200 basis points, and any difference, including interest, reflected in future PTS Reconciliation Factors.

**3.10.5 PST Factor Definitions:**

“Accumulated Deferred Income Taxes” shall mean the net reduction in Federal income taxes associated with the use of accelerated depreciation allowed for income tax purposes.

“Accumulated Reserve for Depreciation” shall mean the cumulative net credit balance arising from the provision for Depreciation Expense.

“Actual CapEx” shall mean all capital investment associated with each PST Initiative listed in Section 3.10.2, plus cost of removal, for a PST Plan Year, [including capital investment prior to April 1, 2019 as approved by the PUC](#), and not included in the Company’s Infrastructure, Safety, and Reliability (“ISR”) Plan.

“Actual O&M Expense” shall mean the O&M expense recorded by the Company for a given PST Plan Year associated with its PST Initiatives, [including O&M expense incurred prior to April 1, 2019 as approved by the PUC](#), not otherwise recovered through any other rates, charges, or factors.

“Annual Revenue Requirement” shall mean the return and taxes on year-end Rate Base, at a rate equal to the pre-tax weighted average cost of capital as approved by the [PUC Commission](#) in the most recent general rate case, plus the annual depreciation expense on Cumulative CapEx as defined below, plus the annual municipal property taxes on Cumulative CapEx. For the purpose of calculating the PST Reconciliation Factors, the Company will use the sum of Actual CapEx for all PST Plan Years through the prior PST Plan Year in place of Cumulative CapEx.

“Cumulative CapEx” shall mean the cumulative Actual CapEx for years prior to the PST Plan Year, [including Actual CapEx prior to April 1, 2019 as approved by the PUC](#), plus Forecasted CapEx for the PST Plan Year.

“Depreciation Expense” shall mean the return of the Company’s in-service PST investment in Rate Base at established depreciation rates as approved by the [PUC Commission](#).

“Forecasted CapEx” shall mean the estimated capital investment and cost of removal anticipated to be recorded as plant in service by the Company for a given PST Plan Year associated with distribution system infrastructure consistent with its capital forecast, and not included in the Company’s ISR Plan.

“Forecasted Number of Bills” shall mean the forecasted number of bills to be issued to the Company’s firm customers for the period during which the per-bill PST Factors and per-bill PST Reconciliation Factors will be in effect.

“Forecasted O&M Expense” shall mean the estimated incremental O&M expense for a given PST Plan Year associated with its PST Initiatives, and not otherwise recovered through any the Company’s other rates, charges, or factors.

“Forecasted Therms” shall mean the forecasted amount of gas, as measured in therms, to be delivered to the Company’s firm customers for the period during which the per-therm PST Factors and per-therm PST Reconciliation Factors will be in effect.

“O&M” shall mean operation and maintenance expenses recorded in FERC accounts 871 through 894, customer accounts expense and customer service and informational expenses recorded in FERC accounts 901 through 910, sales expense recorded in FERC accounts 911 through 916, and administrative and general expenses recorded in FERC accounts 920 through 935, pursuant to FERC’s Code of Federal Regulations. O&M shall also mean the amortization of capital investment in system development and/or enhancements recorded on the general ledger of an affiliate of the Company and charged to the Company by the affiliate, with the Company recording the charge as an expense.

“PST Factors” shall mean the sum of the per-therm and per-bill factors, as applicable, for each rate class designed to recover the total of the Annual Revenue Requirement on Cumulative CapEx and the Forecasted O&M Expense for each PST Initiative, based on Forecasted Therms and Forecasted Number of Bills, as applicable, for a PST Plan Year. PST Factors shall consist of the following factors, as defined below: AMFFs, ETFs, and RAFs.

“PST Plan Year” shall mean the year beginning April 1 of the current year and running through March 31 of the subsequent year during which the proposed PST Factors will be in effect.

“PST Reconciliation Factors” shall mean the sum of the per-therm and per-bill factors, as applicable, designed to recover or credit the over or under billing of the total of the Annual Revenue Requirement on the sum of Actual CapEx for all PST Plan Years, including Actual CapEx prior to April 1, 2019 as approved by the PUC, through the prior PST Plan Year and Actual O&M Expense for each PST Initiative, based on Forecasted Therms or Forecasted Number of Bills, as applicable, for the recovery/refund period beginning October 1. PST Reconciliation Factors shall consist of the following factors, as defined below: AMFRFs, ETRFs, and RARFs.

“Rate Base” shall mean the investment value upon which the Company is permitted to earn its authorized rate of return and shall include Cumulative CapEx, Accumulated Reserve for Depreciation, and Accumulated Deferred Income Taxes for the purpose of calculating the Annual Revenue Requirement included in the determination of the PST Factors. For the purpose of calculating the PST Reconciliation Factors, the Company will use the sum of Actual CapEx for all PST Plan Years through the prior PST Plan Year, including Actual CapEx prior to April 1, 2019 as approved by the PUC, in place of Cumulative CapEx.

**3.10.6 AMF Recovery:**

The AMF component of PST consists of the deployed over a period of five years commencing with the PUC's approval of the Company's PST Plan which includes: a Customer Portal, Customer Choice Decision Support Analytics capability, Customer Energy Information and Analytics capability, and Advanced Meters; Telecommunications; and Cybersecurity.

The AMF Factors ("AMFFs") are designed to recover the Company's investment in and ongoing O&M expense incurred as a result of the Company deploying AMF as approved by the PUC.

AMF capital costs shall consist of the Company's capitalized cost, plus cost of removal and municipal property taxes, of all assets and systems deployed as part of AMF pursuant to a plan approved by the PUC and recorded as plant in-service.

AMF O&M expense shall consist of the Company's incremental O&M expense incurred by the Company as a result of deploying AMF pursuant to a PST Plan approved by the PUC and not recovered through any of the Company's other rates or charges.

The Company shall combine the customer class Annual Revenue Requirement and Forecasted O&M Expense and calculate per-bill AMFFs based upon the Forecasted Number of Bills for the PST Plan Year. The Company shall reconcile the recovery of Annual Revenue Requirement on Actual CapEx and Actual O&M Expense to billed revenue from the AMFFs and allocate the over or under-recovery balance by the Meter/Billing Allocator for the purpose of calculating AMF Reconciliation Factors.

### **3.10.7 Company Fleet Expansion:**

The Electric Transportation Factor ("ETF") is designed to recover the incremental O&M expense, as approved by the PUC, associated with the cost of incremental heavy-duty electrified trucks used by the Company in providing gas service to its customers.

ETI O&M expense shall represent incremental lease or vehicle modification costs of heavy-duty electrified trucks and ongoing O&M expense through the Company Fleet Expansion for trucks used by the Company in providing gas service to its customers.

The Company shall recover the Forecasted O&M Expense through the ETF. The ETF shall be a uniform per-therm rate applicable to all firm customers based on volumes delivered.

### **3.10.8 Income Eligible Customer Rewards Program:**

The Rewards Account Factor ("RAF") is designed to recover the Company's investment in and ongoing O&M expense of its Income Eligible Customer Rewards ("IECR") Program.

IECR capital costs shall consist of the Company's capitalized cost of assets and systems recorded as plant in-service and approved by the [PUC Commission](#) associated with enhancements to the Company's billing system, CSS.

IECR O&M expense shall represent incremental O&M expenses of:

- (1) program development, training, marketing, and administration;
- (2) any enhancements to the Company's CSS or other systems not eligible to be capitalized;

- (3) technology development for administration of IECR accounts, bill design and presentation, and system interfaces; and
- (4) IECR account funding.

The Company shall recover the Annual Revenue Requirement on Cumulative CapEx plus Forecasted O&M Expense through the RAF. The RAF shall be a uniform per-therm rate applicable to all firm customers based on volumes delivered.

**3.10.9 Performance Incentives:**

The Performance Incentive Factor (“PIF”) shall recover the performance incentives earned by the Company as a result of the Company achieving specific performance metrics pertaining to the achievement of objectives in the deployment of AMF. The Company shall measure actual performance against the performance metric identified below during the calendar years shown.

The Company shall convert the basis point value earned to a dollar value of performance incentive allowed for recovery through the PIF by multiplying the basis point value by the equity portion of distribution rate base as determined at the end of each calendar year as part of the Company’s annual earnings report filed with the PUC by May 1 annually.

The Company shall not earn a performance incentive for actual performance which falls below the minimum performance level identified. The Company shall use linear interpolation to calculate the basis point value of performance incentive earned that falls between the target level and minimum value, and target value and maximum value.

**Performance Metric:**

AMF Customer Engagement and Deployment: measured based on achievement of stated milestones with documentation evidencing achievement provided by the Company;

**AMF Customer Engagement and Deployment**

| AMF Customer Engagement and Deployment |   |              |
|--|---|--------------|
| CY End                                 | Milestone   | Basis Points |
| 2019                                   | Deliver customer engagement plan                  | 2.00         |
| 2020                                   | Conduct and report on customer awareness survey   | 1.00         |
| 2020                                   | Commence mass scale meter deployment              | 1.00         |
| 2021                                   | Achieve 30% deployment and customer portal access | 2.00         |
|  |   |              |

The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Rhode Island Renewable Energy  
Annual Revenue Requirement Summary  
*including shared AMI and Grid Mod*

| Line No.  |                               | Six Months Ended<br><u>March 31, 2019</u> | PST Year Ending<br><u>March 31, 2020</u> | PST Year Ending<br><u>March 31, 2021</u> | PST Year Ending<br><u>March 31, 2022</u> |
|-----------|-------------------------------|---|--|--|--|
| 1         | Grid Mod - Electric           | \$0                                       | \$3,421,284                              | \$6,009,218                              | \$7,850,131                              |
| 2         | AMI - Electric                | \$2,000,000                               | \$5,329,264                              | \$10,721,800                             | \$22,240,662                             |
| 3         | Electric Transportation       | \$0                                       | \$920,583                                | \$1,496,285                              | \$2,563,267                              |
| 4         | Electric Heat                 | \$0                                       | \$383,093                                | \$406,193                                | \$454,646                                |
| 5         | Energy Storage                | \$0                                       | \$115,164                                | \$267,682                                | \$422,699                                |
| 6         | Solar                         | \$0                                       | \$79,708                                 | \$369,516                                | \$951,409                                |
| 7         | <b>Total Electric</b>         | <b>\$2,000,000</b>                        | <b>\$10,249,096</b>                      | <b>\$19,270,694</b>                      | <b>\$34,482,814</b>                      |
| 8         | Grid Mod - Gas                | \$0                                       | \$1,415,309                              | \$2,171,328                              | \$3,084,517                              |
| 9         | AMI - Gas                     | \$0                                       | \$1,706,877                              | \$949,702                                | \$1,296,765                              |
| 10        | <b>Total Gas</b>              | <b>\$0</b>                                | <b>\$3,122,186</b>                       | <b>\$3,121,030</b>                       | <b>\$4,381,281</b>                       |
| <b>11</b> | <b>Total Gas and Electric</b> | <b>\$2,000,000</b>                        | <b>\$13,371,282</b>                      | <b>\$22,391,724</b>                      | <b>\$38,864,096</b>                      |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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d/b/a NATIONAL GRID  
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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Rhode Island Renewable Energy  
Annual Revenue Requirement Summary  
*including standalone RI AMI and Grid Mod*

| Line No.  |                               | Six Months Ended<br><u>March 31, 2019</u> | Fiscal Year Ending<br><u>March 31, 2020</u> | Fiscal Year Ending<br><u>March 31, 2021</u> | Fiscal Year Ending<br><u>March 31, 2022</u> |
|-----------|-------------------------------|---|---|---|---|
| 1         | Grid Mod - Electric           | \$0                                       | \$8,873,534                                 | \$14,009,543                                | \$17,646,669                                |
| 2         | AMI - Electric                | \$2,000,000                               | \$9,386,982                                 | \$13,127,594                                | \$25,255,307                                |
| 3         | Electric Transportation       | \$0                                       | \$920,583                                   | \$1,496,285                                 | \$2,563,267                                 |
| 4         | Electric Heat                 | \$0                                       | \$383,093                                   | \$406,193                                   | \$454,646                                   |
| 5         | Energy Storage                | \$0                                       | \$115,164                                   | \$267,682                                   | \$422,699                                   |
| 6         | Solar                         | \$0                                       | \$79,708                                    | \$369,516                                   | \$951,409                                   |
| 7         | <b>Total Electric</b>         | <b>\$2,000,000</b>                        | <b>\$19,759,064</b>                         | <b>\$29,676,813</b>                         | <b>\$47,293,998</b>                         |
| 8         | Grid Mod - Gas                | \$0                                       | \$4,378,324                                 | \$6,518,140                                 | \$8,408,500                                 |
| 9         | AMI - Gas                     | \$0                                       | \$3,744,704                                 | \$2,158,977                                 | \$2,447,779                                 |
| 10        | <b>Total Gas</b>              | <b>\$0</b>                                | <b>\$8,123,028</b>                          | <b>\$8,677,117</b>                          | <b>\$10,856,279</b>                         |
| <b>11</b> | <b>Total Gas and Electric</b> | <b>\$2,000,000</b>                        | <b>\$27,882,092</b>                         | <b>\$38,353,930</b>                         | <b>\$58,150,277</b>                         |

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Appendix 10.2 - Grid Mod Stand Alone

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Appendix 10.2 - Grid Mod Stand Alone  
Power Sector Transformation (PST)  
Fiscal Years 2020 - 2022 Investment

|  |                  |
|--|------------------|
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| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 IS Capital Investments       | 18 Page 18 of 21 |
| Calculation of Fiscal Year 2020 Net Deferred Tax Reserve IS Proration                                  | 19 Page 19 of 21 |
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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Appendix 10.2 - Grid Mod Stand Alone**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Grid Mod - Electric Projects and IS Electric and IS Gas Projects**  
**Annual Revenue Requirement Summary**

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Electric Operation and Maintenance (O&M) Expenses:                                    |   |   |   |
| 1        | System Data Portal  | \$ 700,000                                  | \$ 700,000                                  | \$ 700,000                                  |
| 2        | Feeder Monitoring Sensors   | \$ -  | \$ 5,000                                    | \$ 10,000                                   |
| 3        | RTU Separation  | \$ 60,000                                   | \$ 60,000                                   | \$ 60,000                                   |
| 4        | GIS Data Enhancement  | \$ -  | \$ 1,028,000                                | \$ 1,028,000                                |
| 5        | DSCADA & ADMS   | \$ -  | \$ 58,311                                   | \$ 87,467                                   |
| 6        | GIS Data Enhancement  | \$ -  | \$ -  | \$ -  |
| 7        | Enterprise Service Bus  | \$ 518,968                                  | \$ 1,264,701                                | \$ 1,326,251                                |
| 8        | Data Lake   | \$ 546,180                                  | \$ 786,551                                  | \$ 1,063,852                                |
| 9        | PI Historian  | \$ 33,691                                   | \$ 1,329,491                                | \$ 1,329,491                                |
| 10       | Advanced Analytics  | \$ 69,973                                   | \$ 874,017                                  | \$ 1,029,513                                |
| 11       | Telecommunications  | \$ -  | \$ 1,263,405                                | \$ 1,895,108                                |
| 12       | Cybersecurity   | \$ 5,423,571                                | \$ 2,736,730                                | \$ 2,182,127                                |
| 13       | <b>Total Electric O&amp;M costs</b>   | <b>\$ 7,352,383</b>                         | <b>\$ 10,106,205</b>                        | <b>\$ 10,711,808</b>                        |
|          | Sum of Lines 1 through 12   |   |   |   |
|          | Gas Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 14       | DSCADA & ADMS   | \$ -  | \$ 31,689                                   | \$ 47,534                                   |
| 15       | GIS Data Enhancement  | \$ -  | \$ -  | \$ -  |
| 16       | Enterprise Service Bus  | \$ 282,032                                  | \$ 687,299                                  | \$ 720,749                                  |
| 17       | Data Lake   | \$ 296,820                                  | \$ 427,449                                  | \$ 578,148                                  |
| 18       | PI Historian  | \$ 18,309                                   | \$ 722,509                                  | \$ 722,509                                  |
| 19       | Advanced Analytics  | \$ 38,027                                   | \$ 474,983                                  | \$ 559,487                                  |
| 20       | Telecommunications  | \$ -  | \$ 686,595                                  | \$ 1,029,893                                |
| 21       | Cybersecurity   | \$ 2,947,429                                | \$ 1,487,270                                | \$ 1,185,873                                |
| 22       | <b>Total Gas O&amp;M costs</b>  | <b>\$ 3,582,618</b>                         | <b>\$ 4,517,795</b>                         | <b>\$ 4,844,192</b>                         |
|          | Sum of Lines 14 through 21  |   |   |   |
| 23       | <b>Total O&amp;M Expenses</b>   | <b>\$ 10,935,000</b>                        | <b>\$ 14,624,000</b>                        | <b>\$ 15,556,000</b>                        |
|          | Line 13 + Line 22   |   |   |   |
| 24       | Electric Capital Investment:  |   |   |   |
| 25       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$1,521,151                                 | \$2,939,524                                 | \$2,726,415                                 |
| 26       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$963,814                                   | \$1,899,585                                 |
| 27       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$2,308,862                                 |
| 28       | <b>Total Electric Capital Investment Component of Revenue Requirement</b>             | <b>\$1,521,151</b>                          | <b>\$3,903,338</b>                          | <b>\$6,934,861</b>                          |
|          | Sum of Lines 25 through Line 27   |   |   |   |
| 29       | Gas Capital Investment:   |   |   |   |
| 30       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$795,706                                   | \$1,518,648                                 | \$1,404,449                                 |
| 31       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$481,696                                   | \$924,948                                   |
| 32       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$1,234,912                                 |
| 33       | <b>Total Gas Capital Investment Component of Revenue Requirement</b>                  | <b>\$795,706</b>                            | <b>\$2,000,345</b>                          | <b>\$3,564,309</b>                          |
|          | Sum of Lines 30 through Line 32   |   |   |   |
| 34       | <b>Total Electric Revenue Requirement</b>   | <b>\$8,873,534</b>                          | <b>\$14,009,543</b>                         | <b>\$17,646,669</b>                         |
|          | Line 13 + Line 28   |   |   |   |
| 35       | <b>Total Gas Revenue Requirement</b>  | <b>\$4,378,324</b>                          | <b>\$6,518,140</b>                          | <b>\$8,408,500</b>                          |
|          | Line 22 + Line 33   |   |   |   |
| 36       | <b>Total Electric &amp; Gas Revenue Requirement</b>                                   | <b>\$ 13,251,858</b>                        | <b>\$ 20,527,682</b>                        | <b>\$ 26,055,170</b>                        |
|          | Line 34 + Line 35   |   |   |   |

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
RI Only Grid Mod - IS  
Annual Grid Mod RI Only Electric Revenue Requirement Summary

| Line No. |   | Fiscal Year Ending<br><u>March 31, 2020</u><br>(a) | Fiscal Year Ending<br><u>March 31, 2021</u><br>(b) | Fiscal Year Ending<br><u>March 31, 2022</u><br>(c) |
|----------|---|--|--|--|
|          | Operation and Maintenance (O&M) Expenses:   |  |  |  |
| 1        | System Data Portal  | \$700,000  | \$700,000  | \$700,000  |
| 2        | Feeder Monitoring Sensors   | \$0  | \$5,000  | \$10,000   |
| 3        | RTU Separation  | \$60,000   | \$60,000   | \$60,000   |
| 4        | GIS Data Enhancement  | \$0  | \$1,028,000  | \$1,028,000  |
| 5        | <b>Total O&amp;M Expenses</b>   | <b>\$760,000</b>                                   | <b>\$1,793,000</b>                                 | <b>\$1,798,000</b>                                 |
|          | Sum of Lines 1 through 4  |  |  |  |
|          | Capital Investment:   |  |  |  |
| 6        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$56,970   | \$145,056  | \$142,085  |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |  | \$77,443   | \$197,587  |
| 8        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |  |  | \$36,498   |
| 9        | <b>Total Capital Investment Component of Revenue Requirement</b>                      | <b>\$56,970</b>                                    | <b>\$222,499</b>                                   | <b>\$376,169</b>                                   |
|          | Sum of Lines 6 through 8  |  |  |  |
| 10       | <b>Total Electric Revenue Requirement</b>   | <b>\$816,970</b>                                   | <b>\$2,015,499</b>                                 | <b>\$2,174,169</b>                                 |
|          | Line 5 + Line 9   |  |  |  |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2020**  
**RI Only Grid Mod - Electric**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <b>Estimated Capital Investment</b>                  |   |   |   |   |
| 1  | Feeder Monitor Sensors                                      | \$455,000                                   | \$0   | \$0   |
| 2  | RTU Separation  | \$570,000                                   | \$0   | \$0   |
| 3  | Total Estimated Capital Investment                          | \$1,025,000                                 | \$0   | \$0   |
| <b>Depreciable Net Capital Included in Rate Base</b> |   |   |   |   |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | \$1,025,000                                 | \$0   | \$0   |
| 5  | Retirements   | \$0   | \$0   | \$0   |
| 6  | Net Depreciable Capital Included in Rate Base               | \$1,025,000                                 | \$1,025,000                                 | \$1,025,000                                 |
| <b>Change in Net Capital Included in Rate Base</b>   |   |   |   |   |
| 7  | Capital Included in Rate Base                               | \$1,025,000                                 | \$0   | \$0   |
| 8  | Cost of Removal   | \$0   | \$0   | \$0   |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>\$1,025,000</b>                          | <b>\$1,025,000</b>                          | <b>\$1,025,000</b>                          |
| <b>Tax Depreciation</b>                              |   |   |   |   |
| 10   | Vintage Year Tax Depreciation:                              |   |   |   |
| 11   | FY 2020 Spend   | \$38,438                                    | \$73,995                                    | \$68,439                                    |
| 12   | Cumulative Tax Depreciation                                 | \$38,438                                    | \$112,433                                   | \$180,872                                   |
| <b>Book Depreciation</b>                             |   |   |   |   |
| 13   | Composite Book Depreciation Rate                            | 2.89%                                       | 2.89%                                       | 2.89%                                       |
| 14   | Book Depreciation   | \$6,575                                     | \$13,150                                    | \$13,150                                    |
| 15   | Cumulative Book Depreciation                                | \$6,575                                     | \$19,724                                    | \$32,874                                    |
| 16   | Composite Book Depreciation Rate                            | 2.09%                                       | 2.09%                                       | 2.09%                                       |
| 17   | Book Depreciation   | \$5,957                                     | \$11,913                                    | \$11,913                                    |
| 18   | Cumulative Book Depreciation                                | \$5,957                                     | \$17,870                                    | \$29,783                                    |
| 19   | Total Cumulative Book Depreciation                          | \$12,531                                    | \$37,594                                    | \$62,656                                    |
| <b>Deferred Tax Calculation:</b>                     |   |   |   |   |
| 20   | Cumulative Book / Tax Timer                                 | \$25,907                                    | \$74,839                                    | \$118,216                                   |
| 21   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 22   | Deferred Tax Reserve  | \$5,440                                     | \$15,716                                    | \$24,825                                    |
| 23   | Less: FY 2020 Federal NOL                                   | \$ -  | \$ -  | \$ -  |
| 24   | Less: Proration Adjustment                                  | \$ (2,954)                                  | \$ (5,579)                                  | \$ (4,946)                                  |
| 25   | Net Deferred Tax Reserve                                    | \$2,487                                     | \$10,137                                    | \$19,880                                    |
| <b>Rate Base Calculation:</b>                        |   |   |   |   |
| 26   | Cumulative Incremental Capital Included in Rate Base        | \$ 1,025,000                                | \$ 1,025,000                                | \$ 1,025,000                                |
| 27   | Accumulated Depreciation                                    | (\$12,531)                                  | (\$37,594)                                  | (\$62,656)                                  |
| 28   | Deferred Tax Reserve  | (\$2,487)                                   | (\$10,137)                                  | (\$19,880)                                  |
| 29   | Year End Rate Base  | \$ 1,009,982                                | \$977,269                                   | \$942,464                                   |
| <b>Revenue Requirement Calculation:</b>              |   |   |   |   |
| 30   | Average Rate Base   | \$504,991                                   | \$993,626                                   | \$959,866                                   |
| 31   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 32   | Return and Taxes  | \$44,439                                    | \$87,439                                    | \$84,468                                    |
| 33   | Book Depreciation   | \$12,531                                    | \$25,063                                    | \$25,063                                    |
| 34   | Property Taxes  | \$0   | \$32,554                                    | \$32,554                                    |
| 35   | <b>Annual Revenue Requirement</b>                           | <b>\$56,970</b>                             | <b>\$145,056</b>                            | <b>\$142,085</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 4.69%  | 2.27% |       | 2.27%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.43% | 1.37% | 8.80%  |

THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Electric Capital Investments  
RI Only Grid Mod - Electric

| Line No.                          |   |                                | Fiscal Year Ending | Fiscal Year Ending | Fiscal Year Ending |
|-----------------------------------|---|--------------------------------|--------------------|--------------------|--------------------|
|                                   |   |                                | March 31, 2020     | March 31, 2021     | March 31, 2022     |
|                                   |   |                                | (a)                | (b)                | (c)                |
| <u>Capital Repairs Deduction</u>  |   |                                |                    |                    |                    |
| 1                                 | Plant Additions   | Page 3 of 21, Line 3           | \$1,025,000        |                    |                    |
| 2                                 | Capital Repairs Deduction Rate                                    | Per Tax Department             | 0.00%              |                    |                    |
| 3                                 | Capital Repairs Deduction   | Line 1 * Line 2                | \$0                |                    |                    |
| <u>Bonus Depreciation</u>         |   |                                |                    |                    |                    |
| 4                                 | Plant Additions   | Line 1                         | \$1,025,000        |                    |                    |
| 5                                 | Less Capital Repairs Deduction                                    | Line 3                         | \$0                |                    |                    |
| 6                                 | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                | \$1,025,000        |                    |                    |
| 7                                 | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department             | 100.00%            |                    |                    |
| 8                                 | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                | \$1,025,000        |                    |                    |
| 9                                 | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 0%                   | 0.00%              |                    |                    |
| 10                                | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%                   | 0.00%              |                    |                    |
| 11                                | Total Bonus Depreciation Rate                                     | Line 9 + Line 10               | 0.00%              |                    |                    |
| 12                                | Bonus Depreciation  | Line 8 * Line 11               | \$0                |                    |                    |
| <u>Remaining Tax Depreciation</u> |   |                                |                    |                    |                    |
| 13                                | Plant Additions   | Line 1                         | \$1,025,000        |                    |                    |
| 14                                | Less Capital Repairs Deduction                                    | Line 3                         | \$0                |                    |                    |
| 15                                | Less Bonus Depreciation   | Line 12                        | \$0                |                    |                    |
| 16                                | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15    | \$1,025,000        | \$1,025,000        | \$1,025,000        |
| 17                                | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946        | 3.750%             | 7.219%             | 6.677%             |
| 18                                | Remaining Tax Depreciation  | Line 16 * Line 17              | \$38,438           | \$73,995           | \$68,439           |
| 19                                | FY20 Loss incurred due to retirements                             | Per Tax Department             | \$0                | \$0                | \$0                |
| 20                                | Cost of Removal   | Page 3 of 21, Line 8           | \$0                |                    |                    |
| 21                                | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, and 20 | \$38,438           | \$73,995           | \$68,439           |

THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
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Power Sector Transformation (PST)  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2021  
RI Only Grid Mod - Electric

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | Feeder Monitor Sensors                                      | \$455,000                                   |   |
| 2  | RTU Separation  | \$950,000                                   |   |
| 3  | Total Estimated Capital Investment                          | \$1,405,000                                 | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | \$1,405,000                                 | \$0   |
| 5  | Retirements   | \$0   | \$0   |
| 6  | Net Depreciable Capital Included in Rate Base               | \$1,405,000                                 | \$1,405,000                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 7  | Capital Included in Rate Base                               | \$1,405,000                                 | \$0   |
| 8  | Cost of Removal   | \$0   | \$0   |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>\$1,405,000</b>                          | <b>\$1,405,000</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |
| 10   | Vintage Year Tax Depreciation:                              |   |   |
| 11   | FY 2021 Spend   | \$52,688                                    | \$101,427                                   |
| 12   | Cumulative Tax Depreciation                                 | \$52,688                                    | \$154,115                                   |
| <u>Book Depreciation</u>                             |   |   |   |
| 13   | Composite Book Depreciation Rate                            | 2.89%                                       | 2.89%                                       |
| 14   | Book Depreciation   | \$6,575                                     | \$13,150                                    |
| 15   | Cumulative Book Depreciation                                | \$6,575                                     | \$19,724                                    |
| 16   | Composite Book Depreciation Rate                            | 2.09%                                       | 2.09%                                       |
| 17   | Book Depreciation   | \$9,928                                     | \$19,855                                    |
| 18   | Cumulative Book Depreciation                                | \$9,928                                     | \$29,783                                    |
| 19   | Total Cumulative Book Depreciation                          | \$16,502                                    | \$49,507                                    |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 20   | Cumulative Book / Tax Timer                                 | \$36,186                                    | \$104,608                                   |
| 21   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 22   | Deferred Tax Reserve  | \$7,599                                     | \$21,968                                    |
| 23   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 24   | Less: Proration Adjustment                                  | (\$4,126)                                   | (\$7,801)                                   |
| 25   | Net Deferred Tax Reserve                                    | \$3,473                                     | \$14,167                                    |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 26   | Cumulative Incremental Capital Included in Rate Base        | \$ 1,405,000                                | \$1,405,000                                 |
| 27   | Accumulated Depreciation                                    | (\$16,502)                                  | (\$49,507)                                  |
| 28   | Deferred Tax Reserve  | (\$3,473)                                   | (\$14,167)                                  |
| 29   | Year End Rate Base  | \$ 1,385,024                                | \$1,341,327                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 30   | Average Rate Base   | \$692,512.21                                | \$1,363,176                                 |
| 31   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       |
| 32   | Return and Taxes  | \$60,941                                    | \$119,959                                   |
| 33   | Book Depreciation   | \$16,502                                    | \$33,005                                    |
| 34   | Property Taxes  | \$0   | \$44,623                                    |
| 35   | <b>Annual Revenue Requirement</b>                           | <b>\$77,443</b>                             | <b>\$197,587</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 4.69%  | 2.27% |       | 2.27%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.43% | 1.37% | 8.80%  |

THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Electric Capital Investments  
RI Only Grid Mod - Electric

| Line<br>No. |   | Fiscal Year Ending<br><u>March 31, 2021</u>    | Fiscal Year Ending<br><u>March 31, 2022</u> |
|-------------|---|--|---|
|             |   | (a)  | (b)   |
|             | <u>Capital Repairs Deduction</u>                                  |  |   |
| 1           | Plant Additions   | Page 5 of 21, Line 3<br>\$1,405,000            |   |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                    |   |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                         |   |
|             | <u>Bonus Depreciation</u>   |  |   |
| 4           | Plant Additions   | Line 1<br>\$1,405,000                          |   |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$1,405,000                 |   |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                  |   |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$1,405,000                 |   |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%   | 0.00%                                       |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%   | 0.00%                                       |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                      |   |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                        |   |
|             | <u>Remaining Tax Depreciation</u>                                 |  |   |
| 13          | Plant Additions   | Line 1<br>\$1,405,000                          |   |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                 |   |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$1,405,000     | \$1,405,000                                 |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>3.750%              | 7.219%                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$52,688                  | \$101,427                                   |
| 19          | FY21 Loss incurred due to retirements                             | Per Tax Department<br>\$0                      | \$0   |
| 20          | Cost of Removal   | Page 5 of 21, Line 8<br>\$0                    | \$0   |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20<br>\$52,688 | \$101,427                                   |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2022  
RI Only Grid Mod - Electric

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)           |
|--|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |
| 1  | Feeder Monitor Sensors                                      | \$455,000   |
| 2  | RTU Separation  | \$190,000   |
| 3  | Total Estimated Capital Investment                          | Line 1 + Line 2<br><u>\$645,000</u>                   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | Line 3<br>\$645,000                                   |
| 5  | Retirements   | Line 4 * 0%<br><u>\$0</u>                             |
| 6  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5<br><u>\$645,000</u>      |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |
| 7  | Capital Included in Rate Base                               | Line 3<br>\$645,000                                   |
| 8  | Cost of Removal   | \$0   |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 6 + Line 8<br/><u>\$645,000</u></b>           |
| <u>Tax Depreciation</u>                              |   |   |
| 10   | Vintage Year Tax Depreciation:                              |   |
| 11   | FY 2022 Spend   | Page 8 of 21, Line 21<br>\$24,188                     |
| 12   | Cumulative Tax Depreciation                                 | Prior Year Line 12 + Current Year Line 13<br>\$24,188 |
| <u>Book Depreciation</u>                             |   |   |
| 13   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>2.89%   |
| 14   | Book Depreciation   | Column (a) = Line 1 * Line 13 * 50%<br>\$6,575        |
| 15   | Cumulative Book Depreciation                                | Current Year Line 14<br>\$6,575                       |
| 16   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>2.09%   |
| 17   | Book Depreciation   | Column (a) = Line 2 * Line 16 * 50%<br>\$1,986        |
| 18   | Cumulative Book Depreciation                                | Current Year Line 16<br>\$1,986                       |
| 19   | Total Cumulative Book Depreciation                          | Line 15 + Line 18<br><u>\$8,560</u>                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |
| 20   | Cumulative Book / Tax Timer                                 | Line 12 - Line 19<br>\$15,628                         |
| 21   | Effective Tax Rate  | <u>21.00%</u>   |
| 22   | Deferred Tax Reserve  | Line 20 * Line 21<br>\$3,282                          |
| 23   | Less: FY 2022 Federal NOL                                   | \$0   |
| 24   | Less: Proration Adjustment                                  | Col (a) = Page 11 of 21, Line 40<br><u>(\$1,782)</u>  |
| 25   | Net Deferred Tax Reserve                                    | Sum of Lines 22 through 24<br><u>\$1,500</u>          |
| <u>Rate Base Calculation:</u>                        |   |   |
| 26   | Cumulative Incremental Capital Included in Rate Base        | Line 9<br>\$ 645,000                                  |
| 27   | Accumulated Depreciation                                    | - Line 19<br>(8,560)                                  |
| 28   | Deferred Tax Reserve  | - Line 25<br>(1,500)                                  |
| 29   | Year End Rate Base  | Sum of Lines 26 through 28<br><u>\$ 634,940</u>       |
| <u>Revenue Requirement Calculation:</u>              |   |   |
| 30   | Average Rate Base   | Column (a) = Current Year Line 29 ÷ 2<br>\$317,470    |
| 31   | Pre-Tax ROR   | 1/<br>8.80%   |
| 32   | Return and Taxes  | Line 30 * Line 31<br>\$27,937                         |
| 33   | Book Depreciation   | Line 14 + Line 17<br>\$8,560                          |
| 34   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0                          |
| 35   | <b>Annual Revenue Requirement</b>                           | <b>Sum of Lines 32 through 34<br/><u>\$36,498</u></b> |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Electric Capital Investments**  
**RI Only Grid Mod - Electric**

| Line<br>No. |   | Fiscal Year Ending<br>March 31, 2022<br>(a)       |
|-------------|---|---|
|             | <u>Capital Repairs Deduction</u>                                  |   |
| 1           | Plant Additions   | Page 7 of 21, Line 3<br>\$645,000                 |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                       |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                            |
|             | <u>Bonus Depreciation</u>   |   |
| 4           | Plant Additions   | Line 1<br>\$645,000                               |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                     |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$645,000                      |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                     |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$645,000                      |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%<br>0.00%                                       |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%<br>0.00%                                       |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                         |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                           |
|             | <u>Remaining Tax Depreciation</u>                                 |   |
| 13          | Plant Additions   | Line 1<br>\$645,000                               |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                     |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                    |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$645,000          |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>3.750%                 |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$24,188                     |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0                         |
| 20          | Cost of Removal   | Page 7 of 21, Line 8<br>\$0                       |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20<br>\$24,188 |

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d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Appendix 10.2 - Grid Mod Stand Alone  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Electric Proration**  
**RI Only Grid Mod - Electric**

| Line No.   |  |                                 | (a)= Column (b) | (b)<br>Vintage Year   |
|--|--|---------------------------------|-----------------|-----------------------|
|  |  |                                 | <u>Total</u>    | <u>March 31, 2020</u> |
| <b>Deferred Tax Subject to Proration</b>           |  |                                 |                 |                       |
| 1  | Book Depreciation                                      | Page 3 of 21, Line 14 + Line 17 | \$12,531        | \$12,531              |
| 2  | Bonus Depreciation                                     | Page 4 of 21, Line 12           | \$0             | \$0                   |
| 3  | Remaining MACRS Tax Depreciation                       | Page 4 of 21, Line 18           | (\$38,438)      | (\$38,438)            |
| 4  | FY20 tax (gain)/loss on retirements                    | Page 4 of 21, Line 19           | \$0             | \$0                   |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4        | (\$25,907)      | (\$25,907)            |
| 6  | Effective Tax Rate                                     |                                 | 21.00%          | 21.00%                |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6                 | (\$5,440)       | (\$5,440)             |
| <b>Deferred Tax Not Subject to Proration</b>       |  |                                 |                 |                       |
| 8  | Capital Repairs Deduction                              | Page 4 of 21, Line 3            | \$0             | \$0                   |
| 9  | Cost of Removal  | Page 4 of 21, Line 20           | \$0             | \$0                   |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2020   |                                 | \$0             | \$0                   |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10       | \$0             | \$0                   |
| 12   | Effective Tax Rate                                     |                                 | 21.00%          | 21.00%                |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12               | \$0             | \$0                   |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13                | (\$5,440)       | (\$5,440)             |
| 15   | Net Operating Loss                                     | Page 3 of 21, Line 23           | \$0             | \$0                   |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15               | (\$5,440)       | (\$5,440)             |
| <b>Allocation of FY 2020 Estimated Federal NOL</b> |  |                                 |                 |                       |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5                | (\$25,907)      | (\$25,907)            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                         | \$0             | \$0                   |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18               | (\$25,907)      | (\$25,907)            |
| 20   | Total FY 2020 Federal NOL                              | Page 3 of 21, Line 23 / 21%     | \$0             | \$0                   |
| 21   | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20   | \$0             | \$0                   |
| 22   | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20   | \$0             | \$0                   |
| 23   | Effective Tax Rate                                     | Per Tax Department              | 21.00%          | 21.00%                |
| 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                | (\$5,440)       | (\$5,440)             |
| (i) (j)  |  |                                 |                 |                       |
| <b>Proration Calculation</b>                       |  |                                 |                 |                       |
| <u>Number of Days in</u>                           |  |                                 |                 |                       |
|  | <u>Month</u>   | <u>Proration Percentage</u>     | (k)= Sum of (l) | (l)                   |
| 26   | April 2019   | 30 91.78%                       | (\$416)         | (\$416)               |
| 27   | May 2019   | 31 83.29%                       | (\$378)         | (\$378)               |
| 28   | June 2019  | 30 75.07%                       | (\$340)         | (\$340)               |
| 29   | July 2019  | 31 66.58%                       | (\$302)         | (\$302)               |
| 30   | August 2019  | 31 58.08%                       | (\$263)         | (\$263)               |
| 31   | September 2019   | 30 49.86%                       | (\$226)         | (\$226)               |
| 32   | October 2019   | 31 41.37%                       | (\$188)         | (\$188)               |
| 33   | November 2019  | 30 33.15%                       | (\$150)         | (\$150)               |
| 34   | December 2019  | 31 24.66%                       | (\$112)         | (\$112)               |
| 35   | January 2020   | 31 16.16%                       | (\$73)          | (\$73)                |
| 36   | February 2020  | 28 8.49%                        | (\$39)          | (\$39)                |
| 37   | March 2020   | 31 0.00%                        | \$0             | \$0                   |
| 38   | Total  | 365                             | (\$2,487)       | (\$2,487)             |
| 39   | Deferred Tax Without Proration                         | Line 25                         | (\$5,440)       | (\$5,440)             |
| 40   | Proration Adjustment                                   | Line 38 - Line 39               | \$2,954         | \$2,954               |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
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Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Electric Proration  
RI Only Grid Mod - Electric

| Line No. |  |  | (a)=Sum of (b) through (c) | (b)                            | (c)                            |            |
|----------|--|--|----------------------------|--------------------------------|--------------------------------|------------|
|          |  |  | Total                      | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |            |
|          | <b>Deferred Tax Subject to Proration</b>               |  |                            |                                |                                |            |
| 1        | Book Depreciation                                      | Col (b) = Page 5 of 21, Line 14 + Line 17 ;Col (c) = Page 3 of 21, Line 14 + Line 17 | \$41,565                   | \$16,502                       | \$25,063                       |            |
| 2        | Bonus Depreciation                                     | Page 6 of 21, Line 12  | \$0                        | \$0                            |                                |            |
| 3        | Remaining MACRS Tax Depreciation                       | Col (b) = Page 6 of 21, Line 18 ;Col (c) = Page 4 of 21, Line 18                     | (\$126,683)                | (\$52,688)                     | (\$73,995)                     |            |
| 4        | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 6 of 21, Line 19 ;Col (c) = Page 4 of 21, Line 19                     | \$0                        | \$0                            | \$0                            |            |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$85,118)                 | (\$36,186)                     | (\$48,933)                     |            |
| 6        | Effective Tax Rate                                     | Per Tax Department   | 21.00%                     | 21.00%                         | 21.00%                         |            |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$17,875)                 | (\$7,599)                      | (\$10,276)                     |            |
|          | <b>Deferred Tax Not Subject to Proration</b>           |  |                            |                                |                                |            |
| 8        | Capital Repairs Deduction                              | Page 8 of 21, Line 3   | \$0                        | \$0                            |                                |            |
| 9        | Cost of Removal  | Page 8 of 21, Line 20  | \$0                        | \$0                            |                                |            |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                        | \$0                            |                                |            |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                        | \$0                            |                                |            |
| 12       | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                         |                                |            |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                        | \$0                            |                                |            |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$17,875)                 | (\$7,599)                      | (\$10,276)                     |            |
| 15       | Net Operating Loss                                     | Page 5 of 21, Line 23  | \$0                        | \$0                            | \$0                            |            |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$17,875)                 | (\$7,599)                      | (\$10,276)                     |            |
|          | <b>Allocation of FY 2021 Estimated Federal NOL</b>     |  |                            |                                |                                |            |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$36,186)                 | (\$36,186)                     |                                |            |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                        | \$0                            |                                |            |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$36,186)                 | (\$36,186)                     |                                |            |
| 20       | Total FY 2021 Federal NOL                              | Col (b) = Page 5 of 21, Line 23 / 21%  | \$0                        | \$0                            |                                |            |
| 21       | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19 ) * Line 20   | \$0                        | \$0                            |                                |            |
| 22       | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19 ) * Line 20   | \$0                        | \$0                            |                                |            |
| 23       | Effective Tax Rate                                     | Per Tax Department   | 21.00%                     | 21.00%                         |                                |            |
| 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   | (\$17,875)                 | (\$7,599)                      | (\$10,276)                     |            |
|          | <b>Proration Calculation</b>                           |  |                            |                                |                                |            |
|          |  | (i) Number of Days in Month  | (j) Proration Percentage   | (k)= Sum of (l) through (m)    | (l)                            | (m)        |
| 26       | April 2020   | 30   | 91.78%                     | (\$1,367)                      | (\$581)                        | (\$786)    |
| 27       | May 2020   | 31   | 83.29%                     | (\$1,241)                      | (\$527)                        | (\$713)    |
| 28       | June 2020  | 30   | 75.07%                     | (\$1,118)                      | (\$475)                        | (\$643)    |
| 29       | July 2020  | 31   | 66.58%                     | (\$992)                        | (\$422)                        | (\$570)    |
| 30       | August 2020  | 31   | 58.08%                     | (\$865)                        | (\$368)                        | (\$497)    |
| 31       | September 2020   | 30   | 49.86%                     | (\$743)                        | (\$316)                        | (\$427)    |
| 32       | October 2020   | 31   | 41.37%                     | (\$616)                        | (\$262)                        | (\$354)    |
| 33       | November 2020  | 30   | 33.15%                     | (\$494)                        | (\$210)                        | (\$284)    |
| 34       | December 2020  | 31   | 24.66%                     | (\$367)                        | (\$156)                        | (\$211)    |
| 35       | January 2021   | 31   | 16.16%                     | (\$241)                        | (\$102)                        | (\$138)    |
| 36       | February 2021  | 28   | 8.49%                      | (\$127)                        | (\$54)                         | (\$73)     |
| 37       | March 2021   | 31   | 0.00%                      | \$0                            | \$0                            | \$0        |
| 38       | Total  | 365  |                            | (\$8,170)                      | (\$3,473)                      | (\$4,697)  |
| 39       | Deferred Tax Without Proration                         | Line 25  |                            | (\$17,875)                     | (\$7,599)                      | (\$10,276) |
| 40       | Proration Adjustment                                   | Line 38 - Line 39  |                            | \$9,705                        | \$4,126                        | \$5,579    |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Electric Proration  
RI Only Grid Mod - Electric

| Line No.   |  |   | (a)=Sum of (b) through (d)  | (b)                            | (c)                            | (d)                            |           |
|--|--|---|-----------------------------|--------------------------------|--------------------------------|--------------------------------|-----------|
|  |  |   | Total                       | Vintage Year<br>March 31, 2022 | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |           |
| <b>Deferred Tax Subject to Proration</b>           |  |   |                             |                                |                                |                                |           |
| 1  | Book Depreciation                                      | Col (b) = Page 7 of 21, Line 14 + Line 17;<br>Col (c) = Page 5 of 21, Line 14 + Line 17;<br>Col (d) = Page 3 of 21, Line 14 + Line 17 | \$66,627                    | \$8,560                        | \$33,005                       | \$25,063                       |           |
| 2  | Bonus Depreciation                                     | Page 6 of 21, Line 12   | \$0                         | \$0                            |                                |                                |           |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 8 of 21, Line 18; Col (c) =<br>Page 6 of 21, Line 18; Col (d) = Page 4 of 21,<br>Line 18                               | (\$194,054)                 | (\$24,188)                     | (\$101,427)                    | (\$68,439)                     |           |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 8 of 21, Line 19; Col (c) =<br>Page 6 of 21, Line 19; Col (d) = Page 4 of 21,<br>Line 19                               | \$0                         | \$0                            | \$0                            | \$0                            |           |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4  | (\$127,427)                 | (\$15,628)                     | (\$68,423)                     | (\$43,377)                     |           |
| 6  | Effective Tax Rate                                     | Per Tax Department  | 21.00%                      | 21.00%                         | 21.00%                         | 21.00%                         |           |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6   | (\$26,760)                  | (\$3,282)                      | (\$14,369)                     | (\$9,109)                      |           |
| <b>Deferred Tax Not Subject to Proration</b>       |  |   |                             |                                |                                |                                |           |
| 8  | Capital Repairs Deduction                              | Page 8 of 21, Line 3  | \$0                         | \$0                            |                                |                                |           |
| 9  | Cost of Removal  | Page 8 of 21, Line 20   | \$0                         | \$0                            |                                |                                |           |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |   | \$0                         | \$0                            |                                |                                |           |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10   | \$0                         | \$0                            |                                |                                |           |
| 12   | Effective Tax Rate                                     |   | 21.00%                      | 21.00%                         |                                |                                |           |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12   | \$0                         | \$0                            |                                |                                |           |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13  | (\$26,760)                  | (\$3,282)                      | (\$14,369)                     | (\$9,109)                      |           |
| 15   | Net Operating Loss                                     | Page 7 of 21, Line 23   | \$0                         | \$0                            | \$0                            | \$0                            |           |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15   | (\$26,760)                  | (\$3,282)                      | (\$14,369)                     | (\$9,109)                      |           |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |   |                             |                                |                                |                                |           |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5  | (\$15,628)                  | (\$15,628)                     |                                |                                |           |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11   | \$0                         | \$0                            |                                |                                |           |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18   | (\$15,628)                  | (\$15,628)                     |                                |                                |           |
| 20   | Total FY 2022 Federal NOL                              | Col (b) = Page 7 of 21, Line 23 / 21%   | \$0                         | \$0                            |                                |                                |           |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20   | \$0                         | \$0                            |                                |                                |           |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20   | \$0                         | \$0                            |                                |                                |           |
| 23   | Effective Tax Rate                                     | Per Tax Department  | 21.00%                      | 21.00%                         |                                |                                |           |
| 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  | (\$26,760)                  | (\$3,282)                      | (\$14,369)                     | (\$9,109)                      |           |
| <b>Proration Calculation</b>                       |  |   |                             |                                |                                |                                |           |
|  |  | (i) <u>Number of Days in</u>  | (j)                         | (k)= Sum of (l) through (n)    | (l)                            | (m)                            | (n)       |
|  |  | <u>Month</u>  | <u>Proration Percentage</u> |                                |                                |                                |           |
| 26   | April 2021   | 30  | 91.78%                      | (\$2,047)                      | (\$251)                        | (\$1,099)                      | (\$697)   |
| 27   | May 2021   | 31  | 83.29%                      | (\$1,857)                      | (\$228)                        | (\$997)                        | (\$632)   |
| 28   | June 2021  | 30  | 75.07%                      | (\$1,674)                      | (\$205)                        | (\$899)                        | (\$570)   |
| 29   | July 2021  | 31  | 66.58%                      | (\$1,485)                      | (\$182)                        | (\$797)                        | (\$505)   |
| 30   | August 2021  | 31  | 58.08%                      | (\$1,295)                      | (\$159)                        | (\$695)                        | (\$441)   |
| 31   | September 2021   | 30  | 49.86%                      | (\$1,112)                      | (\$136)                        | (\$597)                        | (\$379)   |
| 32   | October 2021   | 31  | 41.37%                      | (\$923)                        | (\$113)                        | (\$495)                        | (\$314)   |
| 33   | November 2021  | 30  | 33.15%                      | (\$739)                        | (\$91)                         | (\$397)                        | (\$252)   |
| 34   | December 2021  | 31  | 24.66%                      | (\$550)                        | (\$67)                         | (\$295)                        | (\$187)   |
| 35   | January 2022   | 31  | 16.16%                      | (\$360)                        | (\$44)                         | (\$194)                        | (\$123)   |
| 36   | February 2022  | 28  | 8.49%                       | (\$189)                        | (\$23)                         | (\$102)                        | (\$64)    |
| 37   | March 2022   | 31  | 0.00%                       | \$0                            | \$0                            | \$0                            | \$0       |
| 38   | Total  | 365   |                             | (\$12,231)                     | (\$1,500)                      | (\$6,568)                      | (\$4,164) |
| 39   | Deferred Tax Without Proration                         | Line 25   |                             | (\$26,760)                     | (\$3,282)                      | (\$14,369)                     | (\$9,109) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39   |                             | \$14,528                       | \$1,782                        | \$7,801                        | \$4,946   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**SUPPLEMENTAL JOINT PRE-FILED TESTIMONY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**RI Only Grid Mod - IS**  
**Annual Grid Mod RI Only IS Revenue Requirement Summary**

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | IS Electric Operation and Maintenance (O&M) Expenses:                                 |   |   |   |
| 1        | DSCADA & ADMS   | \$ -  | \$ 58,311                                   | \$ 87,467                                   |
| 2        | GIS Data Enhancement  | \$ -  | \$ -  | \$ -  |
| 3        | Enterprise Service Bus  | \$ 518,968                                  | \$ 1,264,701                                | \$ 1,326,251                                |
| 4        | Data Lake   | \$ 546,180                                  | \$ 786,551                                  | \$ 1,063,852                                |
| 5        | PI Historian  | \$ 33,691                                   | \$ 1,329,491                                | \$ 1,329,491                                |
| 6        | Advanced Analytics  | \$ 69,973                                   | \$ 874,017                                  | \$ 1,029,513                                |
| 7        | Telecommunications  | \$ -  | \$ 1,263,405                                | \$ 1,895,108                                |
| 8        | Cybersecurity   | \$ 5,423,571                                | \$ 2,736,730                                | \$ 2,182,127                                |
| 9        | <b>Total IS Electric O&amp;M costs</b>  | <b>\$ 6,592,383</b>                         | <b>\$ 8,313,205</b>                         | <b>\$ 8,913,808</b>                         |
|          | Sum of Lines 1 through 8  |   |   |   |
|          | IS Gas Operation and Maintenance (O&M) Expenses:                                      |   |   |   |
| 10       | DSCADA & ADMS   | \$ -  | \$ 31,689                                   | \$ 47,534                                   |
| 11       | GIS Data Enhancement  | \$ -  | \$ -  | \$ -  |
| 12       | Enterprise Service Bus  | \$ 282,032                                  | \$ 687,299                                  | \$ 720,749                                  |
| 13       | Data Lake   | \$ 296,820                                  | \$ 427,449                                  | \$ 578,148                                  |
| 14       | PI Historian  | \$ 18,309                                   | \$ 722,509                                  | \$ 722,509                                  |
| 15       | Advanced Analytics  | \$ 38,027                                   | \$ 474,983                                  | \$ 559,487                                  |
| 16       | Telecommunications  | \$ -  | \$ 686,595                                  | \$ 1,029,893                                |
| 17       | Cybersecurity   | \$ 2,947,429                                | \$ 1,487,270                                | \$ 1,185,873                                |
| 18       | <b>Total IS Gas O&amp;M costs</b>   | <b>\$ 3,582,618</b>                         | <b>\$ 4,517,795</b>                         | <b>\$ 4,844,192</b>                         |
|          | Sum of Lines 10 through 17  |   |   |   |
| 19       | <b>Total IS O&amp;M Expenses</b>  | <b>\$ 10,175,000</b>                        | <b>\$ 12,831,000</b>                        | <b>\$ 13,758,000</b>                        |
|          | Line 9 + Line 18  |   |   |   |
|          | IS Electric Capital Investment:   |   |   |   |
| 20       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$1,464,181                                 | \$2,794,469                                 | \$2,584,330                                 |
| 21       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$886,370                                   | \$1,701,998                                 |
| 22       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$2,272,364                                 |
| 23       | <b>Total IS Electric Capital Investment Component of Revenue Requirement</b>          | <b>\$1,464,181</b>                          | <b>\$3,680,839</b>                          | <b>\$6,558,692</b>                          |
|          | Sum of Lines 20, 21, and 22   |   |   |   |
|          | IS Gas Capital Investment:  |   |   |   |
| 24       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$795,706                                   | \$1,518,648                                 | \$1,404,449                                 |
| 25       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$481,696                                   | \$924,948                                   |
| 26       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$1,234,912                                 |
| 27       | <b>Total IS Gas Capital Investment Component of Revenue Requirement</b>               | <b>\$795,706</b>                            | <b>\$2,000,345</b>                          | <b>\$3,564,309</b>                          |
|          | Sum of Lines 20, 21, and 22   |   |   |   |
| 28       | <b>Total IS Electric Revenue Requirement</b>  | <b>\$8,056,564</b>                          | <b>\$11,994,044</b>                         | <b>\$15,472,500</b>                         |
|          | Line 9 + Line 23  |   |   |   |
| 29       | <b>Total IS Gas Revenue Requirement</b>   | <b>\$ 4,378,324</b>                         | <b>\$6,518,140</b>                          | <b>\$8,408,500</b>                          |
|          | Line 18 + Line 27   |   |   |   |
| 30       | <b>Total IS Electric &amp; Gas Revenue Requirement</b>                                | <b>\$12,434,887</b>                         | <b>\$18,512,184</b>                         | <b>\$23,881,001</b>                         |
|          | Line 29 + Line 28   |   |   |   |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2020  
RI Only Grid Mod - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <b>Estimated Capital Investment</b>                  |   |   |   |   |
| 1  | Grid Mod IS Investments                                     | \$20,720,000                                | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$20,720,000                                | \$0   | \$0   |
| <b>Depreciable Net Capital Included in Rate Base</b> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$20,720,000                                | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$20,720,000                                | \$20,720,000                                | \$20,720,000                                |
| <b>Change in Net Capital Included in Rate Base</b>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$20,720,000                                | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Remova</b>  | <b>\$20,720,000</b>                         | <b>\$20,720,000</b>                         | <b>\$20,720,000</b>                         |
| <b>Tax Depreciation</b>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2020 Spend   | \$17,266,494                                | \$2,302,510                                 | \$767,158                                   |
| 11   | Cumulative Tax Depreciation                                 | \$17,266,494                                | \$19,569,004                                | \$20,336,162                                |
| <b>Book Depreciation</b>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 14.29%                                      | 14.29%                                      | 14.29%                                      |
| 13   | Book Depreciation   | \$1,480,000                                 | \$2,960,000                                 | \$2,960,000                                 |
| 14   | Cumulative Book Depreciation                                | \$1,480,000                                 | \$4,440,000                                 | \$7,400,000                                 |
| 15   | Total Cumulative Book Depreciation                          | \$1,480,000                                 | \$4,440,000                                 | \$7,400,000                                 |
| <b>Deferred Tax Calculation:</b>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$15,786,494                                | \$15,129,004                                | \$12,936,162                                |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$3,315,164                                 | \$3,177,091                                 | \$2,716,594                                 |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$1,799,877)                               | \$74,963                                    | \$250,014                                   |
| 21   | Net Deferred Tax Reserve                                    | \$1,515,287                                 | \$3,252,054                                 | \$2,966,608                                 |
| <b>Rate Base Calculation:</b>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$20,720,000                                | \$20,720,000                                | \$20,720,000                                |
| 23   | Accumulated Depreciation                                    | (\$1,480,000)                               | (\$4,440,000)                               | (\$7,400,000)                               |
| 24   | Deferred Tax Reserve  | (\$1,515,287)                               | (\$3,252,054)                               | (\$2,966,608)                               |
| 25   | Year End Rate Base  | \$17,724,713                                | \$13,027,946                                | \$10,353,392                                |
| <b>Revenue Requirement Calculation:</b>              |   |   |   |   |
| 26   | Average Rate Base   | \$8,862,356.41                              | \$15,376,330                                | \$11,690,669                                |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$779,887                                   | \$1,353,117                                 | \$1,028,779                                 |
| 29   | Book Depreciation   | \$1,480,000                                 | \$2,960,000                                 | \$2,960,000                                 |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>\$2,259,887</b>                          | <b>\$4,313,117</b>                          | <b>\$3,988,779</b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <u>100.00%</u> |        | <u>6.90%</u> | <u>1.90%</u> | <u>8.80%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 IS Capital Investments  
RI Only Grid Mod - IS

| Line No.                          |  | Fiscal Year Ending<br>March 31, 2020<br>(a)    | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|-----------------------------------|--|--|---|---|
| <u>Capital Repairs Deduction</u>  |  |  |   |   |
| 1                                 | Plant Additions  | Page 13 of 21, Line 2<br>\$20,720,000          |   |   |
| 2                                 | Capital Repairs Deduction Rate                                   | Per Tax Department<br>0.00%                    |   |   |
| 3                                 | Capital Repairs Deduction  | Line 1 * Line 2<br>\$0                         |   |   |
| <u>Bonus Depreciation</u>         |  |  |   |   |
| 4                                 | Plant Additions  | Line 1<br>\$20,720,000                         |   |   |
| 5                                 | Less Capital Repairs Deduction                                   | Line 3<br>\$0                                  |   |   |
| 6                                 | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5<br>\$20,720,000                |   |   |
| 7                                 | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department<br>100.00%                  |   |   |
| 8                                 | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7<br>\$20,720,000                |   |   |
| 9                                 | Bonus Depreciation Rate (April 2019 - December 2019)             | 1 * 75% * 100%<br>75.00%                       |   |   |
| 10                                | Bonus Depreciation Rate (January 2020 - Mar 2020)                | 1 * 25% * 0%<br>0.00%                          |   |   |
| 11                                | Total Bonus Depreciation Rate                                    | Line 9 + Line 10<br>75.00%                     |   |   |
| 12                                | Bonus Depreciation   | Line 8 * Line 11<br>\$15,540,000               |   |   |
| <u>Remaining Tax Depreciation</u> |  |  |   |   |
| 13                                | Plant Additions  | Line 1<br>\$20,720,000                         |   |   |
| 14                                | Less Capital Repairs Deduction                                   | Line 3<br>\$0                                  |   |   |
| 15                                | Less Bonus Depreciation  | Line 12<br>\$15,540,000                        |   |   |
| 16                                | Remaining Plant Additions Subject to 3 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$5,180,000     | \$5,180,000                                 | \$5,180,000                                 |
| 17                                | 3 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>33.330%             | 44.450%                                     | 14.810%                                     |
| 18                                | Remaining Tax Depreciation                                       | Line 16 * Line 17<br>\$1,726,494               | \$2,302,510                                 | \$767,158                                   |
| 19                                | FY20 Loss incurred due to retirements                            | \$0  | \$0   | \$0   |
| 20                                | Cost of Removal  | Page 13 of 21, Line 7<br>\$0                   | \$0   | \$0   |
| 21                                | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, and 20<br>\$17,266,494 | \$2,302,510                                 | \$767,158                                   |

THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2021  
RI Only Grid Mod - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a)   | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | Grid Mod IS Investments                                     | \$12,305,000  |   |
| 2  | Total Estimated Capital Investment                          | \$12,305,000  | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$12,305,000  | \$0   |
| 4  | Retirements   | Line 4 * 0%   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 3 - Line 4; Column (b) and c) = Prior Year Line 5                                 | \$12,305,000                                |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 6  | Capital Included in Rate Base                               | Line 2  | \$12,305,000                                |
| 7  | Cost of Removal   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 5 + Line 7</b>  | <b>\$12,305,000</b>                         |
| <u>Tax Depreciation</u>                              |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |
| 10   | FY 2021 Spend   | Page 16 of 21, Line 21  | \$4,101,257                                 |
| 11   | Cumulative Tax Depreciation                                 | Prior Year Line 11 + Current Year Line 10   | \$4,101,257                                 |
| 11   |   |   | \$9,570,830                                 |
| <u>Book Depreciation</u>                             |   |   |   |
| 12   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770   | 14.29%                                      |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50% ; Column (b) = Line 1 * Line 12                                 | \$878,929                                   |
| 14   | Cumulative Book Depreciation                                | Prior Year Line 14 + Current Year Line 13   | \$878,929                                   |
| 15   | Total Cumulative Book Depreciation                          | Line 14   | \$878,929                                   |
| 15   |   |   | \$2,636,786                                 |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 14   | \$3,222,328                                 |
| 17   | Effective Tax Rate  | 21.00%  | 21.00%                                      |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17   | \$676,689                                   |
| 19   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 20 of 21, Line 40; Col (b) = Page 21 of 21, Line 40                                  | (\$367,390)                                 |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20  | \$309,299                                   |
| 21   |   |   | \$1,032,963                                 |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8  | \$12,305,000                                |
| 23   | Accumulated Depreciation                                    | - Line 15   | (\$878,929)                                 |
| 24   | Deferred Tax Reserve  | - Line 21   | (\$309,299)                                 |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24  | \$11,116,772                                |
| 25   |   |   | \$8,635,251                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 26   | Average Rate Base   | Column (a) = Current Year Line 25 - 2; Column (b) = (Prior Year Line 25 + Current Year Line 25) - 2 | \$5,558,386.02                              |
| 26   |   | Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770,                             | \$9,876,012                                 |
| 27   | Pre-Tax ROR   | Worksheet MAL-6   | 8.80%                                       |
| 28   | Return and Taxes  | Line 26 * Line 27   | \$489,138                                   |
| 29   | Book Depreciation   | Line 13   | \$878,929                                   |
| 29   |   |   | \$1,757,857                                 |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 + Line 29</b>  | <b>\$1,368,067</b>                          |
| 30   |   |   | <b>\$2,626,946</b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <b>100.00%</b> |        | <b>6.90%</b> | <b>1.90%</b> | <b>8.80%</b> |

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 IS Capital Investments**  
**RI Only Grid Mod - IS**

| Line<br>No. |  | Fiscal Year Ending<br><u>March 31, 2021</u>       | Fiscal Year Ending<br><u>March 31, 2022</u> |
|-------------|--|---|---|
|             |  | (a)   | (b)   |
|             | <u>Capital Repairs Deduction</u>                                 |   |   |
| 1           | Plant Additions  | Page 15 of 21, Line 2<br>\$12,305,000             |   |
| 2           | Capital Repairs Deduction Rate                                   | Per Tax Department<br>0.00%                       |   |
| 3           | Capital Repairs Deduction  | Line 1 * Line 2<br>\$0                            |   |
|             | <u>Bonus Depreciation</u>  |   |   |
| 4           | Plant Additions  | Line 1<br>\$12,305,000                            |   |
| 5           | Less Capital Repairs Deduction                                   | Line 3<br>\$0                                     |   |
| 6           | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5<br>\$12,305,000                   |   |
| 7           | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department<br>100.00%                     |   |
| 8           | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7<br>\$12,305,000                   |   |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)             | 0%  | 0.00%                                       |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                | 0%  | 0.00%                                       |
| 11          | Total Bonus Depreciation Rate                                    | Line 9 + Line 10<br>0.00%                         |   |
| 12          | Bonus Depreciation   | Line 8 * Line 11<br>\$0                           |   |
|             | <u>Remaining Tax Depreciation</u>                                |   |   |
| 13          | Plant Additions  | Line 1<br>\$12,305,000                            |   |
| 14          | Less Capital Repairs Deduction                                   | Line 3<br>\$0                                     |   |
| 15          | Less Bonus Depreciation  | Line 12<br>\$0                                    |   |
| 16          | Remaining Plant Additions Subject to 3 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$12,305,000       | \$12,305,000                                |
| 17          | 3 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>33.330%                | 44.450%                                     |
| 18          | Remaining Tax Depreciation                                       | Line 16 * Line 17<br>\$4,101,257                  | \$5,469,573                                 |
| 19          | FY21 Loss incurred due to retirements                            | Per Tax Department<br>\$0                         | \$0   |
| 20          | Cost of Removal  | Page 15 of 21, Line 7<br>\$0                      | \$0   |
| 21          | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, 19, and 20<br>\$4,101,257 | \$5,469,573                                 |

THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2022  
RI Only Grid Mod - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)   |
|--|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |
| 1  | Grid Mod IS Investments                                     | \$31,546,000  |
| 2  | Total Estimated Capital Investment                          | Sum of Line 1<br>\$31,546,000   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$31,546,000  |
| 4  | Retirements   | Line 4 * 0%<br>\$0  |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 3 - Line 4<br>\$31,546,000  |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$31,546,000  |
| 7  | Cost of Removal   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 6 + Line 8<br/>\$31,546,000</b>   |
| <u>Tax Depreciation</u>                              |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |
| 10   | FY 2022 Spend   | Page 18 of 21, Line 21<br>\$10,514,282  |
| 11   | Cumulative Tax Depreciation                                 | Current Year Line 10<br>\$10,514,282  |
| <u>Book Depreciation</u>                             |   |   |
| 12   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>14.29%  |
| 13   | Book Depreciation   | Column (a) = Line 2* Line 12 * 50%<br>\$2,253,286   |
| 14   | Cumulative Book Depreciation                                | Current Year Line 13<br>\$2,253,286   |
| 15   | Total Cumulative Book Depreciation                          | Line 14<br>\$2,253,286  |
| <u>Deferred Tax Calculation:</u>                     |   |   |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$8,260,996  |
| 17   | Effective Tax Rate  | 21.00%  |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br>\$1,734,809  |
| 19   | Less: FY 2022 Federal NOL                                   | \$0   |
| 20   | Less: Proration Adjustment                                  | Col = Page 21 of 21, Line 40<br>(\$941,867)   |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br>\$792,942   |
| <u>Rate Base Calculation:</u>                        |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$31,546,000  |
| 23   | Accumulated Depreciation                                    | - Line 15<br>(\$2,253,286)  |
| 24   | Deferred Tax Reserve  | - Line 21<br>(\$792,942)  |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br>\$28,499,772  |
| <u>Revenue Requirement Calculation:</u>              |   |   |
| 26   | Average Rate Base   | Column (a) = Current Year Line 25 ÷ 2<br>\$14,249,885.90  |
| 27   | Pre-Tax ROR   | Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Workpaper<br>MAL-6<br>8.80% |
| 28   | Return and Taxes  | Line 26 * Line 27<br>\$1,253,990  |
| 29   | Book Depreciation   | Line 13<br>\$2,253,286  |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 + Line 29<br/>\$3,507,276</b>  |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <u>100.00%</u> |        | <u>6.90%</u> | <u>1.90%</u> | <u>8.80%</u> |

**THE NARRAGANSETT ELECTRIC COMPANY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 IS Capital Investments**  
**RI Only Grid Mod - IS**

| Line<br>No. |  | Fiscal Year Ending<br><u>March 31, 2022</u><br>(a)           |
|-------------|--|--|
|             | <u>Capital Repairs Deduction</u>                                 |  |
| 1           | Plant Additions  | Page 17 of 21, Line 2<br>\$31,546,000                        |
| 2           | Capital Repairs Deduction Rate                                   | Per Tax Department<br>0.00%                                  |
| 3           | Capital Repairs Deduction  | Line 1 * Line 2<br><u>\$0</u>                                |
|             | <u>Bonus Depreciation</u>  |  |
| 4           | Plant Additions  | Line 1<br>\$31,546,000                                       |
| 5           | Less Capital Repairs Deduction                                   | Line 3<br><u>\$0</u>   |
| 6           | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5<br>\$31,546,000                              |
| 7           | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department<br>100.00%                                |
| 8           | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7<br><u>\$31,546,000</u>                       |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)             | 0%<br>0.00%  |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                | 0%<br>0.00%  |
| 11          | Total Bonus Depreciation Rate                                    | Line 9 + Line 10<br>0.00%                                    |
| 12          | Bonus Depreciation   | Line 8 * Line 11<br><u>\$0</u>                               |
|             | <u>Remaining Tax Depreciation</u>                                |  |
| 13          | Plant Additions  | Line 1<br>\$31,546,000                                       |
| 14          | Less Capital Repairs Deduction                                   | Line 3<br><u>\$0</u>   |
| 15          | Less Bonus Depreciation  | Line 12<br><u>\$0</u>  |
| 16          | Remaining Plant Additions Subject to 3 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$31,546,000                  |
| 17          | 3 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>33.33%                            |
| 18          | Remaining Tax Depreciation                                       | Line 16 * Line 17<br><u>\$10,514,282</u>                     |
| 19          | FY22 Loss incurred due to retirements                            | Per Tax Department<br>\$0                                    |
| 20          | Cost of Removal  | Page 17 of 21, Line 7<br><u>\$0</u>                          |
| 21          | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, 19, and<br>20<br><u>\$10,514,282</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve IS Proration  
RI Only Grid Mod - IS

| Line No.   |  |                               | (a)= Column (b) | (b)<br>Vintage Year<br>Total<br>March 31, 2020 |
|--|--|-------------------------------|-----------------|--|
| <b>Deferred Tax Subject to Proration</b>           |  |                               |                 |  |
| 1  | Book Depreciation                                      | Page 13 of 21, Line 13        | \$1,480,000     | \$1,480,000                                    |
| 2  | Bonus Depreciation                                     | Page 14 of 21, - Line 12      | (\$15,540,000)  | (\$15,540,000)                                 |
| 3  | Remaining MACRS Tax Depreciation                       | Page 14 of 21, - Line 18      | (\$1,726,494)   | (\$1,726,494)                                  |
| 4  | FY20 tax (gain)/loss on retirements                    | Page 14 of 21, - Line 19      | \$0             | \$0  |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4      | (\$15,786,494)  | (\$15,786,494)                                 |
| 6  | Effective Tax Rate                                     | Per Tax Department            | 21.00%          | 21.00%   |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6               | (\$3,315,164)   | (\$3,315,164)                                  |
| <b>Deferred Tax Not Subject to Proration</b>       |  |                               |                 |  |
| 8  | Capital Repairs Deduction                              | Page 14 of 21, Line 3         | \$0             | \$0  |
| 9  | Cost of Removal  | Page 14 of 21, Line 20        | \$0             | \$0  |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2020   |                               | \$0             | \$0  |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10     | \$0             | \$0  |
| 12   | Effective Tax Rate                                     |                               | 21.00%          | 21.00%   |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12             | \$0             | \$0  |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13              | (\$3,315,164)   | (\$3,315,164)                                  |
| 15   | Net Operating Loss                                     | Page 13 of 21, Line 19        | \$0             | \$0  |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15             | (\$3,315,164)   | (\$3,315,164)                                  |
| <b>Allocation of FY 2020 Estimated Federal NOL</b> |  |                               |                 |  |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5              | (\$15,786,494)  | (\$15,786,494)                                 |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                       | \$0             | \$0  |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18             | (\$15,786,494)  | (\$15,786,494)                                 |
| 20   | Total FY 2020 Federal NOL                              | Page 13 of 21, Line 19 / 21%  | \$0             | \$0  |
| 21   | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20 | \$0             | \$0  |
| 22   | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20 | \$0             | \$0  |
| 23   | Effective Tax Rate                                     | Per Tax Department            | 21.00%          | 21.00%   |
| 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              | (\$3,315,164)   | (\$3,315,164)                                  |
| (i) (j)  |  |                               |                 |  |
| <b>Proration Calculation</b>                       |  |                               |                 |  |
| Number of Days in                                  |  |                               |                 |  |
|  | <u>Month</u>   | <u>Proration Percentage</u>   | (k)= Sum of (l) | (l)  |
| 26   | April 2019   | 30 91.78%                     | (\$253,557)     | (\$253,557)                                    |
| 27   | May 2019   | 31 83.29%                     | (\$230,094)     | (\$230,094)                                    |
| 28   | June 2019  | 30 75.07%                     | (\$207,387)     | (\$207,387)                                    |
| 29   | July 2019  | 31 66.58%                     | (\$183,923)     | (\$183,923)                                    |
| 30   | August 2019  | 31 58.08%                     | (\$160,460)     | (\$160,460)                                    |
| 31   | September 2019   | 30 49.86%                     | (\$137,753)     | (\$137,753)                                    |
| 32   | October 2019   | 31 41.37%                     | (\$114,290)     | (\$114,290)                                    |
| 33   | November 2019  | 30 33.15%                     | (\$91,583)      | (\$91,583)                                     |
| 34   | December 2019  | 31 24.66%                     | (\$68,120)      | (\$68,120)                                     |
| 35   | January 2020   | 31 16.16%                     | (\$44,656)      | (\$44,656)                                     |
| 36   | February 2020  | 28 8.49%                      | (\$23,463)      | (\$23,463)                                     |
| 37   | March 2020   | 31 0.00%                      | \$0             | \$0  |
| 38   | Total  | 365                           | (\$1,515,287)   | (\$1,515,287)                                  |
| 39   | Deferred Tax Without Proration                         | Line 25                       | (\$3,315,164)   | (\$3,315,164)                                  |
| 40   | Proration Adjustment                                   | Line 38 - Line 39             | \$1,799,877     | \$1,799,877                                    |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2021 Net Deferred Tax Reserve IS Proration  
RI Only Grid Mod - IS**

| Line No.   |  | (a)=Sum of (b) through (c)   | (b)<br>Vintage Year<br>March 31, 2021 | (c)<br>Vintage Year<br>March 31, 2020 |             |            |
|--|--|--|---------------------------------------|---------------------------------------|-------------|------------|
|  |  | <u>Total</u>   |                                       | <u>March 31, 2020</u>                 |             |            |
| <b>Deferred Tax Subject to Proration</b>           |  |  |                                       |                                       |             |            |
| 1  | Book Depreciation                                      | Col (b) = Page 15 of 21, Line 13; Col (c) = Page 13 of 21, Line 13       | \$3,838,929                           | \$2,960,000                           |             |            |
| 2  | Bonus Depreciation                                     | Page 16 of 21, Line 12   | \$0                                   | \$0                                   |             |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 16 of 21, Line 18; Col (c) = Page 14 of 21, Line 18       | (\$6,403,767)                         | (\$2,302,510)                         |             |            |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 16 of 21, Line 19; Col (c) = Page 14 of 21, Line 19       | \$0                                   | \$0                                   |             |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$2,564,838)                         | (\$657,490)                           |             |            |
| 6  | Effective Tax Rate                                     | Per Tax Department   | 21.00%                                | 21.00%                                |             |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$538,616)                           | \$138,073                             |             |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                                       |                                       |             |            |
| 8  | Capital Repairs Deduction                              | Page 16 of 21, Line 3  | \$0                                   | \$0                                   |             |            |
| 9  | Cost of Removal  | Page 16 of 21, Line 20   | \$0                                   | \$0                                   |             |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                                   | \$0                                   |             |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                                   | \$0                                   |             |            |
| 12   | Effective Tax Rate                                     |  | 21.00%                                | 21.00%                                |             |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                                   | \$0                                   |             |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$538,616)                           | \$138,073                             |             |            |
| 15   | Net Operating Loss                                     | Col (b) = Page 15 of 21, Line 19; Col (c) = Page 13 of 21, Line 19       | \$0                                   | \$0                                   |             |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$538,616)                           | \$138,073                             |             |            |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |                                       |                                       |             |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$2,564,838)                         | (\$657,490)                           |             |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                                   | \$0                                   |             |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$2,564,838)                         | (\$657,490)                           |             |            |
| 20   | Total FY 2021 Federal NOL                              | Col (b) = Page 15 of 21, Line 19; Col (c) = Page 13 of 21, Line 19 / 21% | \$0                                   | \$0                                   |             |            |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                                   | \$0                                   |             |            |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                                   | \$0                                   |             |            |
| 23   | Effective Tax Rate                                     |  | 21.00%                                | 21.00%                                |             |            |
| 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   | (\$538,616)                           | \$138,073                             |             |            |
| (i) (j)  |  |  |                                       |                                       |             |            |
|  | <b>Proration Calculation</b>                           | <b>Number of Days in Month</b>   | <b>Proration Percentage</b>           | <b>(k)= Sum of (l) through (m)</b>    | <b>(l)</b>  | <b>(m)</b> |
| 26   | April 2020   | 30   | 91.78%                                | (\$41,196)                            | (\$51,756)  | \$10,560   |
| 27   | May 2020   | 31   | 83.29%                                | (\$37,383)                            | (\$46,967)  | \$9,583    |
| 28   | June 2020  | 30   | 75.07%                                | (\$33,694)                            | (\$42,332)  | \$8,637    |
| 29   | July 2020  | 31   | 66.58%                                | (\$29,882)                            | (\$37,542)  | \$7,660    |
| 30   | August 2020  | 31   | 58.08%                                | (\$26,070)                            | (\$32,753)  | \$6,683    |
| 31   | September 2020   | 30   | 49.86%                                | (\$22,381)                            | (\$28,118)  | \$5,737    |
| 32   | October 2020   | 31   | 41.37%                                | (\$18,569)                            | (\$23,329)  | \$4,760    |
| 33   | November 2020  | 30   | 33.15%                                | (\$14,880)                            | (\$18,694)  | \$3,814    |
| 34   | December 2020  | 31   | 24.66%                                | (\$11,067)                            | (\$13,905)  | \$2,837    |
| 35   | January 2021   | 31   | 16.16%                                | (\$7,255)                             | (\$9,115)   | \$1,860    |
| 36   | February 2021  | 28   | 8.49%                                 | (\$3,812)                             | (\$4,789)   | \$977      |
| 37   | March 2021   | 31   | 0.00%                                 | \$0                                   | \$0         | \$0        |
| 38   | Total  | 365  |                                       | (\$246,189)                           | (\$309,299) | \$63,110   |
| 39   | Deferred Tax Without Proration                         | Line 25  |                                       | (\$538,616)                           | (\$676,689) | \$138,073  |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                                       | \$292,427                             | \$367,390   | (\$74,963) |

**Column Notes:**

(j) Sum of remaining days in the year (Col (i)) ÷ 365  
(l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**The Narragansett Electric Company**  
**d/b/a National Grid**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve IS Proration**  
**RI Only Grid Mod - IS**

| Line No. |  |  | (a)=Sum of (b) through (d) | (b)                            | (c)                            | (d)                            |           |
|----------|--|--|----------------------------|--------------------------------|--------------------------------|--------------------------------|-----------|
|          |  |  | Total                      | Vintage Year<br>March 31, 2022 | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |           |
|          | <b>Deferred Tax Subject to Proration</b>               |  |                            |                                |                                |                                |           |
| 1        | Book Depreciation                                      | Col (b) = Page 17 of 21, Line 13; Col (c) = Page 15 of 21, Line 13; Col (d) = Page 13 of 21, Line 13       | \$6,971,143                | \$2,253,286                    | \$1,757,857                    | \$2,960,000                    |           |
| 2        | Bonus Depreciation                                     | Page 18 of 21, Line 12   | \$0                        | \$0                            |                                |                                |           |
| 3        | Remaining MACRS Tax Depreciation                       | Col (b) = Page 18 of 21, Line 18; Col (c) = Page 16 of 21, Line 18; Col (d) = Page 14 of 21, Line 18       | (\$16,751,013)             | (\$10,514,282)                 | (\$5,469,573)                  | (\$767,158)                    |           |
| 4        | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 18 of 21, Line 19; Col (c) = Page 16 of 21, Line 19; Col (d) = Page 14 of 21, Line 19       | \$0                        | \$0                            |                                |                                |           |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$9,779,870)              | (\$8,260,996)                  | (\$3,711,716)                  | \$2,192,842                    |           |
| 6        | Effective Tax Rate                                     | Per Tax Department   | 21.00%                     | 21.00%                         | 21.00%                         | 21.00%                         |           |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$2,053,773)              | (\$1,734,809)                  | (\$779,460)                    | \$460,497                      |           |
|          | <b>Deferred Tax Not Subject to Proration</b>           |  |                            |                                |                                |                                |           |
| 8        | Capital Repairs Deduction                              | Page 18 of 21, Line 3  | \$0                        | \$0                            |                                |                                |           |
| 9        | Cost of Removal  | Page 18 of 21, Line 20   | \$0                        | \$0                            |                                |                                |           |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0                        | \$0                            |                                |                                |           |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                        | \$0                            |                                |                                |           |
| 12       | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                         |                                |                                |           |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                        | \$0                            |                                |                                |           |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$2,053,773)              | (\$1,734,809)                  | (\$779,460)                    | \$460,497                      |           |
| 15       | Net Operating Loss                                     | Col (b) = Page 17 of 21, Line 19; Col (c) = Page 15 of 21, Line 19; Col (d) = Page 13 of 21, Line 19       | \$0                        | \$0                            | \$0                            | \$0                            |           |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$2,053,773)              | (\$1,734,809)                  | (\$779,460)                    | \$460,497                      |           |
|          | <b>Allocation of FY 2022 Estimated Federal NOL</b>     |  |                            |                                |                                |                                |           |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$9,779,870)              | (\$8,260,996)                  | (\$3,711,716)                  | \$2,192,842                    |           |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                        | \$0                            | \$0                            | \$0                            |           |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$9,779,870)              | (\$8,260,996)                  | (\$3,711,716)                  | \$2,192,842                    |           |
| 20       | Total FY 2022 Federal NOL                              | Col (b) = Page 17 of 21, Line 19; Col (c) = Page 15 of 21, Line 19; Col (d) = Page 13 of 21, Line 19 / 21% | \$0                        | \$0                            | \$0                            | \$0                            |           |
| 21       | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                        | \$0                            | \$0                            | \$0                            |           |
| 22       | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                        | \$0                            | \$0                            | \$0                            |           |
| 23       | Effective Tax Rate                                     | Per Tax Department   | 21.00%                     | 21.00%                         | 21.00%                         | 21.00%                         |           |
| 24       | Deferred Tax Benefit subject to proration              | Line 22 * Line 23  | \$0                        | \$0                            | \$0                            | \$0                            |           |
| 25       | Net Deferred Tax Reserve subject to proration          | Line 7 + Line 24   | (\$2,053,773)              | (\$1,734,809)                  | (\$779,460)                    | \$460,497                      |           |
|          | <b>Proration Calculation</b>                           |  |                            |                                |                                |                                |           |
|          |  | (i) Number of Days in Month  | (j) Proration Percentage   | (k)= Sum of (l) through (n)    | (l)                            | (m)                            | (n)       |
| 26       | April 2021   | 30   | 91.78%                     | (\$157,081)                    | (\$132,685)                    | (\$59,616)                     | \$35,221  |
| 27       | May 2021   | 31   | 83.29%                     | (\$142,545)                    | (\$120,407)                    | (\$54,100)                     | \$31,961  |
| 28       | June 2021  | 30   | 75.07%                     | (\$128,478)                    | (\$108,525)                    | (\$48,761)                     | \$28,807  |
| 29       | July 2021  | 31   | 66.58%                     | (\$113,942)                    | (\$96,246)                     | (\$43,244)                     | \$25,548  |
| 30       | August 2021  | 31   | 58.08%                     | (\$99,406)                     | (\$83,968)                     | (\$37,727)                     | \$22,289  |
| 31       | September 2021   | 30   | 49.86%                     | (\$85,339)                     | (\$72,086)                     | (\$32,389)                     | \$19,135  |
| 32       | October 2021   | 31   | 41.37%                     | (\$70,804)                     | (\$59,807)                     | (\$26,872)                     | \$15,876  |
| 33       | November 2021  | 30   | 33.15%                     | (\$56,737)                     | (\$47,925)                     | (\$21,533)                     | \$12,721  |
| 34       | December 2021  | 31   | 24.66%                     | (\$42,201)                     | (\$35,647)                     | (\$16,016)                     | \$9,462   |
| 35       | January 2022   | 31   | 16.16%                     | (\$27,665)                     | (\$23,368)                     | (\$10,500)                     | \$6,203   |
| 36       | February 2022  | 28   | 8.49%                      | (\$14,536)                     | (\$12,278)                     | (\$5,517)                      | \$3,259   |
| 37       | March 2022   | 31   | 0.00%                      | \$0                            | \$0                            | \$0                            | \$0       |
| 38       | Total  | 365  |                            | (\$938,734)                    | (\$792,942)                    | (\$356,274)                    | \$210,483 |
| 39       | Deferred Tax Without Proration                         | Line 25  | (\$2,053,773)              | (\$1,734,809)                  | (\$779,460)                    | \$460,497                      |           |
| 40       | Proration Adjustment                                   | Line 38 - Line 39  | \$1,115,039                | \$941,867                      | \$423,186                      | (\$250,014)                    |           |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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Appendix 10.3 - Grid Mod Shared

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Appendix 10.3 - Grid Mod Shared  
Fiscal Years 2020 - 2022 Investment

|  |                  |
|--|------------------|
| Annual Revenue Requirement Summary   | 1 Page 1 of 21   |
| Annual Grid Mod Synergy Electric Revenue Requirement Summary   | 2 Page 2 of 21   |
| Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2020           | 3 Page 3 of 21   |
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| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 IS Capital Investments       | 14 Page 14 of 21 |
| Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2021                 | 15 Page 15 of 21 |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 IS Capital Investments       | 16 Page 16 of 21 |
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| Calculation of Fiscal Year 2020 Net Deferred Tax Reserve IS Proration                                  | 19 Page 19 of 21 |
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**d/b/a NATIONAL GRID**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Grid Mod - Electric Projects and IS Electric and Gas Projects**  
**Annual Revenue Requirement Summary**

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Electric Operation and Maintenance (O&M) Expenses:                                    |   |   |   |
| 1        | System Data Portal  | \$700,000                                   | \$700,000                                   | \$700,000                                   |
| 2        | Feeder Monitoring Sensors   | \$0   | \$5,000                                     | \$10,000                                    |
| 3        | RTU Separation  | \$60,000                                    | \$60,000                                    | \$60,000                                    |
| 4        | GIS Data Enhancement  | \$0   | \$1,028,000                                 | \$1,028,000                                 |
| 5        | DSCADA & ADMS   | \$0   | \$58,311                                    | \$87,467                                    |
| 6        | GIS Data Enhancement  | \$0   | \$0   | \$0   |
| 7        | Enterprise Service Bus  | \$176,877                                   | \$402,346                                   | \$504,066                                   |
| 8        | Data Lake   | \$236,484                                   | \$388,092                                   | \$545,532                                   |
| 9        | PI Historian  | \$8,423                                     | \$333,669                                   | \$333,669                                   |
| 10       | Advanced Analytics  | \$69,973                                    | \$299,978                                   | \$338,852                                   |
| 11       | Telecommunications  | \$0   | \$425,022                                   | \$636,886                                   |
| 12       | Cybersecurity   | \$1,569,214                                 | \$802,100                                   | \$623,280                                   |
| 13       | <b>Total Electric O&amp;M costs</b>   | <b>\$2,820,970</b>                          | <b>\$4,502,518</b>                          | <b>\$4,867,750</b>                          |
|          | Gas Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 14       | DSCADA & ADMS   | \$0   | \$31,689                                    | \$47,534                                    |
| 15       | GIS Data Enhancement  | \$0   | \$0   | \$0   |
| 16       | Enterprise Service Bus  | \$96,123                                    | \$218,654                                   | \$273,934                                   |
| 17       | Data Lake   | \$128,517                                   | \$210,908                                   | \$296,468                                   |
| 18       | PI Historian  | \$4,577                                     | \$181,332                                   | \$181,332                                   |
| 19       | Advanced Analytics  | \$38,027                                    | \$163,022                                   | \$184,148                                   |
| 20       | Telecommunications  | \$0   | \$230,978                                   | \$346,114                                   |
| 21       | Cybersecurity   | \$852,786                                   | \$435,900                                   | \$338,720                                   |
| 22       | <b>Total Gas O&amp;M costs</b>  | <b>\$1,120,030</b>                          | <b>\$1,472,482</b>                          | <b>\$1,668,250</b>                          |
| 23       | <b>Total O&amp;M Expenses</b>   | <b>\$3,941,000</b>                          | <b>\$5,975,000</b>                          | <b>\$6,536,000</b>                          |
|          | Electric Capital Investment:  |   |   |   |
| 24       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$600,314                                   | \$1,182,057                                 | \$1,101,106                                 |
| 25       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$324,643                                   | \$675,748                                   |
| 26       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$1,205,527                                 |
| 27       | <b>Total Electric Capital Investment Component of Revenue Requirement</b>             | <b>\$600,314</b>                            | <b>\$1,506,700</b>                          | <b>\$2,982,380</b>                          |
|          | Gas Capital Investment:   |   |   |   |
| 28       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$295,279                                   | \$563,556                                   | \$521,178                                   |
| 29       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$135,290                                   | \$259,782                                   |
| 30       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$635,307                                   |
| 31       | <b>Total Gas Capital Investment Component of Revenue Requirement</b>                  | <b>\$295,279</b>                            | <b>\$698,846</b>                            | <b>\$1,416,267</b>                          |
| 32       | <b>Total Electric Revenue Requirement</b>   | <b>\$3,421,284</b>                          | <b>\$6,009,218</b>                          | <b>\$7,850,131</b>                          |
| 33       | <b>Total Gas Revenue Requirement</b>  | <b>\$1,415,309</b>                          | <b>\$2,171,328</b>                          | <b>\$3,084,517</b>                          |
| 34       | <b>Total Electric &amp; Gas Revenue Requirement</b>                                   | <b>\$4,836,594</b>                          | <b>\$8,180,546</b>                          | <b>\$10,934,647</b>                         |

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Synergy Grid Mod - Electric  
Annual Grid Mod Synergy Electric Revenue Requirement Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 1        | System Data Portal  | \$700,000                                   | \$700,000                                   | \$700,000                                   |
| 2        | Feeder Monitoring Sensors   | \$0   | \$5,000                                     | \$10,000                                    |
| 3        | RTU Separation  | \$60,000                                    | \$60,000                                    | \$60,000                                    |
| 4        | GIS Data Enhancement  | \$0   | \$1,028,000                                 | \$1,028,000                                 |
| 5        | <b>Total O&amp;M Expenses</b>   | <b>\$760,000</b>                            | <b>\$1,793,000</b>                          | <b>\$1,798,000</b>                          |
|          | Sum of Lines 1 through 4  |   |   |   |
|          | Capital Investment:   |   |   |   |
| 6        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$56,970                                    | \$145,056                                   | \$142,085                                   |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$75,696                                    | \$197,722                                   |
| 8        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$36,498                                    |
| 9        | <b>Total Capital Investment Component of Revenue Requirement</b>                      | <b>\$56,970</b>                             | <b>\$220,751</b>                            | <b>\$376,305</b>                            |
|          | Sum of Lines 6 through 8  |   |   |   |
| 10       | <b>Total Electric Revenue Requirement</b>   | <b>\$816,970</b>                            | <b>\$2,013,751</b>                          | <b>\$2,174,305</b>                          |
|          | Sum of Lines 5 + 9  |   |   |   |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2020  
Synergy Grid Mod - Electric

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a)   | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <b>Estimated Capital Investment</b>                  |   |   |   |   |
| 1  | Feeder Monitor Sensors                                      | \$455,000   | \$0   | \$0   |
| 2  | RTU Separation  | \$570,000   | \$0   | \$0   |
| 3  | Total Estimated Capital Investment                          | Sum of Lines 1 through 2<br>\$1,025,000   | \$0   | \$0   |
| <b>Depreciable Net Capital Included in Rate Base</b> |   |   |   |   |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | Line 3<br>\$1,025,000   | \$0   | \$0   |
| 5  | Retirements   | Line 4 * 0%   | \$0   | \$0   |
| 6  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b and c) = Prior Year Line 6<br>\$1,025,000   | \$1,025,000                                 | \$1,025,000                                 |
| <b>Change in Net Capital Included in Rate Base</b>   |   |   |   |   |
| 7  | Capital Included in Rate Base                               | Line 3<br>\$1,025,000   | \$0   | \$0   |
| 8  | Cost of Removal   | \$0   | \$0   | \$0   |
| 9  | <b>Total Net Plant in Service Including Cost of Remova</b>  | <b>Line 6 + Line 8</b><br><b>\$1,025,000</b>  | <b>\$1,025,000</b>                          | <b>\$1,025,000</b>                          |
| <b>Tax Depreciation</b>                              |   |   |   |   |
| 10   | Vintage Year Tax Depreciation:                              |   |   |   |
| 11   | FY 2020 Spend   | Page 4 of 21, Line 21<br>\$38,438   | \$73,995                                    | \$68,439                                    |
| 12   | Cumulative Tax Depreciation                                 | Prior Year Line 12 + Current Year Line 11<br>\$38,438   | \$112,433                                   | \$180,872                                   |
| <b>Book Depreciation</b>                             |   |   |   |   |
| 13   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770<br>2.89%  | 2.89%                                       | 2.89%                                       |
| 14   | Book Depreciation   | Column (a) = Line 1 * Line 13 * 50% ; Column (b and c) = Line 1 * Line 13<br>\$6,575                                      | \$13,150                                    | \$13,150                                    |
| 15   | Cumulative Book Depreciation                                | Prior Year Line 15 + Current Year Line 14<br>\$6,575  | \$19,724                                    | \$32,874                                    |
| 16   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770<br>2.09%  | 2.09%                                       | 2.09%                                       |
| 17   | Book Depreciation   | Column (a) = Line 2 * Line 16 * 50% ; Column (b and c) = Line 2 * Line 16<br>\$5,957                                      | \$11,913                                    | \$11,913                                    |
| 18   | Cumulative Book Depreciation                                | Prior Year Line 18 + Current Year Line 17<br>\$5,957  | \$17,870                                    | \$29,783                                    |
| 19   | Total Cumulative Book Depreciation                          | Sum of Lines 15 + 18<br>\$12,531  | \$37,594                                    | \$62,656                                    |
| <b>Deferred Tax Calculation:</b>                     |   |   |   |   |
| 20   | Cumulative Book / Tax Timer                                 | Line 12 - Line 19<br>\$25,907   | \$74,839                                    | \$118,216                                   |
| 21   | Effective Tax Rate  | 21.00%  | 21.00%                                      | 21.00%                                      |
| 22   | Deferred Tax Reserve  | Line 20 * Line 21<br>\$5,440  | \$15,716                                    | \$24,825                                    |
| 23   | Less: FY 2020 Federal NOL                                   | Page 21 of 21, Line 12(n)<br>\$0  | \$0   | \$0   |
| 24   | Less: Proration Adjustment                                  | Col (a) = Page 9 of 21, Line 40; Col (b) = Page 10 of 21, Line 40; Col (c) = Page<br>11 of 21, Line 40<br>(\$2,954)       | (\$5,579)                                   | (\$4,946)                                   |
| 25   | Net Deferred Tax Reserve                                    | Sum of Lines 22 through 24<br>\$2,487   | \$10,137                                    | \$19,880                                    |
| <b>Rate Base Calculation:</b>                        |   |   |   |   |
| 26   | Cumulative Incremental Capital Included in Rate Base        | Line 9<br>\$1,025,000   | \$1,025,000                                 | \$1,025,000                                 |
| 27   | Accumulated Depreciation                                    | - Line 19<br>(\$12,531)   | (\$37,594)                                  | (\$62,656)                                  |
| 28   | Deferred Tax Reserve  | - Line 25<br>(\$2,487)  | (\$10,137)                                  | (\$19,880)                                  |
| 29   | Year End Rate Base  | Sum of Lines 26 through 28<br>\$1,009,982   | \$977,269                                   | \$942,464                                   |
| <b>Revenue Requirement Calculation:</b>              |   |   |   |   |
| 30   | Average Rate Base   | Column (a) = Current Year Line 29 ÷ 2; Column (b and c) = (Prior Year Line 29 +<br>Current Year Line 29) ÷ 2<br>\$504,991 | \$993,626                                   | \$959,866                                   |
| 31   | Pre-Tax ROR   | 8.80%   | 8.80%                                       | 8.80%                                       |
| 32   | Return and Taxes  | Line 30 * Line 31<br>\$44,439   | \$87,439                                    | \$84,468                                    |
| 33   | Book Depreciation   | Sum of Line 14 + Line 17<br>\$12,531  | \$25,063                                    | \$25,063                                    |
| 34   | Property Taxes  | Tax Rate 3.176% MAL-7 - Columns (b & c) Line 9 * 3.176%<br>\$0  | \$32,554                                    | \$32,554                                    |
| 35   | <b>Annual Revenue Requiremen</b>                            | <b>Line 32 through Line 34</b><br><b>\$56,970</b>   | <b>\$145,056</b>                            | <b>\$142,085</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Electric Capital Investments  
Synergy Grid Mod - Electric

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a)    | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|--|---|---|
|          | <u>Capital Repairs Deduction</u>                                  |  |   |   |
| 1        | Plant Additions   | Page 3 of 21, Line 3<br>\$1,025,000            |   |   |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                    |   |   |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                         |   |   |
|          | <u>Bonus Depreciation</u>   |  |   |   |
| 4        | Plant Additions   | Line 1<br>\$1,025,000                          |   |   |
| 5        | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |   |
| 6        | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$1,025,000                 |   |   |
| 7        | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                  |   |   |
| 8        | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$1,025,000                 |   |   |
| 9        | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 0%<br>0.00%                          |   |   |
| 10       | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%<br>0.00%                          |   |   |
| 11       | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                      |   |   |
| 12       | Bonus Depreciation  | Line 8 * Line 11<br>\$0                        |   |   |
|          | <u>Remaining Tax Depreciation</u>                                 |  |   |   |
| 13       | Plant Additions   | Line 1<br>\$1,025,000                          |   |   |
| 14       | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |   |
| 15       | Less Bonus Depreciation   | Line 12<br>\$0                                 |   |   |
| 16       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$1,025,000     | \$1,025,000                                 | \$1,025,000                                 |
| 17       | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>3.750%              | 7.219%                                      | 6.677%                                      |
| 18       | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$38,438                  | \$73,995                                    | \$68,439                                    |
| 19       | FY20 Loss incurred due to retirements                             | Per Tax Department<br>\$0                      | \$0   | \$0   |
| 20       | Cost of Removal   | Page 3 of 21, Line 8<br>\$0                    |   |   |
| 21       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20<br>\$38,438 | \$73,995                                    | \$68,439                                    |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2021**  
**Synergy Grid Mod - Electric**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a)   | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | Feeder Monitor Sensors                                      | \$455,000   |   |
| 2  | RTU Separation  | \$950,000   |   |
| 3  | Total Estimated Capital Investment                          | \$1,405,000   | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | Line 3<br>\$1,405,000   | \$0   |
| 5  | Retirements   | Line 4 * 0%<br>\$0  | \$0   |
| 6  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6<br>\$1,405,000   | \$1,405,000                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 7  | Capital Included in Rate Base                               | Line 3<br>\$1,405,000   | \$0   |
| 8  | Cost of Removal   | \$0   | \$0   |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 6 + Line 8<br/>\$1,405,000</b>  | <b>\$1,405,000</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |
| 10   | Vintage Year Tax Depreciation:                              |   |   |
| 11   | FY 2021 Spend   | Page 6 of 21, Line 21<br>\$52,688   | \$101,427                                   |
| 12   | Cumulative Tax Depreciation                                 | Prior Year Line 15 + Current Year Line 14<br>\$52,688   | \$154,115                                   |
| <u>Book Depreciation</u>                             |   |   |   |
| 13   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770<br>2.89%  | 2.89%                                       |
| 14   | Book Depreciation   | Column (a) = Line 1 * Line 13 * 50%; Column (b) = Line 1 * Line 13<br>\$4,755                                       | \$13,150                                    |
| 15   | Cumulative Book Depreciation                                | Prior Year Line 17 + Current Year Line 16<br>\$4,755  | \$17,904                                    |
| 16   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770<br>2.09%  | 2.09%                                       |
| 17   | Book Depreciation   | Column (a) = Line 1 * Line 16 * 50%; Column (b) = Line 1 * Line 16<br>\$9,928                                       | \$19,855                                    |
| 18   | Cumulative Book Depreciation                                | Prior Year Line 17 + Current Year Line 16<br>\$9,928  | \$29,783                                    |
| 19   | Total Cumulative Book Depreciation                          | Sum of Lines 15 + 18<br>\$14,682  | \$47,687                                    |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 20   | Cumulative Book / Tax Timer                                 | Line 12 - Line 18<br>\$38,006   | \$106,428                                   |
| 21   | Effective Tax Rate  | 21.00%  | 21.00%                                      |
| 22   | Deferred Tax Reserve  | Line 20 * Line 21<br>\$7,981  | \$22,350                                    |
| 23   | Less: FY 2021 Federal NOL                                   | Page 21 of 21, Line 12(n)<br>\$0  | \$0   |
| 24   | Less: Proration Adjustment                                  | Col (a) = Page 10 of 21, Line 40; Col (b) = Page 11 of 21, Line 40<br>(\$4,333)                                     | (\$7,801)                                   |
| 25   | Net Deferred Tax Reserve                                    | Sum of Lines 22 through 24<br>\$3,648   | \$14,549                                    |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 26   | Cumulative Incremental Capital Included in Rate Base        | Line 9<br>\$1,405,000   | \$1,405,000                                 |
| 27   | Accumulated Depreciation                                    | - Line 19<br>(\$14,682)   | (\$47,687)                                  |
| 28   | Deferred Tax Reserve  | - Line 25<br>(\$3,648)  | (\$14,549)                                  |
| 29   | Year End Rate Base  | Sum of Lines 26 through 28<br>\$1,386,670   | \$1,342,764                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 30   | Average Rate Base   | Column (a) = Current Year Line 37 ÷ 2; Column (b) = (Prior Year Line 37 + Current Year Line 37) ÷ 2<br>\$693,334.86 | \$1,364,717                                 |
| 31   | Pre-Tax ROR   | 8.80%   | 8.80%                                       |
| 32   | Return and Taxes  | Line 30 * Line 31<br>\$61,013   | \$120,095                                   |
| 33   | Book Depreciation   | Line 17<br>\$14,682   | \$33,005                                    |
| 34   | Property Taxes  | Tax Rate 3.176% MAL-7 - Columns (b) Line 8 * 3.176%<br>\$0  | \$44,623                                    |
| 35   | <b>Annual Revenue Requirement</b>                           | <b>Line 32 through Line 33<br/>\$75,696</b>   | <b>\$197,722</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 4.69%  | 2.27% |       | 2.27%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.43% | 1.37% | 8.80%  |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Electric Capital Investments**  
**Synergy Grid Mod - Electric**

| Line<br>No. |   | Fiscal Year Ending<br>March 31, 2021<br>(a)    | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|-------------|---|--|---|
|             | <u>Capital Repairs Deduction</u>                                  |  |   |
| 1           | Plant Additions   | Page 5 of 21, Line 3<br>\$1,405,000            |   |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                    |   |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                         |   |
|             | <u>Bonus Depreciation</u>   |  |   |
| 4           | Plant Additions   | Line 1<br>\$1,405,000                          |   |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$1,405,000                 |   |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                  |   |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$1,405,000                 |   |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%<br>0.00%                                    |   |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%<br>0.00%                                    |   |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                      |   |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                        |   |
|             | <u>Remaining Tax Depreciation</u>                                 |  |   |
| 13          | Plant Additions   | Line 1<br>\$1,405,000                          |   |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                 |   |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$1,405,000     | \$1,405,000                                 |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>3.750%              | 7.219%                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$52,688                  | \$101,427                                   |
| 19          | FY21 Loss incurred due to retirements                             | Per Tax Department<br>\$0                      | \$0   |
| 20          | Cost of Removal   | Page 5 of 21, Line 8<br>\$0                    | \$0   |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20<br>\$52,688 | \$101,427                                   |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2022  
Synergy Grid Mod - Electric

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)                                      |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | Feeder Monitor Sensors                                      | \$455,000  |
| 2  | RTU Separation  | \$190,000  |
| 3  | Total Estimated Capital Investment                          | Sum of Lines 1 through 2<br><u>\$645,000</u>                                     |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | Line 3<br>\$645,000  |
| 5  | Retirements   | Line 4 * 0%<br><u>\$0</u>  |
| 6  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6<br><u>\$645,000</u> |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 7  | Capital Included in Rate Base                               | Line 3<br>\$645,000  |
| 8  | Cost of Removal   | \$0  |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 6 + Line 8</b><br><b><u>\$645,000</u></b>                                |
| <u>Tax Depreciation</u>                              |   |  |
| 10   | Vintage Year Tax Depreciation:                              |  |
| 11   | FY 2022 Spend   | Page 8 of 21, Line 21<br>\$24,188  |
| 12   | Cumulative Tax Depreciation                                 | Prior Year Line 12 + Current Year Line 13<br>\$24,188                            |
| <u>Book Depreciation</u>                             |   |  |
| 13   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>2.89%                              |
| 14   | Book Depreciation   | Column (a) = Line 1* Line 13 * 50%<br>\$6,575                                    |
| 15   | Cumulative Book Depreciation                                | Prior Year Line 17 + Current Year Line 16<br>\$6,575                             |
| 16   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>2.09%                              |
| 17   | Book Depreciation   | Column (a) = Line 1* Line 13 * 50%<br>\$1,986                                    |
| 18   | Cumulative Book Depreciation                                | Prior Year Line 17 + Current Year Line 16<br>\$1,986                             |
| 19   | Total Cumulative Book Depreciation                          | Sum of Lines 15 + 18<br><u>\$8,560</u>   |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 20   | Cumulative Book / Tax Timer                                 | Line 12 - Line 19<br>\$15,628  |
| 21   | Effective Tax Rate  | <u>21.00%</u>  |
| 22   | Deferred Tax Reserve  | Line 20 * Line 21<br>\$3,282   |
| 23   | Less: FY 2022 Federal NOL                                   | Page 21 of 21, Line 12(n)<br>\$0   |
| 24   | Less: Proration Adjustment                                  | Col (a) = Page 11 of 21, Line 40<br><u>(\$1,782)</u>                             |
| 25   | Net Deferred Tax Reserve                                    | Sum of Lines 22 through 24<br><u><u>\$1,500</u></u>                              |
| <u>Rate Base Calculation:</u>                        |   |  |
| 26   | Cumulative Incremental Capital Included in Rate Base        | Line 9<br>\$645,000  |
| 27   | Accumulated Depreciation                                    | - Line 19<br><u>(\$8,560)</u>  |
| 28   | Deferred Tax Reserve  | - Line 25<br><u>(\$1,500)</u>  |
| 29   | Year End Rate Base  | Sum of Lines 26 through 28<br><u><u>\$634,940</u></u>                            |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 30   | Average Rate Base   | Column (a) = Current Year Line 27 ÷ 2<br>\$317,470                               |
| 31   | Pre-Tax ROR   | 1/<br><u>8.80%</u>   |
| 32   | Return and Taxes  | Line 30 * Line 31<br>\$27,937  |
| 33   | Book Depreciation   | Line 17<br>\$8,560   |
| 34   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0   |
| 35   | <b>Annual Revenue Requirement</b>                           | <b>Line 32 through Line 33</b><br><b><u>\$36,498</u></b>                         |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate          | Rate         | Taxes        | Return       |
|-----------------|----------------|---------------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%         | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%         | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%         | 0.00%        |              | 0.00%        |
| Common Equity   | <u>50.97%</u>  | <u>10.10%</u> | <u>5.15%</u> | <u>1.37%</u> | <u>6.52%</u> |
|                 | <u>100.00%</u> |               | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Electric Capital Investments  
Synergy Grid Mod - Electric

| Line<br>No. |   |                                       | Fiscal Year Ending<br><u>March 31, 2022</u><br>(a) |
|-------------|---|---------------------------------------|--|
|             | <u>Capital Repairs Deduction</u>                                  |                                       |  |
| 1           | Plant Additions   | Page 7 of 21, Line 3                  | \$645,000  |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department                    | 0.00%  |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2                       | <u>\$0</u>   |
|             | <u>Bonus Depreciation</u>   |                                       |  |
| 4           | Plant Additions   | Line 1                                | \$645,000  |
| 5           | Less Capital Repairs Deduction                                    | Line 3                                | <u>\$0</u>   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                       | \$645,000  |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                    | <u>100.00%</u>                                     |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                       | \$645,000  |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%                                    | 0.00%  |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%                                    | <u>0.00%</u>                                       |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                      | 0.00%  |
| 12          | Bonus Depreciation  | Line 8 * Line 11                      | \$0  |
|             | <u>Remaining Tax Depreciation</u>                                 |                                       |  |
| 13          | Plant Additions   | Line 1                                | \$645,000  |
| 14          | Less Capital Repairs Deduction                                    | Line 3                                | \$0  |
| 15          | Less Bonus Depreciation   | Line 12                               | <u>\$0</u>   |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15           | \$645,000  |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946               | <u>3.750%</u>                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17                     | \$24,188   |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department                    | \$0  |
| 20          | Cost of Removal   | Page 7 of 21, Line 8                  | \$0  |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20 | <u><u>\$24,188</u></u>                             |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Electric Proration**  
**Synergy Grid Mod - Electric**

| Line No.   |  | (a)=Sum of (b)<br>through (h)   | (b)<br>Vintage Year<br>March 31, 2020 |
|--|--|---------------------------------|---------------------------------------|
|  |  | <u>Total</u>                    | <u>March 31, 2020</u>                 |
| <b>Deferred Tax Subject to Proration</b>           |  |                                 |                                       |
| 1  | Book Depreciation                                      | Page 3 of 21, Line 14 + Line 17 | \$12,531                              |
| 2  | Bonus Depreciation                                     | Page 4 of 21, Line 12           | \$0                                   |
| 3  | Remaining MACRS Tax Depreciation                       | Page 4 of 21, Line 18           | (\$38,438)                            |
| 4  | FY20 tax (gain)/loss on retirements                    | Page 4 of 21, Line 19           | \$0                                   |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4        | (\$25,907)                            |
| 6  | Effective Tax Rate                                     | Tax Department                  | 21.00%                                |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6                 | (\$5,440)                             |
| <b>Deferred Tax Not Subject to Proration</b>       |  |                                 |                                       |
| 8  | Capital Repairs Deduction                              | Page 4 of 21, Line 3            | \$0                                   |
| 9  | Cost of Removal  | Page 4 of 21, Line 20           | \$0                                   |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2020   |                                 | \$0                                   |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10       | \$0                                   |
| 12   | Effective Tax Rate                                     |                                 | 21.00%                                |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12               | \$0                                   |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13                | (\$5,440)                             |
| 15   | Net Operating Loss                                     |                                 | \$0                                   |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15               | (\$5,440)                             |
| <b>Allocation of FY 2020 Estimated Federal NOL</b> |  |                                 |                                       |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5                | (\$25,907)                            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                         | \$0                                   |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18               | (\$25,907)                            |
| 20   | Total FY 2020 Federal NOL                              |                                 | \$0                                   |
| 21   | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20   | \$0                                   |
| 22   | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20   | \$0                                   |
| 23   | Effective Tax Rate                                     |                                 | 21.00%                                |
| 24   | Deferred Tax Benefit subject to proration              | Line 22 * Line 23               | \$0                                   |
| 25   | Net Deferred Tax Reserve subject to proration          | Line 7 + Line 24                | (\$5,440)                             |
| (i) (j)  |  |                                 |                                       |
| <b>Proration Calculation</b>                       |  |                                 |                                       |
|  |  | <u>Number of Days in</u>        |                                       |
|  |  | <u>Month</u>                    | <u>Proration Percentage</u>           |
|  |  |                                 | (k)= Sum of (l)                       |
|  |  |                                 | (l)                                   |
| 26   | April 2019   | 30                              | 91.78%                                |
| 27   | May 2019   | 31                              | 83.29%                                |
| 28   | June 2019  | 30                              | 75.07%                                |
| 29   | July 2019  | 31                              | 66.58%                                |
| 30   | August 2019  | 31                              | 58.08%                                |
| 31   | September 2019   | 30                              | 49.86%                                |
| 32   | October 2019   | 31                              | 41.37%                                |
| 33   | November 2019  | 30                              | 33.15%                                |
| 34   | December 2019  | 31                              | 24.66%                                |
| 35   | January 2020   | 31                              | 16.16%                                |
| 36   | February 2020  | 28                              | 8.49%                                 |
| 37   | March 2020   | 31                              | 0.00%                                 |
| 38   | Total  | 365                             |                                       |
|  |  |                                 | (\$2,487)                             |
|  |  |                                 | (\$2,487)                             |
| 39   | Deferred Tax Without Proration                         | Line 25                         | (\$5,440)                             |
| 40   | Proration Adjustment                                   | Line 38 - Line 39               | \$2,954                               |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Electric Proration**  
**Synergy Grid Mod - Electric**

| Line No. |  |  | (a)=Sum of (b) through (h)  | (b)<br>Vintage Year<br>March 31, 2021 | (c)<br>Vintage Year<br>March 31, 2020 |
|----------|--|--|-----------------------------|---------------------------------------|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>               |  |                             |                                       |                                       |
| 1        | Book Depreciation                                      | Col (b) = Page 5 of 21, Line 14 + Line 17 ;Col (c) = Page 3 of 21, Line 14 + Line 17 | \$39,745                    | \$14,682                              | \$25,063                              |
| 2        | Bonus Depreciation                                     | Page 6 of 21, Line 12  | \$0                         | \$0                                   |                                       |
| 3        | Remaining MACRS Tax Depreciation                       | Col (b) = Page 6 of 21, Line 18 ;Col (c) = Page 4 of 21, Line 18                     | (\$126,683)                 | (\$52,688)                            | (\$73,995)                            |
| 4        | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 6 of 21, Line 19 ;Col (c) = Page 4 of 21, Line 19                     | \$0                         | \$0                                   | \$0                                   |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$86,938)                  | (\$38,006)                            | (\$48,933)                            |
| 6        | Effective Tax Rate                                     | Tax Department   | 21.00%                      | 21.00%                                | 21.00%                                |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$18,257)                  | (\$7,981)                             | (\$10,276)                            |
|          | <b>Deferred Tax Not Subject to Proration</b>           |  |                             |                                       |                                       |
| 8        | Capital Repairs Deduction                              | Page 8 of 21, Line 3   | \$0                         | \$0                                   |                                       |
| 9        | Cost of Removal  | Page 8 of 21, Line 20  | \$0                         | \$0                                   |                                       |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                         | \$0                                   |                                       |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                         | \$0                                   |                                       |
| 12       | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                                |                                       |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                         | \$0                                   |                                       |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$18,257)                  | (\$7,981)                             | (\$10,276)                            |
| 15       | Net Operating Loss                                     |  | \$0                         | \$0                                   | \$0                                   |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$18,257)                  | (\$7,981)                             | (\$10,276)                            |
|          | <b>Allocation of FY 2021 Estimated Federal NOL</b>     |  |                             |                                       |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$38,006)                  | (\$38,006)                            |                                       |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                         | \$0                                   |                                       |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$38,006)                  | (\$38,006)                            |                                       |
| 20       | Total FY 2021 Federal NOL                              |  | \$0                         | \$0                                   |                                       |
| 21       | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19 ) * Line 20   | \$0                         | \$0                                   |                                       |
| 22       | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19 ) * Line 20   | \$0                         | \$0                                   |                                       |
| 23       | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                                |                                       |
| 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   | (\$18,257)                  | (\$7,981)                             | (\$10,276)                            |
|          |  | (i)                      (j)   |                             |                                       |                                       |
|          | <b>Proration Calculation</b>                           | <u>Number of Days in</u>   | (k)= Sum of (l) through (m) |                                       |                                       |
|          |  | <u>Month</u>   | <u>Proration Percentage</u> | (l)                                   | (m)                                   |
| 26       | April 2020   | 30   | 91.78%                      | (\$1,396)                             | (\$786)                               |
| 27       | May 2020   | 31   | 83.29%                      | (\$1,267)                             | (\$713)                               |
| 28       | June 2020  | 30   | 75.07%                      | (\$1,142)                             | (\$643)                               |
| 29       | July 2020  | 31   | 66.58%                      | (\$1,013)                             | (\$570)                               |
| 30       | August 2020  | 31   | 58.08%                      | (\$884)                               | (\$497)                               |
| 31       | September 2020   | 30   | 49.86%                      | (\$759)                               | (\$427)                               |
| 32       | October 2020   | 31   | 41.37%                      | (\$629)                               | (\$354)                               |
| 33       | November 2020  | 30   | 33.15%                      | (\$504)                               | (\$284)                               |
| 34       | December 2020  | 31   | 24.66%                      | (\$375)                               | (\$211)                               |
| 35       | January 2021   | 31   | 16.16%                      | (\$246)                               | (\$138)                               |
| 36       | February 2021  | 28   | 8.49%                       | (\$129)                               | (\$73)                                |
| 37       | March 2021   | 31   | 0.00%                       | \$0                                   | \$0                                   |
| 38       | Total  | 365  |                             | (\$8,345)                             | (\$4,697)                             |
| 39       | Deferred Tax Without Proration                         | Line 25  | (\$18,257)                  | (\$7,981)                             | (\$10,276)                            |
| 40       | Proration Adjustment                                   | Line 38 - Line 39  | \$9,912                     | \$4,333                               | \$5,579                               |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Electric Proration**  
**Synergy Grid Mod - Electric**

| Line No.   |  |   | (a)=Sum of (b) through (h) | (b)                         | (c)                         | (c)                         |           |
|--|--|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------|
|  |  |   | Total                      | Vintage Year March 31, 2022 | Vintage Year March 31, 2021 | Vintage Year March 31, 2020 |           |
| <b>Deferred Tax Subject to Proration</b>           |  |   |                            |                             |                             |                             |           |
| 1  | Book Depreciation                                      | Col (b) = Page 7 of 21, Line 14 + Line 17;<br>Col (c) = Page 5 of 21, Line 14 + Line 17;<br>(d) = Page 3 of 21, Line 14 + Line 17 | \$66,627                   | \$8,560                     | \$33,005                    | \$25,063                    |           |
| 2  | Bonus Depreciation                                     | Page 6 of 21, Line 12   | \$0                        | \$0                         |                             |                             |           |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 8 of 21, Line 18; Col (c) = Page 6 of 21, Line 18; Col (d) = Page 4 of 21, Line 18                                 | (\$194,054)                | (\$24,188)                  | (\$101,427)                 | (\$68,439)                  |           |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 8 of 21, Line 19; Col (c) = Page 6 of 21, Line 19; Col (d) = Page 4 of 21, Line 19                                 | \$0                        | \$0                         | \$0                         | \$0                         |           |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4  | (\$127,427)                | (\$15,628)                  | (\$68,423)                  | (\$43,377)                  |           |
| 6  | Effective Tax Rate                                     | Per Tax Department  | 21.00%                     | 21.00%                      | 21.00%                      | 21.00%                      |           |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6   | (\$26,760)                 | (\$3,282)                   | (\$14,369)                  | (\$9,109)                   |           |
| <b>Deferred Tax Not Subject to Proration</b>       |  |   |                            |                             |                             |                             |           |
| 8  | Capital Repairs Deduction                              | Page 8 of 21, Line 3  | \$0                        | \$0                         |                             |                             |           |
| 9  | Cost of Removal  | Page 8 of 21, Line 20   | \$0                        | \$0                         |                             |                             |           |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |   | \$0                        | \$0                         |                             |                             |           |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10   | \$0                        | \$0                         |                             |                             |           |
| 12   | Effective Tax Rate                                     |   | 21.00%                     | 21.00%                      |                             |                             |           |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12   | \$0                        | \$0                         |                             |                             |           |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13  | (\$26,760)                 | (\$3,282)                   | (\$14,369)                  | (\$9,109)                   |           |
| 15   | Net Operating Loss                                     |   | \$0                        | \$0                         | \$0                         | \$0                         |           |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15   | (\$26,760)                 | (\$3,282)                   | (\$14,369)                  | (\$9,109)                   |           |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |   |                            |                             |                             |                             |           |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5  | (\$15,628)                 | (\$15,628)                  |                             |                             |           |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11   | \$0                        | \$0                         |                             |                             |           |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18   | (\$15,628)                 | (\$15,628)                  |                             |                             |           |
| 20   | Total FY 2022 Federal NOL                              |   | \$0                        | \$0                         |                             |                             |           |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20   | \$0                        | \$0                         |                             |                             |           |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20   | \$0                        | \$0                         |                             |                             |           |
| 23   | Effective Tax Rate                                     |   | 21.00%                     | 21.00%                      |                             |                             |           |
| 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  | (\$26,760)                 | (\$3,282)                   | (\$14,369)                  | (\$9,109)                   |           |
| <b>Proration Calculation</b>                       |  |   |                            |                             |                             |                             |           |
|  |  | (i) Number of Days in Month   | (j) Proration Percentage   | (k)= Sum of (l) through (n) | (l)                         | (m)                         | (n)       |
| 26   | April 2021   | 30  | 91.78%                     | (\$2,047)                   | (\$251)                     | (\$1,099)                   | (\$697)   |
| 27   | May 2021   | 31  | 83.29%                     | (\$1,857)                   | (\$228)                     | (\$997)                     | (\$632)   |
| 28   | June 2021  | 30  | 75.07%                     | (\$1,674)                   | (\$205)                     | (\$899)                     | (\$570)   |
| 29   | July 2021  | 31  | 66.58%                     | (\$1,485)                   | (\$182)                     | (\$797)                     | (\$505)   |
| 30   | August 2021  | 31  | 58.08%                     | (\$1,295)                   | (\$159)                     | (\$695)                     | (\$441)   |
| 31   | September 2021   | 30  | 49.86%                     | (\$1,112)                   | (\$136)                     | (\$597)                     | (\$379)   |
| 32   | October 2021   | 31  | 41.37%                     | (\$923)                     | (\$113)                     | (\$495)                     | (\$314)   |
| 33   | November 2021  | 30  | 33.15%                     | (\$739)                     | (\$91)                      | (\$397)                     | (\$252)   |
| 34   | December 2021  | 31  | 24.66%                     | (\$550)                     | (\$67)                      | (\$295)                     | (\$187)   |
| 35   | January 2022   | 31  | 16.16%                     | (\$360)                     | (\$44)                      | (\$194)                     | (\$123)   |
| 36   | February 2022  | 28  | 8.49%                      | (\$189)                     | (\$23)                      | (\$102)                     | (\$64)    |
| 37   | March 2022   | 31  | 0.00%                      | \$0                         | \$0                         | \$0                         | \$0       |
| 38   | Total  | 365   |                            | (\$12,231)                  | (\$1,500)                   | (\$6,568)                   | (\$4,164) |
| 39   | Deferred Tax Without Proration                         | Line 25   |                            | (\$26,760)                  | (\$3,282)                   | (\$14,369)                  | (\$9,109) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39   |                            | \$14,528                    | \$1,782                     | \$7,801                     | \$4,946   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Annual Grid Mod Synergy IS Revenue Requirement Summary  
Annual Revenue Requirement Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | IS Electric Operation and Maintenance (O&M) Expenses:                                 |   |   |   |
| 1        | DSCADA & ADMS   | \$0   | \$58,311                                    | \$87,467                                    |
| 2        | GIS Data Enhancement  | \$0   | \$0   | \$0   |
| 3        | Enterprise Service Bus  | \$176,877                                   | \$402,346                                   | \$504,066                                   |
| 4        | Data Lake   | \$236,484                                   | \$388,092                                   | \$545,532                                   |
| 5        | PI Historian  | \$8,423                                     | \$333,669                                   | \$333,669                                   |
| 6        | Advanced Analytics  | \$69,973                                    | \$299,978                                   | \$338,852                                   |
| 7        | Telecommunications  | \$0   | \$425,022                                   | \$636,886                                   |
| 8        | Cybersecurity   | \$1,569,214                                 | \$802,100                                   | \$623,280                                   |
| 9        | <b>Total IS Electric O&amp;M costs</b>  | <b>\$2,060,970</b>                          | <b>\$2,709,518</b>                          | <b>\$3,069,750</b>                          |
|          | IS Gas Operation and Maintenance (O&M) Expenses:                                      |   |   |   |
| 10       | DSCADA & ADMS   | \$0   | \$31,689                                    | \$47,534                                    |
| 11       | GIS Data Enhancement  | \$0   | \$0   | \$0   |
| 12       | Enterprise Service Bus  | \$96,123                                    | \$218,654                                   | \$273,934                                   |
| 13       | Data Lake   | \$128,517                                   | \$210,908                                   | \$296,468                                   |
| 14       | PI Historian  | \$4,577                                     | \$181,332                                   | \$181,332                                   |
| 15       | Advanced Analytics  | \$38,027                                    | \$163,022                                   | \$184,148                                   |
| 16       | Telecommunications  | \$0   | \$230,978                                   | \$346,114                                   |
| 17       | Cybersecurity   | \$852,786                                   | \$435,900                                   | \$338,720                                   |
| 18       | <b>Total IS Gas O&amp;M costs</b>   | <b>\$1,120,030</b>                          | <b>\$1,472,482</b>                          | <b>\$1,668,250</b>                          |
| 19       | <b>Total IS O&amp;M Expenses</b>  | <b>\$3,181,000</b>                          | <b>\$4,182,000</b>                          | <b>\$4,738,000</b>                          |
|          | IS Electric Capital Investment:   |   |   |   |
| 21       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$543,344                                   | \$1,037,001                                 | \$959,021                                   |
| 22       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$248,947                                   | \$478,026                                   |
| 23       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$1,169,029                                 |
| 24       | <b>Total IS Electric Capital Investment Component of Revenue Requirement</b>          | <b>\$543,344</b>                            | <b>\$1,285,949</b>                          | <b>\$2,606,076</b>                          |
|          | IS Gas Capital Investment:  |   |   |   |
| 26       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$295,279                                   | \$563,556                                   | \$521,178                                   |
| 27       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$135,290                                   | \$259,782                                   |
| 28       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$635,307                                   |
| 29       | <b>Total IS Gas Capital Investment Component of Revenue Requirement</b>               | <b>\$295,279</b>                            | <b>\$698,846</b>                            | <b>\$1,416,267</b>                          |
| 30       | <b>Total IS Electric Revenue Requirement</b>  | <b>\$2,604,314</b>                          | <b>\$3,995,466</b>                          | <b>\$5,675,826</b>                          |
| 31       | <b>Total IS Gas Revenue Requirement</b>   | <b>\$1,415,309</b>                          | <b>\$2,171,328</b>                          | <b>\$3,084,517</b>                          |
| 32       | <b>Total IS Electric &amp; Gas Revenue Requirement</b>                                | <b>\$4,019,623</b>                          | <b>\$6,166,795</b>                          | <b>\$8,760,343</b>                          |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2020  
Synergy Grid Mod - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |   |
| 1  | Grid Mod IS Investments                                     | \$7,689,000                                 | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$7,689,000                                 | \$0   | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$7,689,000                                 | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$7,689,000                                 | \$7,689,000                                 | \$7,689,000                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$7,689,000                                 | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>\$7,689,000</b>                          | <b>\$7,689,000</b>                          | <b>\$7,689,000</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2020 Spend   | \$6,407,436                                 | \$854,440                                   | \$284,685                                   |
| 11   | Cumulative Tax Depreciation                                 | \$6,407,436                                 | \$7,261,876                                 | \$7,546,561                                 |
| <u>Book Depreciation</u>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 14.29%                                      | 14.29%                                      | 14.29%                                      |
| 13   | Book Depreciation   | \$549,214                                   | \$1,098,429                                 | \$1,098,429                                 |
| 14   | Cumulative Book Depreciation                                | \$549,214                                   | \$1,647,643                                 | \$2,746,071                                 |
| 15   | Total Cumulative Book Depreciation                          | \$549,214                                   | \$1,647,643                                 | \$2,746,071                                 |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$5,858,222                                 | \$5,614,233                                 | \$4,800,490                                 |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$1,230,227                                 | \$1,178,989                                 | \$1,008,103                                 |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$667,918)                                 | \$27,818                                    | \$92,778                                    |
| 21   | Net Deferred Tax Reserve                                    | \$562,309                                   | \$1,206,807                                 | \$1,100,881                                 |
| <u>Rate Base Calculation:</u>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$7,689,000                                 | \$7,689,000                                 | \$7,689,000                                 |
| 23   | Accumulated Depreciation                                    | (\$549,214)                                 | (\$1,647,643)                               | (\$2,746,071)                               |
| 24   | Deferred Tax Reserve  | (\$562,309)                                 | (\$1,206,807)                               | (\$1,100,881)                               |
| 25   | Year End Rate Base  | \$6,577,477                                 | \$4,834,550                                 | \$3,842,048                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |   |
| 26   | Average Rate Base   | \$3,288,738                                 | \$5,706,013                                 | \$4,338,299                                 |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$289,409                                   | \$502,129                                   | \$381,770                                   |
| 29   | Book Depreciation   | \$549,214                                   | \$1,098,429                                 | \$1,098,429                                 |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>\$838,623</b>                            | <b>\$1,600,558</b>                          | <b>\$1,480,199</b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 50.00%  | 3.70%  | 1.85% |       | 1.85%  |
| Short Term Debt | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Preferred Stock | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.00%  | 10.10% | 5.05% | 1.90% | 6.95%  |
|                 | 100.00% |        | 6.90% | 1.90% | 8.80%  |

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**THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 IS Capital Investments  
Synergy Grid Mod - IS**

| Line No.                          |  |                                       | Fiscal Year Ending | Fiscal Year Ending | Fiscal Year Ending |
|-----------------------------------|--|---------------------------------------|--------------------|--------------------|--------------------|
|                                   |  |                                       | March 31, 2020     | March 31, 2021     | March 31, 2022     |
|                                   |  |                                       | (a)                | (b)                | (c)                |
| <u>Capital Repairs Deduction</u>  |  |                                       |                    |                    |                    |
| 1                                 | Plant Additions  | Page 3 of 21, Line 3                  | \$7,689,000        |                    |                    |
| 2                                 | Capital Repairs Deduction Rate                                   | Per Tax Department                    | 0.00%              |                    |                    |
| 3                                 | Capital Repairs Deduction  | Line 1 * Line 2                       | \$0                |                    |                    |
| <u>Bonus Depreciation</u>         |  |                                       |                    |                    |                    |
| 4                                 | Plant Additions  | Line 1                                | \$7,689,000        |                    |                    |
| 5                                 | Less Capital Repairs Deduction                                   | Line 3                                | \$0                |                    |                    |
| 6                                 | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5                       | \$7,689,000        |                    |                    |
| 7                                 | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department                    | 100.00%            |                    |                    |
| 8                                 | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7                       | \$7,689,000        |                    |                    |
| 9                                 | Bonus Depreciation Rate (April 2019 - December 2019)             | 1 * 75% * 100%                        | 75.00%             |                    |                    |
| 10                                | Bonus Depreciation Rate (January 2020 - Mar 2020)                | 1 * 25% * 0%                          | 0.00%              |                    |                    |
| 11                                | Total Bonus Depreciation Rate                                    | Line 9 + Line 10                      | 75.00%             |                    |                    |
| 12                                | Bonus Depreciation   | Line 8 * Line 11                      | \$5,766,750        |                    |                    |
| <u>Remaining Tax Depreciation</u> |  |                                       |                    |                    |                    |
| 13                                | Plant Additions  | Line 1                                | \$7,689,000        |                    |                    |
| 14                                | Less Capital Repairs Deduction                                   | Line 3                                | \$0                |                    |                    |
| 15                                | Less Bonus Depreciation  | Line 12                               | \$5,766,750        |                    |                    |
| 16                                | Remaining Plant Additions Subject to 3 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15           | \$1,922,250        | \$1,922,250        | \$1,922,250        |
| 17                                | 3 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946               | 33.330%            | 44.450%            | 14.810%            |
| 18                                | Remaining Tax Depreciation                                       | Line 16 * Line 17                     | \$640,686          | \$854,440          | \$284,685          |
| 19                                | FY20 Loss incurred due to retirements                            | Per Tax Department                    | \$0                | \$0                | \$0                |
| 20                                | Cost of Removal  | Page 3 of 21, Line 8                  | \$0                | \$0                | \$0                |
| 21                                | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, 19,<br>and 20 | \$6,407,436        | \$854,440          | \$284,685          |

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Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2021  
Synergy Grid Mod - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | Grid Mod IS Investments                                     | \$3,456,000                                 |   |
| 2  | Total Estimated Capital Investment                          | \$3,456,000                                 | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$3,456,000                                 | \$0   |
| 4  | Retirements   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$3,456,000                                 | \$3,456,000                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$3,456,000                                 | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>\$3,456,000</b>                          | <b>\$3,456,000</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |
| 10   | FY 2021 Spend   | \$1,151,885                                 | \$1,536,192                                 |
| 11   | Cumulative Tax Depreciation                                 | \$1,151,885                                 | \$2,688,077                                 |
| <u>Book Depreciation</u>                             |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 14.29%                                      | 14.29%                                      |
| 13   | Book Depreciation   | \$246,857                                   | \$493,714                                   |
| 14   | Cumulative Book Depreciation                                | \$246,857                                   | \$740,571                                   |
| 15   | Total Cumulative Book Depreciation                          | \$246,857                                   | \$740,571                                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$905,028                                   | \$1,947,506                                 |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$190,056                                   | \$408,976                                   |
| 19   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$103,186)                                 | (\$118,857)                                 |
| 21   | Net Deferred Tax Reserve                                    | \$86,870                                    | \$290,119                                   |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$3,456,000                                 | \$3,456,000                                 |
| 23   | Accumulated Depreciation                                    | (\$246,857)                                 | (\$740,571)                                 |
| 24   | Deferred Tax Reserve  | (\$86,870)                                  | (\$290,119)                                 |
| 25   | Year End Rate Base  | \$3,122,273                                 | \$2,425,309                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 26   | Average Rate Base   | \$1,561,136.29                              | \$2,773,791                                 |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$137,380                                   | \$244,094                                   |
| 29   | Book Depreciation   | \$246,857                                   | \$493,714                                   |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>\$384,237</b>                            | <b>\$737,808</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <b>100.00%</b> |        | <b>6.90%</b> | <b>1.90%</b> | <b>8.80%</b> |

**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 IS Capital Investments**  
**Synergy Grid Mod - IS**

| Line<br>No. |  |                                    | Fiscal Year Ending<br><u>Aug 2020</u><br>(a) | Fiscal Year Ending<br><u>Aug-2021</u><br>(b) |
|-------------|--|------------------------------------|--|--|
|             | <u>Capital Repairs Deduction</u>                                 |                                    |  |  |
| 1           | Plant Additions  | Page 5 of 21, Line 3               | \$3,456,000                                  |  |
| 2           | Capital Repairs Deduction Rate                                   | Per Tax Department                 | 0.00%  |  |
| 3           | Capital Repairs Deduction  | Line 1 * Line 2                    | \$0  |  |
|             | <u>Bonus Depreciation</u>  |                                    |  |  |
| 4           | Plant Additions  | Line 1                             | \$3,456,000                                  |  |
| 5           | Less Capital Repairs Deduction                                   | Line 3                             | \$0  |  |
| 6           | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5                    | \$3,456,000                                  |  |
| 7           | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department                 | 100.00%                                      |  |
| 8           | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7                    | \$3,456,000                                  |  |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)             | 0%                                 | 0.00%  |  |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                | 0%                                 | 0.00%  |  |
| 11          | Total Bonus Depreciation Rate                                    | Line 9 + Line 10                   | 0.00%  |  |
| 12          | Bonus Depreciation   | Line 8 * Line 11                   | \$0  |  |
|             | <u>Remaining Tax Depreciation</u>                                |                                    |  |  |
| 13          | Plant Additions  | Line 1                             | \$3,456,000                                  |  |
| 14          | Less Capital Repairs Deduction                                   | Line 3                             | \$0  |  |
| 15          | Less Bonus Depreciation  | Line 12                            | \$0  |  |
| 16          | Remaining Plant Additions Subject to 3 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$3,456,000                                  | \$3,456,000                                  |
| 17          | 3 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946            | 33.330%                                      | 44.450%                                      |
| 18          | Remaining Tax Depreciation                                       | Line 16 * Line 17                  | \$1,151,885                                  | \$1,536,192                                  |
| 19          | FY21 Loss incurred due to retirements                            | Per Tax Department                 | \$0  | \$0  |
| 20          | Cost of Removal  | Page 5 of 21, Line 8               | \$0  | \$0  |
| 21          | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, 19, and 20 | \$1,151,885                                  | \$1,536,192                                  |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2022  
Synergy Grid Mod - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)   |
|--|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |
| 1  | Grid Mod IS Investments                                     | \$16,229,000  |
| 2  | Total Estimated Capital Investment                          | Sum of Line 1<br><u>\$16,229,000</u>  |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$16,229,000  |
| 4  | Retirements   | Line 4 * 0%<br><u>\$0</u>   |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6<br><u>\$16,229,000</u> |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$16,229,000  |
| 7  | Cost of Removal   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 6 + Line 8</b><br><b><u>\$16,229,000</u></b>                                |
| <u>Tax Depreciation</u>                              |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |
| 10   | FY 2022 Spend   | Page 8 of 21, Line 21<br>\$5,409,126  |
| 11   | Cumulative Tax Depreciation                                 | Prior Year Line 11 + Current Year Line 10<br>\$5,409,126                            |
| <u>Book Depreciation</u>                             |   |   |
| 12   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>14.29%                                |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$1,159,214                                  |
| 14   | Cumulative Book Depreciation                                | Prior Year Line 14 + Current Year Line 13<br>\$1,159,214                            |
| 15   | Total Cumulative Book Depreciation                          | Sum of Line 14<br><u>\$1,159,214</u>  |
| <u>Deferred Tax Calculation:</u>                     |   |   |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$4,249,912  |
| 17   | Effective Tax Rate  | <u>21.00%</u>   |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br>\$892,481  |
| 19   | Less: FY 2022 Federal NOL                                   | Page 21 of 21, Line 12(n)<br>\$0  |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 21 of 21, Line 40<br><u>(\$484,548)</u>                              |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br><u><u>\$407,933</u></u>                               |
| <u>Rate Base Calculation:</u>                        |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$16,229,000  |
| 23   | Accumulated Depreciation                                    | - Line 15<br>(\$1,159,214)  |
| 24   | Deferred Tax Reserve  | - Line 21<br>(\$407,933)  |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br><u><u>\$14,661,852</u></u>                            |
| <u>Revenue Requirement Calculation:</u>              |   |   |
| 26   | Average Rate Base   | Column (a) = Current Year Line 27 ÷ 2<br>\$7,330,926.20                             |
| 27   | Pre-Tax ROR   | 1/<br><u>8.80%</u>  |
| 28   | Return and Taxes  | Line 26 * Line 27<br>\$645,122  |
| 29   | Book Depreciation   | Line 13<br>\$1,159,214  |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 + Line 29</b><br><b><u>\$1,804,336</u></b>                               |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <u>100.00%</u> |        | <u>6.90%</u> | <u>1.90%</u> | <u>8.80%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 IS Capital Investments  
Synergy Grid Mod - IS

| Line No. |  |                                       | Fiscal Year Ending<br>March 31, 2022<br>(a) |
|----------|--|---------------------------------------|---|
|          | <u>Capital Repairs Deduction</u>                                 |                                       |   |
| 1        | Plant Additions  | Page 7 of 21, Line 3                  | \$16,229,000                                |
| 2        | Capital Repairs Deduction Rate                                   | Per Tax Department                    | 0.00%                                       |
| 3        | Capital Repairs Deduction  | Line 1 * Line 2                       | \$0   |
|          | <u>Bonus Depreciation</u>  |                                       |   |
| 4        | Plant Additions  | Line 1                                | \$16,229,000                                |
| 5        | Less Capital Repairs Deduction                                   | Line 3                                | \$0   |
| 6        | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5                       | \$16,229,000                                |
| 7        | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department                    | 100.00%                                     |
| 8        | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7                       | \$16,229,000                                |
| 9        | Bonus Depreciation Rate (April 2020 - December 2020)             | 0%                                    | 0.00%                                       |
| 10       | Bonus Depreciation Rate (January 2021 - Mar 2021)                | 0%                                    | 0.00%                                       |
| 11       | Total Bonus Depreciation Rate                                    | Line 9 + Line 10                      | 0.00%                                       |
| 12       | Bonus Depreciation   | Line 8 * Line 11                      | \$0   |
|          | <u>Remaining Tax Depreciation</u>                                |                                       |   |
| 13       | Plant Additions  | Line 1                                | \$16,229,000                                |
| 14       | Less Capital Repairs Deduction                                   | Line 3                                | \$0   |
| 15       | Less Bonus Depreciation  | Line 12                               | \$0   |
| 16       | Remaining Plant Additions Subject to 3 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15           | \$16,229,000                                |
| 17       | 3 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946               | 33.330%                                     |
| 18       | Remaining Tax Depreciation                                       | Line 16 * Line 17                     | \$5,409,126                                 |
| 19       | FY22 Loss incurred due to retirements                            | Per Tax Department                    | \$0   |
| 20       | Cost of Removal  | Page 7 of 21, Line 8                  | \$0   |
| 21       | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, 19, and<br>20 | \$5,409,126                                 |

THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve IS Proration  
Synergy Grid Mod - IS

| Line No. |  |                               | (a)=Sum of (b)<br>through (h) | (b)<br>Vintage Year<br>March 31, 2020 |
|----------|--|-------------------------------|-------------------------------|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>               |                               | <u>Total</u>                  | <u>March 31, 2020</u>                 |
| 1        | Book Depreciation                                      | Page 13 of 21, Line 13        | \$549,214                     | \$549,214                             |
| 2        | Bonus Depreciation                                     | Page 14 of 21, Line 12        | (\$5,766,750)                 | (\$5,766,750)                         |
| 3        | Remaining MACRS Tax Depreciation                       | Page 14 of 21, Line 18        | (\$640,686)                   | (\$640,686)                           |
| 4        | FY20 tax (gain)/loss on retirements                    | Page 14 of 21, Line 19        | \$0                           | \$0                                   |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4      | (\$5,858,222)                 | (\$5,858,222)                         |
| 6        | Effective Tax Rate                                     | Tax Department                | 21.00%                        | 21.00%                                |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6               | (\$1,230,227)                 | (\$1,230,227)                         |
|          | <b>Deferred Tax Not Subject to Proration</b>           |                               |                               |                                       |
| 8        | Capital Repairs Deduction                              | Page 14 of 21, Line 3         | \$0                           | \$0                                   |
| 9        | Cost of Removal  | Page 14 of 21, Line 20        | \$0                           | \$0                                   |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2020   | Tax Department                | \$0                           | \$0                                   |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10     | \$0                           | \$0                                   |
| 12       | Effective Tax Rate                                     |                               | 21.00%                        | 21.00%                                |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12             | \$0                           | \$0                                   |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13              | (\$1,230,227)                 | (\$1,230,227)                         |
| 15       | Net Operating Loss                                     | Page 13 of 21, Line 19        | \$0                           | \$0                                   |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15             | (\$1,230,227)                 | (\$1,230,227)                         |
|          | <b>Allocation of FY 2020 Estimated Federal NOL</b>     |                               |                               |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5              | (\$5,858,222)                 | (\$5,858,222)                         |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                       | \$0                           | \$0                                   |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18             | (\$5,858,222)                 | (\$5,858,222)                         |
| 20       | Total FY 2020 Federal NOL                              |                               | \$0                           | \$0                                   |
| 21       | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20 | \$0                           | \$0                                   |
| 22       | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20 | \$0                           | \$0                                   |
| 23       | Effective Tax Rate                                     |                               | 21.00%                        | 21.00%                                |
| 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              | (\$1,230,227)                 | (\$1,230,227)                         |
|          |  | (i)                      (j)  |                               |                                       |
|          |  | <u>Number of Days in</u>      |                               |                                       |
|          | <b>Proration Calculation</b>                           | <u>Month</u>                  | <u>Proration Percentage</u>   | (k)= Sum of (l)                       |
| 26       | April 2019   | 30                            | 91.78%                        | (\$94,093)                            |
| 27       | May 2019   | 31                            | 83.29%                        | (\$85,386)                            |
| 28       | June 2019  | 30                            | 75.07%                        | (\$76,959)                            |
| 29       | July 2019  | 31                            | 66.58%                        | (\$68,252)                            |
| 30       | August 2019  | 31                            | 58.08%                        | (\$59,545)                            |
| 31       | September 2019   | 30                            | 49.86%                        | (\$51,119)                            |
| 32       | October 2019   | 31                            | 41.37%                        | (\$42,412)                            |
| 33       | November 2019  | 30                            | 33.15%                        | (\$33,986)                            |
| 34       | December 2019  | 31                            | 24.66%                        | (\$25,279)                            |
| 35       | January 2020   | 31                            | 16.16%                        | (\$16,572)                            |
| 36       | February 2020  | 28                            | 8.49%                         | (\$8,707)                             |
| 37       | March 2020   | 31                            | 0.00%                         | \$0                                   |
| 38       | Total  | 365                           |                               | (\$562,309)                           |
| 39       | Deferred Tax Without Proration                         | Line 25                       | (\$1,230,227)                 | (\$1,230,227)                         |
| 40       | Proration Adjustment                                   | Line 38 - Line 39             | \$667,918                     | \$667,918                             |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve IS Proration**  
**Synergy Grid Mod - IS**

| Line No.   | Description  | (a)=Sum of (b) through (h)   | (b)<br>Vintage Year<br><u>March 31, 2021</u> | (c)<br>Vintage Year<br><u>March 31, 2020</u> |             |            |
|--|--|--|--|--|-------------|------------|
| <b>Deferred Tax Subject to Proration</b>           |  |  |  |  |             |            |
| 1  | Book Depreciation                                      | Col (b) = Page 15 of 21, Line 13; Col (c) = Page 13 of 21, Line 13 | \$1,345,286                                  | \$246,857                                    |             |            |
| 2  | Bonus Depreciation                                     | Page 16 of 21, Line 12   | \$0  | \$0  |             |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 16 of 21, Line 18; Col (c) = Page 14 of 21, Line 18 | (\$2,006,325)                                | (\$1,151,885)                                |             |            |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 16 of 21, Line 19; Col (c) = Page 14 of 21, Line 19 | \$0  | \$0  |             |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$661,039)                                  | (\$905,028)                                  |             |            |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                                       | 21.00%                                       |             |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$138,818)                                  | (\$190,056)                                  |             |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |  |  |             |            |
| 8  | Capital Repairs Deduction                              | Page 16 of 21, Line 3  | \$0  | \$0  |             |            |
| 9  | Cost of Removal  | Page 16 of 21, Line 20   | \$0  | \$0  |             |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   | Tax Department   | \$0  | \$0  |             |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0  | \$0  |             |            |
| 12   | Effective Tax Rate                                     |  | 21.00%                                       | 21.00%                                       |             |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0  | \$0  |             |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$138,818)                                  | (\$190,056)                                  |             |            |
| 15   | Net Operating Loss                                     |  | \$0  | \$0  |             |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$138,818)                                  | (\$190,056)                                  |             |            |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |  |  |             |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$661,039)                                  | (\$905,028)                                  |             |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0  | \$0  |             |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$661,039)                                  | (\$905,028)                                  |             |            |
| 20   | Total FY 2021 Federal NOL                              |  | \$0  | \$0  |             |            |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                                      | \$0  | \$0  |             |            |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                                      | \$0  | \$0  |             |            |
| 23   | Effective Tax Rate                                     |  | 21.00%                                       | 21.00%                                       |             |            |
| 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   | (\$138,818)                                  | (\$190,056)                                  |             |            |
| <b>Proration Calculation</b>                       |  |  |  |  |             |            |
|  |  | (i)<br><u>Number of Days in Month</u>                              | (j)<br><u>Proration Percentage</u>           | (k)= Sum of (l) through (m)                  | (l)         | (m)        |
| 26   | April 2020   | 30   | 91.78%                                       | (\$10,617)                                   | (\$14,536)  | \$3,919    |
| 27   | May 2020   | 31   | 83.29%                                       | (\$9,635)                                    | (\$13,191)  | \$3,556    |
| 28   | June 2020  | 30   | 75.07%                                       | (\$8,684)                                    | (\$11,889)  | \$3,205    |
| 29   | July 2020  | 31   | 66.58%                                       | (\$7,702)                                    | (\$10,544)  | \$2,843    |
| 30   | August 2020  | 31   | 58.08%                                       | (\$6,719)                                    | (\$9,199)   | \$2,480    |
| 31   | September 2020   | 30   | 49.86%                                       | (\$5,768)                                    | (\$7,897)   | \$2,129    |
| 32   | October 2020   | 31   | 41.37%                                       | (\$4,786)                                    | (\$6,552)   | \$1,766    |
| 33   | November 2020  | 30   | 33.15%                                       | (\$3,835)                                    | (\$5,250)   | \$1,415    |
| 34   | December 2020  | 31   | 24.66%                                       | (\$2,852)                                    | (\$3,905)   | \$1,053    |
| 35   | January 2021   | 31   | 16.16%                                       | (\$1,870)                                    | (\$2,560)   | \$690      |
| 36   | February 2021  | 28   | 8.49%  | (\$983)                                      | (\$1,345)   | \$363      |
| 37   | March 2021   | 31   | 0.00%  | \$0  | \$0         | \$0        |
| 38   | Total  | 365  |  | (\$63,451)                                   | (\$86,870)  | \$23,420   |
| 39   | Deferred Tax Without Proration                         | Line 25  |  | (\$138,818)                                  | (\$190,056) | \$51,238   |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |  | \$75,368                                     | \$103,186   | (\$27,818) |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve IS Proration**  
**Synergy Grid Mod - IS**

| Line No.   |  |  | (a)–Sum of (b)                  | (b)                         | (c)            | (c)            |            |
|--|--|--|---------------------------------|-----------------------------|----------------|----------------|------------|
|  |  |  | through (h)                     | Vintage Year                | Vintage Year   | Vintage Year   |            |
|  |  |  | Total                           | March 31, 2022              | March 31, 2021 | March 31, 2020 |            |
| <b>Deferred Tax Subject to Proration</b>           |  |  |                                 |                             |                |                |            |
| 1  | Book Depreciation                                      | Col (b) = Page 17 of 21, Line 13; Col (c) = Page 15 of 21, Line 13; Col (d) = Page 13 of 21, Line 13 | \$2,751,357                     | \$1,159,214                 | \$493,714      | \$1,098,429    |            |
| 2  | Bonus Depreciation                                     | Page 18 of 21, Line 12   | \$0                             | \$0                         |                |                |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 18 of 21, Line 18; Col (c) = Page 16 of 21, Line 18; Col (d) = Page 14 of 21, Line 18 | (\$7,230,003)                   | (\$5,409,126)               | (\$1,536,192)  | (\$284,685)    |            |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 18 of 21, Line 19; Col (c) = Page 16 of 21, Line 19; Col (d) = Page 14 of 21, Line 19 | \$0                             | \$0                         | \$0            | \$0            |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$4,478,646)                   | (\$4,249,912)               | (\$1,042,478)  | \$813,744      |            |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                          | 21.00%                      | 21.00%         | 21.00%         |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$940,516)                     | (\$892,481)                 | (\$218,920)    | \$170,886      |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                                 |                             |                |                |            |
| 8  | Capital Repairs Deduction                              | Page 18 of 21, Line 3  | \$0                             | \$0                         |                |                |            |
| 9  | Cost of Removal  | Page 18 of 21, Line 20   | \$0                             | \$0                         |                |                |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0                             | \$0                         |                |                |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                             | \$0                         |                |                |            |
| 12   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                      |                |                |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                             | \$0                         |                |                |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$940,516)                     | (\$892,481)                 | (\$218,920)    | \$170,886      |            |
| 15   | Net Operating Loss                                     |  | \$0                             | \$0                         | \$0            | \$0            |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$940,516)                     | (\$892,481)                 | (\$218,920)    | \$170,886      |            |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                                 |                             |                |                |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$4,478,646)                   | (\$4,249,912)               | (\$1,042,478)  | \$813,744      |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                             | \$0                         | \$0            | \$0            |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$4,478,646)                   | (\$4,249,912)               | (\$1,042,478)  | \$813,744      |            |
| 20   | Total FY 2022 Federal NOL                              |  | \$0                             | \$0                         | \$0            | \$0            |            |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                             | \$0                         | \$0            | \$0            |            |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                             | \$0                         | \$0            | \$0            |            |
| 23   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                      | 21.00%         | 21.00%         |            |
| 24   | Deferred Tax Benefit subject to proration              | Line 22 * Line 23  | \$0                             | \$0                         | \$0            | \$0            |            |
| 25   | Net Deferred Tax Reserve subject to proration          | Line 7 + Line 24   | (\$940,516)                     | (\$892,481)                 | (\$218,920)    | \$170,886      |            |
| <b>Proration Calculation</b>                       |  |  |                                 |                             |                |                |            |
|  |  | (i) <u>Number of Days in Month</u>   | (j) <u>Proration Percentage</u> | (k)= Sum of (l) through (n) | (l)            | (m)            | (n)        |
| 26   | April 2021   | 30   | 91.78%                          | (\$71,934)                  | (\$68,261)     | (\$16,744)     | \$13,070   |
| 27   | May 2021   | 31   | 83.29%                          | (\$65,278)                  | (\$61,944)     | (\$15,194)     | \$11,861   |
| 28   | June 2021  | 30   | 75.07%                          | (\$58,836)                  | (\$55,831)     | (\$13,695)     | \$10,690   |
| 29   | July 2021  | 31   | 66.58%                          | (\$52,179)                  | (\$49,514)     | (\$12,146)     | \$9,481    |
| 30   | August 2021  | 31   | 58.08%                          | (\$45,523)                  | (\$43,198)     | (\$10,596)     | \$8,271    |
| 31   | September 2021   | 30   | 49.86%                          | (\$39,081)                  | (\$37,085)     | (\$9,097)      | \$7,101    |
| 32   | October 2021   | 31   | 41.37%                          | (\$32,424)                  | (\$30,768)     | (\$7,547)      | \$5,891    |
| 33   | November 2021  | 30   | 33.15%                          | (\$25,982)                  | (\$24,655)     | (\$6,048)      | \$4,721    |
| 34   | December 2021  | 31   | 24.66%                          | (\$19,326)                  | (\$18,339)     | (\$4,498)      | \$3,511    |
| 35   | January 2022   | 31   | 16.16%                          | (\$12,669)                  | (\$12,022)     | (\$2,949)      | \$2,302    |
| 36   | February 2022  | 28   | 8.49%                           | (\$6,657)                   | (\$6,317)      | (\$1,549)      | \$1,209    |
| 37   | March 2022   | 31   | 0.00%                           | \$0                         | \$0            | \$0            | \$0        |
| 38   | Total  | 365  |                                 | (\$429,889)                 | (\$407,933)    | (\$100,064)    | \$78,108   |
| 39   | Deferred Tax Without Proration                         | Line 25  |                                 | (\$940,516)                 | (\$892,481)    | (\$218,920)    | \$170,886  |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                                 | \$510,627                   | \$484,548      | \$118,857      | (\$92,778) |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Appendix 10.4 - AMI Stand Alone  
Power Sector Transformation (PST)  
Fiscal Years 2020 - 2022 Investment

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI  
Annual Revenue Requirement General Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Electric Operation and Maintenance (O&M) Expenses:                                    |   |   |   |
| 1        | AMI Costs   | \$ 3,975,282                                | \$ 2,294,486                                | \$ 4,277,539                                |
| 2        | CMS Costs   | \$ -  | \$ -  | \$ -  |
| 3        | Meter Data Service Costs  | \$ -  | \$ 389,698                                  | \$ 802,778                                  |
| 4        | Customer Engagement Plans Costs   | \$ 925,740                                  | \$ 3,394,245                                | \$ 2,004,136                                |
| 5        | IS Costs - Electric   | \$ 4,364,767                                | \$ 3,156,360                                | \$ 4,695,673                                |
| 6        | <b>Total Electric O&amp;M costs</b>   | <b>\$ 9,265,789</b>                         | <b>\$ 9,234,790</b>                         | <b>\$ 11,780,126</b>                        |
|          | Sum of Lines 1 through 5  |   |   |   |
|          | Gas Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 7        | AMI Costs   | \$ 1,323,178                                | \$ 1,999                                    | \$ 3,080                                    |
| 8        | CMS Costs   | \$ -  | \$ -  | \$ -  |
| 9        | Meter Data Service Costs  | \$ -  | \$ 119,534                                  | \$ 246,239                                  |
| 10       | Customer Engagement Plans Costs   | \$ -  | \$ -  | \$ -  |
| 11       | IS Costs - Gas  | \$ 2,372,024                                | \$ 1,368,169                                | \$ 949,645                                  |
| 12       | <b>Total Gas O&amp;M costs</b>  | <b>\$ 3,695,202</b>                         | <b>\$ 1,489,702</b>                         | <b>\$ 1,198,965</b>                         |
|          | Sum of Lines 7 through 11   |   |   |   |
|          | <b>Total O&amp;M costs</b>  | <b>\$ 12,960,991</b>                        | <b>\$ 10,724,492</b>                        | <b>\$ 12,979,091</b>                        |
|          | Electric Capital Investment:  |   |   |   |
| 13       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$121,193                                   | \$289,875                                   | \$280,621                                   |
| 14       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$3,602,929                                 | \$8,242,211                                 |
| 15       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$4,952,349                                 |
| 16       | <b>Total Electric Capital Investment Component of Revenue Requirement</b>             | <b>\$121,193</b>                            | <b>\$3,892,804</b>                          | <b>\$13,475,181</b>                         |
|          | Sum of Lines 13 through 16  |   |   |   |
|          | Gas Capital Investment:   |   |   |   |
| 17       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$49,502                                    | \$118,051                                   | \$114,228                                   |
| 18       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$551,224                                   | \$1,110,783                                 |
| 19       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$23,802                                    |
| 20       | <b>Total Gas Capital Investment Component of Revenue Requirement</b>                  | <b>\$49,502</b>                             | <b>\$669,275</b>                            | <b>\$1,248,814</b>                          |
|          | Sum of Lines 18 through 21  |   |   |   |
| 21       | <b>Total Electric Revenue Requirement</b>   | <b>\$ 9,386,982</b>                         | <b>\$ 13,127,594</b>                        | <b>\$ 25,255,307</b>                        |
|          | Line 6 + Line 17  |   |   |   |
| 22       | <b>Total Gas Revenue Requirement</b>  | <b>\$ 3,744,704</b>                         | <b>\$ 2,158,977</b>                         | <b>\$ 2,447,779</b>                         |
|          | Line 12 + Line 22   |   |   |   |
| 23       | <b>Total Electric &amp; Gas Revenue Requirement</b>                                   | <b>\$ 13,131,686</b>                        | <b>\$15,286,571</b>                         | <b>\$27,703,086</b>                         |
|          | Line 23 + Line 24   |   |   |   |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI - Electric  
Annual Revenue Requirement Electric Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 1        | AMI Costs   | \$ 3,975,282                                | \$ 2,294,486                                | \$ 4,277,539                                |
| 2        | CMS Costs   | \$ -  | \$ -  | \$ -  |
| 3        | Meter Data Service Costs  | \$ -  | \$ 389,698                                  | \$ 802,778                                  |
| 4        | Customer Engagement Plans Costs   | \$ 925,740                                  | \$ 3,394,245                                | \$ 2,004,136                                |
| 5        | <b>Total O&amp;M costs</b>  | <b>\$ 4,901,022</b>                         | <b>\$ 6,078,430</b>                         | <b>\$ 7,084,454</b>                         |
|          | Sum of Lines 1 through 4  |   |   |   |
|          | Capital Investment:   |   |   |   |
| 6        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$ 121,193                                  | \$ 289,875                                  | \$ 280,621                                  |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$ 2,795,892                                | \$ 6,692,547                                |
| 8        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$ 4,952,349                                |
| 9        | <b>Total Capital Investment Component of Revenue Requirement</b>                      | <b>\$ 121,193</b>                           | <b>\$ 3,085,767</b>                         | <b>\$ 11,925,517</b>                        |
|          | Sum of Lines 6 through 8  |   |   |   |
| 10       | <b>Total Revenue Requirement</b>  | <b>\$ 5,022,215</b>                         | <b>\$ 9,164,197</b>                         | <b>\$ 19,009,971</b>                        |
|          | Line 5 + Line 9   |   |   |   |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI - Gas  
Annual Revenue Requirement Gas Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 1        | AMI Costs   | \$1,323,178                                 | \$1,999                                     | \$3,080                                     |
| 2        | CMS Costs   | \$0   | \$0   | \$0   |
| 3        | Meter Data Service Costs  | \$0   | \$119,534                                   | \$246,239                                   |
| 4        | Customer Engagement Plans Costs   | \$0   | \$0   | \$0   |
| 5        | <b>Total O&amp;M costs</b>  | <b>\$1,323,178</b>                          | <b>\$121,533</b>                            | <b>\$249,320</b>                            |
|          | Sum of Lines 1 through 4  |   |   |   |
| 6        | Capital Investment:   |   |   |   |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$49,502                                    | \$118,051                                   | \$114,228                                   |
| 8        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$112,641                                   | \$268,621                                   |
| 9        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$23,802                                    |
| 10       | <b>Total Capital Investment Component of Revenue Requirement</b>                      | <b>\$49,502</b>                             | <b>\$230,692</b>                            | <b>\$406,652</b>                            |
|          | Sum of Lines 7 through 9  |   |   |   |
| 11       | <b>Total Revenue Requirement</b>  | <b>\$1,372,680</b>                          | <b>\$352,225</b>                            | <b>\$655,972</b>                            |
|          | Line 5 + Line 10  |   |   |   |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI - IS  
Annual Revenue Requirement IS Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | IS Operation and Maintenance (O&M) Expenses:  |   |   |   |
| 1        | IS Costs - Electric   | \$ 4,364,767                                | \$ 3,156,360                                | \$ 4,695,673                                |
| 2        | IS Costs - Gas  | \$ 2,372,024                                | \$ 1,368,169                                | \$ 949,645                                  |
| 3        | <b>Total IS O&amp;M costs</b>   | <b>\$ 6,736,791</b>                         | <b>\$ 4,524,529</b>                         | <b>\$ 5,645,318</b>                         |
|          | Sum of Lines 1 through 2  |   |   |   |
| 4        | IS Electric Capital Investment:   |   |   |   |
| 5        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$0   | \$0   | \$0   |
| 6        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$807,037                                   | \$1,549,664                                 |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$0   |
| 8        | <b>Total IS Electric Capital Investment Component of Revenue Requirement</b>          | <b>\$0</b>                                  | <b>\$807,037</b>                            | <b>\$1,549,664</b>                          |
|          | Sum of Lines 5 through 7  |   |   |   |
| 9        | IS Gas Capital Investment:  |   |   |   |
| 10       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$0   | \$0   | \$0   |
| 11       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$438,583                                   | \$842,162                                   |
| 12       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$0   |
| 13       | <b>Total IS Gas Capital Investment Component of Revenue Requirement</b>               | <b>\$0</b>                                  | <b>\$438,583</b>                            | <b>\$842,162</b>                            |
|          | Sum of Lines 10 through 12  |   |   |   |
| 14       | <b>Total IS Electric Revenue Requirement</b>  | <b>\$4,364,767</b>                          | <b>\$3,963,398</b>                          | <b>\$6,245,336</b>                          |
|          | Line 1 + Line 8   |   |   |   |
| 15       | <b>Total IS Gas Revenue Requirement</b>   | <b>\$2,372,024</b>                          | <b>\$1,806,752</b>                          | <b>\$1,791,807</b>                          |
|          | Line 2 + Line 13  |   |   |   |
| 16       | <b>Total IS Electric &amp; Gas Revenue Requirement</b>                                | <b>\$6,736,791</b>                          | <b>\$5,770,149</b>                          | <b>\$8,037,143</b>                          |
|          | Line 14 + Line 15   |   |   |   |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC Docket No. 4770**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2020**  
**AMI - Electric**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |   |
| 1  | Electric AMI Investments                                    | \$1,641,097                                 | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$1,641,097                                 | \$0   | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$1,641,097                                 | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$1,641,097                                 | \$1,641,097                                 | \$1,641,097                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$1,641,097                                 | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Plant in Service Including Cost of Removz</b>      | <b>\$1,641,097</b>                          | <b>\$1,641,097</b>                          | <b>\$1,641,097</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2020 Spend   | \$61,541                                    | \$118,471                                   | \$109,576                                   |
| 11   | Cumulative Tax Depreciation                                 | \$61,541                                    | \$180,012                                   | \$289,588                                   |
| <u>Book Depreciation</u>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 6.25%                                       | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation   | \$51,284                                    | \$102,569                                   | \$102,569                                   |
| 14   | Cumulative Book Depreciation                                | \$51,284                                    | \$153,853                                   | \$256,421                                   |
| 15   | Total Cumulative Book Depreciation                          | \$51,284                                    | \$153,853                                   | \$256,421                                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$10,257                                    | \$26,159                                    | \$33,167                                    |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$2,154                                     | \$5,493                                     | \$6,965                                     |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$1,169)                                   | (\$1,813)                                   | (\$799)                                     |
| 21   | Net Deferred Tax Reserve                                    | \$985                                       | \$3,680                                     | \$6,166                                     |
| <u>Rate Base Calculation:</u>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$1,641,097                                 | \$1,641,097                                 | \$1,641,097                                 |
| 23   | Accumulated Depreciation                                    | (\$51,284)                                  | (\$153,853)                                 | (\$256,421)                                 |
| 24   | Deferred Tax Reserve  | (\$985)                                     | (\$3,680)                                   | (\$6,166)                                   |
| 25   | Year End Rate Base  | \$1,588,828                                 | \$1,483,564                                 | \$1,378,510                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |   |
| 26   | Average Rate Base   | \$794,414                                   | \$1,536,196                                 | \$1,431,037                                 |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$69,908                                    | \$135,185                                   | \$125,931                                   |
| 29   | Book Depreciation   | \$51,284                                    | \$102,569                                   | \$102,569                                   |
| 30   | Property Taxes  | \$0   | \$52,121                                    | \$52,121                                    |
| 31   | <b>Annual Revenue Requiremen</b>                            | <b>\$121,193</b>                            | <b>\$289,875</b>                            | <b>\$280,621</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <b>100.00%</b> |        | <b>7.43%</b> | <b>1.37%</b> | <b>8.80%</b> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Electric Capital Investments  
AMI - Electric

| Line No.                          |   |                                    | Fiscal Year Ending | Fiscal Year Ending | Fiscal Year Ending |
|-----------------------------------|---|------------------------------------|--------------------|--------------------|--------------------|
|                                   |   |                                    | March 31, 2020     | March 31, 2021     | March 31, 2022     |
|                                   |   |                                    | (a)                | (b)                | (c)                |
| <u>Capital Repairs Deduction</u>  |   |                                    |                    |                    |                    |
| 1                                 | Plant Additions   | Page 5 of 31, Line 2               | \$1,641,097        |                    |                    |
| 2                                 | Capital Repairs Deduction Rate                                    | Per Tax Department                 | 0.00%              |                    |                    |
| 3                                 | Capital Repairs Deduction   | Line 1 * Line 2                    | \$0                |                    |                    |
| <u>Bonus Depreciation</u>         |   |                                    |                    |                    |                    |
| 4                                 | Plant Additions   | Line 1                             | \$1,641,097        |                    |                    |
| 5                                 | Less Capital Repairs Deduction                                    | Line 3                             | \$0                |                    |                    |
| 6                                 | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                    | \$1,641,097        |                    |                    |
| 7                                 | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                 | 100.00%            |                    |                    |
| 8                                 | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                    | \$1,641,097        |                    |                    |
| 9                                 | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 0%                       | 0.00%              |                    |                    |
| 10                                | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%                       | 0.00%              |                    |                    |
| 11                                | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                   | 0.00%              |                    |                    |
| 12                                | Bonus Depreciation  | Line 8 * Line 11                   | \$0                |                    |                    |
| <u>Remaining Tax Depreciation</u> |   |                                    |                    |                    |                    |
| 13                                | Plant Additions   | Line 1                             | \$1,641,097        |                    |                    |
| 14                                | Less Capital Repairs Deduction                                    | Line 3                             | \$0                |                    |                    |
| 15                                | Less Bonus Depreciation   | Line 12                            | \$0                |                    |                    |
| 16                                | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$1,641,097        | \$1,641,097        | \$1,641,097        |
| 17                                | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946            | 3.750%             | 7.219%             | 6.677%             |
| 18                                | Remaining Tax Depreciation  | Line 16 * Line 17                  | \$61,541           | \$118,471          | \$109,576          |
| 19                                | FY20 Loss incurred due to retirements                             | Per Tax Department                 | \$0                | \$0                | \$0                |
| 20                                | Cost of Removal   | Page 5 of 31, Line 7               | \$0                | \$0                | \$0                |
| 21                                | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20 | \$61,541           | \$118,471          | \$109,576          |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2021  
AMI - Electric

| Line No.   |   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |   |
| 1  | AMI Electric Investments                                    | Section 2, Page 27 of 27, Chart 11  | \$37,725,154                                |   |
| 2  | Total Estimated Capital Investment                          | Line 1  | \$37,725,154                                | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2  | \$37,725,154                                | \$0   |
| 4  | Retirements   | Line 4 * 0%   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6  | \$37,725,154                                | \$37,725,154                                |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | Line 2  | \$37,725,154                                | \$0   |
| 7  | Cost of Removal   |   | \$286,011                                   | \$0   |
| 8  | <b>Total Plant in Service Including Cost of Removal</b>     | <b>Line 6 + Line 7</b>  | <b>\$38,011,165</b>                         | <b>\$37,725,154</b>                         |
| <u>Tax Depreciation</u>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2021 Spend   | Page 8 of 31, Line 21   | \$1,700,704                                 | \$2,723,379                                 |
| 11   | Cumulative Tax Depreciation                                 | Previous Year Line 11 + Current Year Line 10  | \$1,700,704                                 | \$4,424,083                                 |
| <u>Book Depreciation</u>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770   | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50% ; Column (b) = Line 1 * Line 12                                 | \$1,178,911                                 | \$2,357,822                                 |
| 14   | Cumulative Book Depreciation                                | Previous Year Line 14 + Current Year Line 13  | \$1,178,911                                 | \$3,536,733                                 |
| 15   | Total Cumulative Book Depreciation                          | Sum of Lines 14   | \$1,178,911                                 | \$3,536,733                                 |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 14   | \$521,793                                   | \$887,350                                   |
| 17   | Effective Tax Rate  |   | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17   | \$109,577                                   | \$186,343                                   |
| 19   | Less: FY 2021 Federal NOL                                   |   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | Col (a) = , Line 40; Col (b) = Page 13 of 31, Line 40   | (\$26,882)                                  | (\$41,678)                                  |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20  | \$82,694                                    | \$144,665                                   |
| <u>Rate Base Calculation:</u>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8  | \$38,011,165                                | \$38,011,165                                |
| 23   | Accumulated Depreciation                                    | - Line 15   | (\$1,178,911)                               | (\$3,536,733)                               |
| 24   | Deferred Tax Reserve  | - Line 21   | (\$82,694)                                  | (\$144,665)                                 |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24  | \$36,749,559                                | \$34,329,766                                |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |   |
| 26   | Average Rate Base   | Column (a) = Current Year Line 37 ÷ 2; Column (b) = (Prior Year Line 37 + Current Year Line 37) ÷ 2 | \$18,374,780                                | \$35,539,663                                |
| 27   | Pre-Tax ROR   |   | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | Line 26 * Line 27   | \$1,616,981                                 | \$3,127,490                                 |
| 29   | Book Depreciation   | Line 13   | \$1,178,911                                 | \$2,357,822                                 |
| 30   | Property Taxes  | Tax Rate 3.176% MAL-7 - Columns (b) Line 8 * 3.176%   | \$0   | \$1,207,235                                 |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 through Line 30</b>  | <b>\$2,795,892</b>                          | <b>\$6,692,547</b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 4.69%  | 2.27% |       | 2.27%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.43% | 1.37% | 8.80%  |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Electric Capital Investments  
AMI - Electric

| Line<br>No. |   |                                    | Fiscal Year Ending<br><u>March 31, 2021</u><br>(a) | Fiscal Year Ending<br><u>March 31, 2022</u><br>(b) |
|-------------|---|------------------------------------|--|--|
|             | <u>Capital Repairs Deduction</u>                                  |                                    |  |  |
| 1           | Plant Additions   | Page 7 of 31, Line 2               | \$37,725,154                                       |  |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department                 | <u>0.00%</u>                                       |  |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2                    | \$0  |  |
|             | <u>Bonus Depreciation</u>   |                                    |  |  |
| 4           | Plant Additions   | Line 1                             | \$37,725,154                                       |  |
| 5           | Less Capital Repairs Deduction                                    | Line 3                             | <u>\$0</u>   |  |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                    | \$37,725,154                                       |  |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                 | <u>100.00%</u>                                     |  |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                    | \$37,725,154                                       |  |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%                                 | 0.00%  |  |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%                                 | <u>0.00%</u>                                       |  |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                   | 0.00%  |  |
| 12          | Bonus Depreciation  | Line 8 * Line 11                   | \$0  |  |
|             | <u>Remaining Tax Depreciation</u>                                 |                                    |  |  |
| 13          | Plant Additions   | Line 1                             | \$37,725,154                                       |  |
| 14          | Less Capital Repairs Deduction                                    | Line 3                             | \$0  |  |
| 15          | Less Bonus Depreciation   | Line 12                            | <u>\$0</u>   |  |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$37,725,154                                       | \$37,725,154                                       |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946            | <u>3.750%</u>                                      | <u>7.219%</u>                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17                  | \$1,414,693  | \$2,723,379  |
| 19          | FY21 Loss incurred due to retirements                             | Per Tax Department                 | \$0  | \$0  |
| 20          | Cost of Removal   | Page 7 of 31, Line 7               | \$286,011  | \$0  |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20 | <u>\$1,700,704</u>                                 | <u>\$2,723,379</u>                                 |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2022  
AMI - Electric

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)              |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | AMI Electric Investments                                    | Section 2, Page 27 of 27, Chart 11                       |
| 2  | Total Estimated Capital Investment                          | Line 1<br><u>\$66,783,096</u>                            |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$66,783,096                                   |
| 4  | Retirements   | Line 4 * 0%<br>\$0                                       |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5<br><u>\$66,783,096</u>      |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$66,783,096                                   |
| 7  | Cost of Removal   | \$590,067  |
| 8  | <b>Total Plant in Service Including Cost of Removal</b>     | <b>Line 6 + Line 7</b><br><u>\$67,373,163</u>            |
| <u>Tax Depreciation</u>                              |   |  |
| 9  | Vintage Year Tax Depreciation:                              |  |
| 10   | FY 2022 Spend   | Page 10 of 31, Line 21<br>\$3,094,433                    |
| 11   | Cumulative Tax Depreciation                                 | Prior Year Line 12 + Current Year Line 13<br>\$3,094,433 |
| <u>Book Depreciation</u>                             |   |  |
| 12   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>6.25%      |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$2,086,972       |
| 14   | Cumulative Book Depreciation                                | Prior Year Line 17 + Current Year Line 16<br>\$2,086,972 |
| 15   | Total Cumulative Book Depreciation                          | Sum of Lines 14<br><u>\$2,086,972</u>                    |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$1,007,461                         |
| 17   | Effective Tax Rate  | 21.00%   |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br><u>\$211,567</u>                    |
| 19   | Less: FY 2022 Federal NOL                                   | \$0  |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 13 of 31, Line 40<br><u>(\$47,589)</u>    |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br><u>\$163,978</u>           |
| <u>Rate Base Calculation:</u>                        |   |  |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$67,373,163                                   |
| 23   | Accumulated Depreciation                                    | - Line 15<br>(\$2,086,972)                               |
| 24   | Deferred Tax Reserve  | - Line 21<br>(\$163,978)                                 |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br><u>\$65,122,213</u>        |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 26   | Average Rate Base   | Column (a) = Current Year Line 27 ÷ 2<br>\$32,561,106    |
| 27   | Pre-Tax ROR   | 1/<br>8.80%  |
| 28   | Return and Taxes  | Line 26 * Line 27<br><u>\$2,865,377</u>                  |
| 29   | Book Depreciation   | Line 13<br>\$2,086,972                                   |
| 30   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0                             |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 through Line 30</b><br><u>\$4,952,349</u>     |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

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Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Electric Capital Investments  
AMI - Electric

| Line No. |   | Fiscal Year<br>March 31, 2022<br>(a)                               |
|----------|---|--|
|          | <u>Capital Repairs Deduction</u>                                  |  |
| 1        | Plant Additions   | Page 9 of 31, Line 2<br>\$66,783,096                               |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%  |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2<br><u>\$0</u>                                      |
|          | <u>Bonus Depreciation</u>   |  |
| 4        | Plant Additions   | Line 1<br>\$66,783,096   |
| 5        | Less Capital Repairs Deduction                                    | Line 3<br><u>\$0</u>   |
| 6        | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$66,783,096                                    |
| 7        | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                                      |
| 8        | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br><u>\$66,783,096</u>                             |
| 9        | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%<br>0.00%  |
| 10       | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%<br>0.00%  |
| 11       | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br><u>0.00%</u>                                   |
| 12       | Bonus Depreciation  | Line 8 * Line 11<br>\$0  |
|          | <u>Remaining Tax Depreciation</u>                                 |  |
| 13       | Plant Additions   | Line 1<br>\$66,783,096   |
| 14       | Less Capital Repairs Deduction                                    | Line 3<br>\$0  |
| 15       | Less Bonus Depreciation   | Line 12<br><u>\$0</u>  |
| 16       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$66,783,096                        |
| 17       | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>3.750%                                  |
| 18       | Remaining Tax Depreciation  | Line 16 * Line 17<br><u>\$2,504,366</u>                            |
| 19       | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0  |
| 20       | Cost of Removal   | \$590,067  |
| 21       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19,<br>and 20<br><u><u>\$3,094,433</u></u> |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Electric Proration  
AMI - Electric

| Line No. |  |                               | (a)= Column (b)             | (b)<br>Vintage Year<br>March 31, 2020 |
|----------|--|-------------------------------|-----------------------------|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>               |                               | <u>Total</u>                | <u>March 31, 2020</u>                 |
| 1        | Book Depreciation                                      | Page 5 of 31, Line 13         | \$51,284                    | \$51,284                              |
| 2        | Bonus Depreciation                                     | Page 6 of 31, Line 12         | \$0                         | \$0                                   |
| 3        | Remaining MACRS Tax Depreciation                       | Page 6 of 31, Line 18         | (\$61,541)                  | (\$61,541)                            |
| 4        | FY20 tax (gain)/loss on retirements                    | Page 6 of 31, Line 19         | \$0                         | \$0                                   |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4      | (\$10,257)                  | (\$10,257)                            |
| 6        | Effective Tax Rate                                     | Tax Department                | 21.00%                      | 21.00%                                |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6               | (\$2,154)                   | (\$2,154)                             |
|          | <b>Deferred Tax Not Subject to Proration</b>           |                               |                             |                                       |
| 8        | Capital Repairs Deduction                              | Page 6 of 31, Line 3          | \$0                         | \$0                                   |
| 9        | Cost of Removal  | Page 6 of 31, Line 20         | \$0                         | \$0                                   |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2020   |                               | \$0                         | \$0                                   |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10     | \$0                         | \$0                                   |
| 12       | Effective Tax Rate                                     |                               | 21.00%                      | 21.00%                                |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12             | \$0                         | \$0                                   |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13              | (\$2,154)                   | (\$2,154)                             |
| 15       | Net Operating Loss                                     |                               | \$0                         | \$0                                   |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15             | (\$2,154)                   | (\$2,154)                             |
|          | <b>Allocation of FY 2020 Estimated Federal NOL</b>     |                               |                             |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5              | (\$10,257)                  | (\$10,257)                            |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                       | \$0                         | \$0                                   |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18             | (\$10,257)                  | (\$10,257)                            |
| 20       | Total FY 2020 Federal NOL                              |                               | \$0                         | \$0                                   |
| 21       | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20 | \$0                         | \$0                                   |
| 22       | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20 | \$0                         | \$0                                   |
| 23       | Effective Tax Rate                                     |                               | 21.00%                      | 21.00%                                |
| 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              | (\$2,154)                   | (\$2,154)                             |
|          |  | (i)                      (j)  |                             |                                       |
|          |  | <u>Number of Days in</u>      |                             |                                       |
|          |  | <u>Month</u>                  | <u>Proration Percentage</u> | (k)= Sum of (l)                       |
| 26       | April 2019   | 30                            | 91.78%                      | (\$165)                               |
| 27       | May 2019   | 31                            | 83.29%                      | (\$149)                               |
| 28       | June 2019  | 30                            | 75.07%                      | (\$135)                               |
| 29       | July 2019  | 31                            | 66.58%                      | (\$119)                               |
| 30       | August 2019  | 31                            | 58.08%                      | (\$104)                               |
| 31       | September 2019   | 30                            | 49.86%                      | (\$90)                                |
| 32       | October 2019   | 31                            | 41.37%                      | (\$74)                                |
| 33       | November 2019  | 30                            | 33.15%                      | (\$60)                                |
| 34       | December 2019  | 31                            | 24.66%                      | (\$44)                                |
| 35       | January 2020   | 31                            | 16.16%                      | (\$29)                                |
| 36       | February 2020  | 28                            | 8.49%                       | (\$15)                                |
| 37       | March 2020   | 31                            | 0.00%                       | \$0                                   |
| 38       | Total  | 365                           |                             | (\$985)                               |
| 39       | Deferred Tax Without Proration                         | Line 25                       | (\$2,154)                   | (\$2,154)                             |
| 40       | Proration Adjustment                                   | Line 38 - Line 39             | \$1,169                     | \$1,169                               |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Electric Proration**  
**AMI - Electric**

| Line No.   | Description  | (a)=Sum of (b) through (c)                                       | (b)<br>Vintage Year<br><u>March 31, 2021</u> | (c)<br>Vintage Year<br><u>March 31, 2020</u> |            |           |
|--|--|--|--|--|------------|-----------|
| <b>Deferred Tax Subject to Proration</b>           |  |  |  |  |            |           |
| 1  | Book Depreciation                                      | Col (b) = Page 7 of 31, Line 13; Col (c) = Page 5 of 31, Line 13 | \$1,281,480                                  | \$1,178,911                                  |            |           |
| 2  | Bonus Depreciation                                     | Page 8 of 31, Line 12  | \$0  | \$0  |            |           |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 8 of 31, Line 18; Col (c) = Page 6 of 31, Line 18 | (\$1,533,164)                                | (\$1,414,693)                                |            |           |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 8 of 31, Line 19; Col (c) = Page 6 of 31, Line 19 | \$0  | \$0  |            |           |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3                                       | (\$251,684)                                  | (\$235,782)                                  |            |           |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                                       | 21.00%                                       |            |           |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$52,854)                                   | (\$49,514)                                   |            |           |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |  |  |            |           |
| 8  | Capital Repairs Deduction                              | Page 8 of 31, Line 3   | \$0  | \$0  |            |           |
| 9  | Cost of Removal  | Page 8 of 31, Line 20  | (\$286,011)                                  | (\$286,011)                                  |            |           |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0  | \$0  |            |           |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | (\$286,011)                                  | (\$286,011)                                  |            |           |
| 12   | Effective Tax Rate                                     |  | 21.00%                                       | 21.00%                                       |            |           |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | (\$60,062)                                   | (\$60,062)                                   |            |           |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$112,916)                                  | (\$109,577)                                  |            |           |
| 15   | Net Operating Loss                                     |  | \$0  | \$0  |            |           |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$112,916)                                  | (\$109,577)                                  |            |           |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |  |  |            |           |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$235,782)                                  | (\$235,782)                                  |            |           |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | (\$286,011)                                  | (\$286,011)                                  |            |           |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$521,793)                                  | (\$521,793)                                  |            |           |
| 20   | Total FY 2021 Federal NOL                              |  | \$0  | \$0  |            |           |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                                    | \$0  | \$0  |            |           |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                                    | \$0  | \$0  |            |           |
| 23   | Effective Tax Rate                                     |  | 21.00%                                       | 21.00%                                       |            |           |
| 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   | (\$52,854)                                   | (\$49,514)                                   |            |           |
| (i) (j)  |  |  |  |  |            |           |
| <b>Proration Calculation</b>                       |  |  |  |  |            |           |
|  |  | <u>Number of Days in Month</u>                                   | <u>Proration Percentage</u>                  | (k)= Sum of (l) through (m)                  | (l)        | (m)       |
| 26   | April 2020   | 30   | 91.78%                                       | (\$4,042)                                    | (\$3,787)  | (\$255)   |
| 27   | May 2020   | 31   | 83.29%                                       | (\$3,668)                                    | (\$3,437)  | (\$232)   |
| 28   | June 2020  | 30   | 75.07%                                       | (\$3,306)                                    | (\$3,097)  | (\$209)   |
| 29   | July 2020  | 31   | 66.58%                                       | (\$2,932)                                    | (\$2,747)  | (\$185)   |
| 30   | August 2020  | 31   | 58.08%                                       | (\$2,558)                                    | (\$2,397)  | (\$162)   |
| 31   | September 2020   | 30   | 49.86%                                       | (\$2,196)                                    | (\$2,057)  | (\$139)   |
| 32   | October 2020   | 31   | 41.37%                                       | (\$1,822)                                    | (\$1,707)  | (\$115)   |
| 33   | November 2020  | 30   | 33.15%                                       | (\$1,460)                                    | (\$1,368)  | (\$92)    |
| 34   | December 2020  | 31   | 24.66%                                       | (\$1,086)                                    | (\$1,017)  | (\$69)    |
| 35   | January 2021   | 31   | 16.16%                                       | (\$712)                                      | (\$667)    | (\$45)    |
| 36   | February 2021  | 28   | 8.49%  | (\$374)                                      | (\$350)    | (\$24)    |
| 37   | March 2021   | 31   | 0.00%  | \$0  | \$0        | \$0       |
| 38   | Total  | 365  |  | (\$24,158)                                   | (\$22,632) | (\$1,526) |
| 39   | Deferred Tax Without Proration                         | Line 25  |  | (\$52,854)                                   | (\$49,514) | (\$3,340) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |  | \$28,695                                     | \$26,882   | \$1,813   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Electric Proration**  
AMI - Electric

| Line No.   | Deferred Tax Subject to Proration                      |  | (a)=Sum of (b) through (d)  | (b)                            | (c)                            | (d)                            |           |
|--|--|--|-----------------------------|--------------------------------|--------------------------------|--------------------------------|-----------|
|  |  |  | Total                       | Vintage Year<br>March 31, 2022 | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |           |
| 1  | Book Depreciation                                      | Col (b) = Page 9 of 31, Line 13; Col (c) = Page 7 of 31, Line 13; Col (d) = Page 5 of 31, Line 13  | \$4,547,362                 | \$2,086,972                    | \$2,357,822                    | \$102,569                      |           |
| 2  | Bonus Depreciation                                     | Page 10 of 31, Line 12   | \$0                         | \$0                            |                                |                                |           |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 10 of 31, Line 18; Col (c) = Page 8 of 31, Line 18; Col (d) = Page 6 of 31, Line 18 | (\$5,337,321)               | (\$2,504,366)                  | (\$2,723,379)                  | (\$109,576)                    |           |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 10 of 31, Line 19; Col (c) = Page 8 of 31, Line 19; Col (d) = Page 6 of 31, Line 19 | \$0                         | \$0                            | \$0                            | \$0                            |           |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$789,959)                 | (\$417,394)                    | (\$365,557)                    | (\$7,007)                      |           |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                      | 21.00%                         | 21.00%                         | 21.00%                         |           |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$165,891)                 | (\$87,653)                     | (\$76,767)                     | (\$1,472)                      |           |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                             |                                |                                |                                |           |
| 8  | Capital Repairs Deduction                              | Page 10 of 31, Line 19   | \$0                         | \$0                            |                                |                                |           |
| 9  | Cost of Removal  | Page 10 of 31, Line 20   | (\$590,067)                 | (\$590,067)                    |                                |                                |           |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0                         | \$0                            |                                |                                |           |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | (\$590,067)                 | (\$590,067)                    |                                |                                |           |
| 12   | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                         |                                |                                |           |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | (\$123,914)                 | (\$123,914)                    |                                |                                |           |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$289,805)                 | (\$211,567)                    | (\$76,767)                     | (\$1,472)                      |           |
| 15   | Net Operating Loss                                     |  | \$0                         | \$0                            | \$0                            | \$0                            |           |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$289,805)                 | (\$211,567)                    | (\$76,767)                     | (\$1,472)                      |           |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                             |                                |                                |                                |           |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$417,394)                 | (\$417,394)                    |                                |                                |           |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | (\$590,067)                 | (\$590,067)                    |                                |                                |           |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$1,007,461)               | (\$1,007,461)                  |                                |                                |           |
| 20   | Total FY 2022 Federal NOL                              |  | \$0                         | \$0                            |                                |                                |           |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                         | \$0                            |                                |                                |           |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                         | \$0                            |                                |                                |           |
| 23   | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                         |                                |                                |           |
| 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   | (\$165,891)                 | (\$87,653)                     | (\$76,767)                     | (\$1,472)                      |           |
| <b>Proration Calculation</b>                       |  |  |                             |                                |                                |                                |           |
|  |  | (i)  | (j)                         | (k)= Sum of (l) through (n)    | (l)                            | (m)                            | (n)       |
|  |  | <u>Number of Days in</u>   |                             |                                |                                |                                |           |
|  |  | <u>Month</u>   | <u>Proration Percentage</u> |                                |                                |                                |           |
| 26   | April 2021   | 30   | 91.78%                      | (\$12,688)                     | (\$6,704)                      | (\$5,871)                      | (\$113)   |
| 27   | May 2021   | 31   | 83.29%                      | (\$11,514)                     | (\$6,084)                      | (\$5,328)                      | (\$102)   |
| 28   | June 2021  | 30   | 75.07%                      | (\$10,378)                     | (\$5,483)                      | (\$4,802)                      | (\$92)    |
| 29   | July 2021  | 31   | 66.58%                      | (\$9,204)                      | (\$4,863)                      | (\$4,259)                      | (\$82)    |
| 30   | August 2021  | 31   | 58.08%                      | (\$8,029)                      | (\$4,243)                      | (\$3,716)                      | (\$71)    |
| 31   | September 2021   | 30   | 49.86%                      | (\$6,893)                      | (\$3,642)                      | (\$3,190)                      | (\$61)    |
| 32   | October 2021   | 31   | 41.37%                      | (\$5,719)                      | (\$3,022)                      | (\$2,647)                      | (\$51)    |
| 33   | November 2021  | 30   | 33.15%                      | (\$4,583)                      | (\$2,421)                      | (\$2,121)                      | (\$41)    |
| 34   | December 2021  | 31   | 24.66%                      | (\$3,409)                      | (\$1,801)                      | (\$1,577)                      | (\$30)    |
| 35   | January 2022   | 31   | 16.16%                      | (\$2,235)                      | (\$1,181)                      | (\$1,034)                      | (\$20)    |
| 36   | February 2022  | 28   | 8.49%                       | (\$1,174)                      | (\$620)                        | (\$543)                        | (\$10)    |
| 37   | March 2022   | 31   | 0.00%                       | \$0                            | \$0                            | \$0                            | \$0       |
| 38   | Total  | 365  |                             | (\$75,825)                     | (\$40,064)                     | (\$35,088)                     | (\$673)   |
| 39   | Deferred Tax Without Proration                         | Line 25  |                             | (\$165,891)                    | (\$87,653)                     | (\$76,767)                     | (\$1,472) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                             | \$90,066                       | \$47,589                       | \$41,678                       | \$799     |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Gas Capital Investment 12 months ending March 31, 2020**  
**AMI - Gas**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <b>Estimated Capital Investment</b>                  |   |   |   |   |
| 1  | AMI Gas Investments   | \$659,941                                   | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$659,941                                   | \$0   | \$0   |
| <b>Depreciable Net Capital Included in Rate Base</b> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$659,941                                   | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$659,941                                   | \$659,941                                   | \$659,941                                   |
| <b>Change in Net Capital Included in Rate Base</b>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$659,941                                   | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>\$659,941</b>                            | <b>\$659,941</b>                            | <b>\$659,941</b>                            |
| <b>Tax Depreciation</b>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2020 Spend   | \$24,748                                    | \$47,641                                    | \$44,064                                    |
| 11   | Cumulative Tax Depreciation                                 | \$24,748                                    | \$72,389                                    | \$116,453                                   |
| <b>Book Depreciation</b>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 6.25%                                       | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation   | \$20,623                                    | \$41,246                                    | \$41,246                                    |
| 14   | Cumulative Book Depreciation                                | \$20,623                                    | \$61,869                                    | \$103,116                                   |
| 15   | Total Cumulative Book Depreciation                          | \$20,623                                    | \$61,869                                    | \$103,116                                   |
| <b>Deferred Tax Calculation:</b>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$4,125                                     | \$10,520                                    | \$13,337                                    |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$866                                       | \$2,209                                     | \$2,801                                     |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$470)                                     | (\$729)                                     | (\$321)                                     |
| 21   | Net Deferred Tax Reserve                                    | \$396                                       | \$1,480                                     | \$2,480                                     |
| <b>Rate Base Calculation:</b>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$659,941                                   | \$659,941                                   | \$659,941                                   |
| 23   | Accumulated Depreciation                                    | (\$20,623)                                  | (\$61,869)                                  | (\$103,116)                                 |
| 24   | Deferred Tax Reserve  | (\$396)                                     | (\$1,480)                                   | (\$2,480)                                   |
| 25   | Year End Rate Base  | \$638,922                                   | \$596,592                                   | \$554,346                                   |
| <b>Revenue Requirement Calculation:</b>              |   |   |   |   |
| 26   | Average Rate Base   | \$319,461                                   | \$617,757                                   | \$575,469                                   |
| 27   | Pre-Tax ROR   | 9.04%                                       | 9.04%                                       | 9.04%                                       |
| 28   | Return and Taxes  | \$28,879                                    | \$55,845                                    | \$52,022                                    |
| 29   | Book Depreciation   | \$20,623                                    | \$41,246                                    | \$41,246                                    |
| 30   | Property Taxes  | \$0   | \$20,960                                    | \$20,960                                    |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>\$49,502</b>                             | <b>\$118,051</b>                            | <b>\$114,228</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-GAS

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 5.18%  | 2.51%        |              | 2.51%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <b>100.00%</b> |        | <b>7.67%</b> | <b>1.37%</b> | <b>9.04%</b> |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Gas Capital Investments  
AMI - Gas

| Line No.                          |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|-----------------------------------|---|---|---|---|
| <u>Capital Repairs Deduction</u>  |   |   |   |   |
| 1                                 | Plant Additions   | Page 14 of 31, Line 2                       | \$659,941                                   |   |
| 2                                 | Capital Repairs Deduction Rate                                    | Per Tax Department                          | 0.00%                                       |   |
| 3                                 | Capital Repairs Deduction   | Line 1 * Line 2                             | <u>\$0</u>                                  |   |
| <u>Bonus Depreciation</u>         |   |   |   |   |
| 4                                 | Plant Additions   | Line 1                                      | \$659,941                                   |   |
| 5                                 | Less Capital Repairs Deduction                                    | Line 3                                      | \$0   |   |
| 6                                 | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                             | <u>\$659,941</u>                            |   |
| 7                                 | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                          | 100.00%                                     |   |
| 8                                 | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                             | <u>\$659,941</u>                            |   |
| 9                                 | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 0%                                | 0.00%                                       |   |
| 10                                | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%                                | 0.00%                                       |   |
| 11                                | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                            | <u>0.00%</u>                                |   |
| 12                                | Bonus Depreciation  | Line 8 * Line 11                            | \$0   |   |
| <u>Remaining Tax Depreciation</u> |   |   |   |   |
| 13                                | Plant Additions   | Line 1                                      | \$659,941                                   |   |
| 14                                | Less Capital Repairs Deduction                                    | Line 3                                      | \$0   |   |
| 15                                | Less Bonus Depreciation   | Line 12                                     | <u>\$0</u>                                  |   |
| 16                                | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15                 | \$659,941                                   | \$659,941                                   |
| 17                                | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946                     | 3.750%                                      | 7.219%                                      |
| 18                                | Remaining Tax Depreciation  | Line 16 * Line 17                           | <u>\$24,748</u>                             | <u>\$47,641</u>                             |
| 19                                | FY20 Loss incurred due to retirements                             | Per Tax Department                          | \$0   | \$0   |
| 20                                | Cost of Removal   | Page 14 of 31, Line 7                       | \$0   | \$0   |
| 21                                | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20          | <u>\$24,748</u>                             | <u>\$47,641</u>                             |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Gas Capital Investment 12 months ending March 31, 2021  
AMI - Gas

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | AMI Gas Investments   | \$1,501,671                                 |   |
| 2  | Total Estimated Capital Investment                          | \$1,501,671                                 | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$1,501,671                                 | \$0   |
| 4  | Retirements   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$1,501,671                                 | \$1,501,671                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$1,501,671                                 | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>\$1,501,671</b>                          | <b>\$1,501,671</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |
| 10   | FY 2021 Spend   | \$56,313                                    | \$108,406                                   |
| 11   | Cumulative Tax Depreciation                                 | \$56,313                                    | \$164,719                                   |
| <u>Book Depreciation</u>                             |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation   | \$46,927                                    | \$93,854                                    |
| 14   | Cumulative Book Depreciation                                | \$46,927                                    | \$140,782                                   |
| 15   | Total Cumulative Book Depreciation                          | \$46,927                                    | \$140,782                                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$9,386                                     | \$23,937                                    |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$1,971                                     | \$5,027                                     |
| 19   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$1,070)                                   | (\$1,659)                                   |
| 21   | Net Deferred Tax Reserve                                    | \$901                                       | \$3,368                                     |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$1,501,671                                 | \$1,501,671                                 |
| 23   | Accumulated Depreciation                                    | (\$46,927)                                  | (\$140,782)                                 |
| 24   | Deferred Tax Reserve  | (\$901)                                     | (\$3,368)                                   |
| 25   | Year End Rate Base  | \$1,453,843                                 | \$1,357,522                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 26   | Average Rate Base   | \$726,922                                   | \$1,405,683                                 |
| 27   | Pre-Tax ROR   | 9.04%                                       | 9.04%                                       |
| 28   | Return and Taxes  | \$65,714                                    | \$127,074                                   |
| 29   | Book Depreciation   | \$46,927                                    | \$93,854                                    |
| 30   | Property Taxes  | \$0   | \$47,693                                    |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>\$112,641</b>                            | <b>\$268,621</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-GAS

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 5.18%  | 2.51%        |              | 2.51%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.67%</u> | <u>1.37%</u> | <u>9.04%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Gas Capital Investments  
AMI - Gas

| Line No. |   |                                    | Fiscal Year Ending | Fiscal Year Ending |
|----------|---|------------------------------------|--------------------|--------------------|
|          |   |                                    | March 31, 2021     | March 31, 2022     |
|          |   |                                    | (a)                | (b)                |
|          | <u>Capital Repairs Deduction</u>                                  |                                    |                    |                    |
| 1        | Plant Additions   | Page 16 of 31, Line 2              | \$1,501,671        |                    |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department                 | 0.00%              |                    |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2                    | \$0                |                    |
|          | <u>Bonus Depreciation</u>   |                                    |                    |                    |
| 4        | Plant Additions   | Line 1                             | \$1,501,671        |                    |
| 5        | Less Capital Repairs Deduction                                    | Line 3                             | \$0                |                    |
| 6        | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                    | \$1,501,671        |                    |
| 7        | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                 | 100.00%            |                    |
| 8        | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                    | \$1,501,671        |                    |
| 9        | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%                                 | 0.00%              |                    |
| 10       | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%                                 | 0.00%              |                    |
| 11       | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                   | 0.00%              |                    |
| 12       | Bonus Depreciation  | Line 8 * Line 11                   | \$0                |                    |
|          | <u>Remaining Tax Depreciation</u>                                 |                                    |                    |                    |
| 13       | Plant Additions   | Line 1                             | \$1,501,671        |                    |
| 14       | Less Capital Repairs Deduction                                    | Line 3                             | \$0                |                    |
| 15       | Less Bonus Depreciation   | Line 12                            | \$0                |                    |
| 16       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$1,501,671        | \$1,501,671        |
| 17       | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946            | 3.750%             | 7.219%             |
| 18       | Remaining Tax Depreciation  | Line 16 * Line 17                  | \$56,313           | \$108,406          |
| 19       | FY21 Loss incurred due to retirements                             | Per Tax Department                 | \$0                | \$0                |
| 20       | Cost of Removal   | Page 16 of 31, Line 7              | \$0                | \$0                |
| 21       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20 | \$56,313           | \$108,406          |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Revenue Requirement on Estimated Gas Capital Investment 12 months ending March 31, 2022  
AMI - Gas

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)              |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | AMI Gas Investments   | \$317,321  |
| 2  | Total Estimated Capital Investment                          | Sum of Line 1<br>\$317,321                               |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$317,321                                      |
| 4  | Retirements   | Line 4 * 0%<br>\$0                                       |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5<br>\$317,321                |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$317,321                                      |
| 7  | Cost of Removal   | \$0  |
| 8  | <b>Total Net Plant in Service</b>                           | <b>Line 6 + Line 7<br/>\$317,321</b>                     |
| <u>Tax Depreciation</u>                              |   |  |
| 9  | Vintage Year Tax Depreciation:                              |  |
| 10   | FY 2022 Spend   | Page 10 of 31, Line 21<br>\$11,900                       |
| 11   | Cumulative Tax Depreciation                                 | Previous Year Line 11 + Current Year Line 10<br>\$11,900 |
| <u>Book Depreciation</u>                             |   |  |
| 12   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>6.25%      |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$9,916           |
| 14   | Cumulative Book Depreciation                                | Previous Year Line 14 + Current Year Line 13<br>\$9,916  |
| 15   | Total Cumulative Book Depreciation                          | Sum of Lines 14<br>\$9,916                               |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$1,984                             |
| 17   | Effective Tax Rate  | 21.00%   |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br>\$417                               |
| 19   | Less: FY 2022 Federal NOL                                   | \$0  |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 22 of 31, Line 40<br>(\$226)              |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br>\$190                      |
| <u>Rate Base Calculation:</u>                        |   |  |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$317,321                                      |
| 23   | Accumulated Depreciation                                    | - Line 15<br>(\$9,916)                                   |
| 24   | Deferred Tax Reserve  | - Line 21<br>(\$190)                                     |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br>\$307,215                  |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 26   | Average Rate Base   | Column (a) = Current Year Line 27 ÷ 2<br>\$153,607       |
| 27   | Pre-Tax ROR   | 1/<br>9.04%  |
| 28   | Return and Taxes  | Line 26 * Line 27<br>\$13,886                            |
| 29   | Book Depreciation   | Line 13<br>\$9,916                                       |
| 30   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0                             |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 through Line 30<br/>\$23,802</b>              |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-GAS

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 5.18%  | 2.51%        |              | 2.51%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.67%</u> | <u>1.37%</u> | <u>9.04%</u> |

**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Gas Capital Investments**  
**AMI - Gas**

| Line<br>No. |   | Fiscal Year Ending<br><u>March 31, 2022</u><br>(a) |
|-------------|---|--|
|             | <u>Capital Repairs Deduction</u>                                  |  |
| 1           | Plant Additions   | Page 18 of 31, Line 2<br>\$317,321                 |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                        |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                             |
|             | <u>Bonus Depreciation</u>   |  |
| 4           | Plant Additions   | Line 1<br>\$317,321                                |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$317,321                       |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                      |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$317,321                       |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%<br>0.00%  |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%<br>0.00%  |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                          |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                            |
|             | <u>Remaining Tax Depreciation</u>                                 |  |
| 13          | Plant Additions   | Line 1<br>\$317,321                                |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                     |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$317,321           |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>3.750%                  |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$11,900                      |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0                          |
| 20          | Cost of Removal   | Page 18 of 31, Line 7<br>\$0                       |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20<br>\$11,900  |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Gas Proration**  
**AMI - Gas**

| Line No. |   | (a)= Column (b)                    | (b)<br>Vintage Year<br>March 31, 2020 |
|----------|---|------------------------------------|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>  | <u>Total</u>                       | <u>March 31, 2020</u>                 |
| 1        | Book Depreciation<br>Page 14 of 31, Line 13   | \$20,623                           | \$20,623                              |
| 2        | Bonus Depreciation<br>Page 15 of 31, Line 12  | \$0                                | \$0                                   |
| 3        | Remaining MACRS Tax Depreciation<br>Page 15 of 31, Line 18                              | (\$24,748)                         | (\$24,748)                            |
| 4        | FY20 tax (gain)/loss on retirements<br>Page 15 of 31, Line 19                           | \$0                                | \$0                                   |
| 5        | Cumulative Book / Tax Timer<br>Sum of Lines 1 through 4                                 | (\$4,125)                          | (\$4,125)                             |
| 6        | Effective Tax Rate<br>Tax Department  | 21.00%                             | 21.00%                                |
| 7        | Deferred Tax Reserve<br>Line 5 * Line 6   | (\$866)                            | (\$866)                               |
|          | <b>Deferred Tax Not Subject to Proration</b>  |                                    |                                       |
| 8        | Capital Repairs Deduction<br>Page 15 of 31, Line 3                                      | \$0                                | \$0                                   |
| 9        | Cost of Removal<br>Page 15 of 31, Line 20   | \$0                                | \$0                                   |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2020                                    | \$0                                | \$0                                   |
| 11       | Cumulative Book / Tax Timer<br>Line 8 + Line 9 + Line 10                                | \$0                                | \$0                                   |
| 12       | Effective Tax Rate  | 21.00%                             | 21.00%                                |
| 13       | Deferred Tax Reserve<br>Line 11 * Line 12   | \$0                                | \$0                                   |
| 14       | Total Deferred Tax Reserve<br>Line 7 + Line 13  | (\$866)                            | (\$866)                               |
| 15       | Net Operating Loss  | \$0                                | \$0                                   |
| 16       | Net Deferred Tax Reserve<br>Line 14 + Line 15   | (\$866)                            | (\$866)                               |
|          | <b>Allocation of FY 2020 Estimated Federal NOL</b>                                      |                                    |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration<br>Col (b) = Line 5                      | (\$4,125)                          | (\$4,125)                             |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration<br>Line 11                           | \$0                                | \$0                                   |
| 19       | Total Cumulative Book/Tax Timer<br>Line 17 + Line 18                                    | (\$4,125)                          | (\$4,125)                             |
| 20       | Total FY 2020 Federal NOL   | \$0                                | \$0                                   |
| 21       | Allocated FY 2020 Federal NOL Not Subject to Proration<br>(Line 18 / Line 19) * Line 20 | \$0                                | \$0                                   |
| 22       | Allocated FY 2020 Federal NOL Subject to Proration<br>(Line 17 / Line 19) * Line 20     | \$0                                | \$0                                   |
| 23       | Effective Tax Rate  | 21.00%                             | 21.00%                                |
| 24       | Deferred Tax Benefit subject to proration<br>Line 22 * Line 23                          | \$0                                | \$0                                   |
| 25       | Net Deferred Tax Reserve subject to proration<br>Line 7 + Line 24                       | (\$866)                            | (\$866)                               |
|          |   | (i)                                | (j)                                   |
|          | <b>Proration Calculation</b>  | <u>Number of Days in<br/>Month</u> | <u>Proration Percentage</u>           |
| 26       | April 2019  | 30                                 | 91.78%                                |
| 27       | May 2019  | 31                                 | 83.29%                                |
| 28       | June 2019   | 30                                 | 75.07%                                |
| 29       | July 2019   | 31                                 | 66.58%                                |
| 30       | August 2019   | 31                                 | 58.08%                                |
| 31       | September 2019  | 30                                 | 49.86%                                |
| 32       | October 2019  | 31                                 | 41.37%                                |
| 33       | November 2019   | 30                                 | 33.15%                                |
| 34       | December 2019   | 31                                 | 24.66%                                |
| 35       | January 2020  | 31                                 | 16.16%                                |
| 36       | February 2020   | 28                                 | 8.49%                                 |
| 37       | March 2020  | 31                                 | 0.00%                                 |
| 38       | Total   | 365                                |                                       |
|          |   |                                    | (k)= Sum of (l)                       |
|          |   |                                    | (l)                                   |
| 26       |   | (\$66)                             | (\$66)                                |
| 27       |   | (\$60)                             | (\$60)                                |
| 28       |   | (\$54)                             | (\$54)                                |
| 29       |   | (\$48)                             | (\$48)                                |
| 30       |   | (\$42)                             | (\$42)                                |
| 31       |   | (\$36)                             | (\$36)                                |
| 32       |   | (\$30)                             | (\$30)                                |
| 33       |   | (\$24)                             | (\$24)                                |
| 34       |   | (\$18)                             | (\$18)                                |
| 35       |   | (\$12)                             | (\$12)                                |
| 36       |   | (\$6)                              | (\$6)                                 |
| 37       |   | \$0                                | \$0                                   |
| 38       |   | (\$396)                            | (\$396)                               |
| 39       | Deferred Tax Without Proration<br>Line 25   | (\$866)                            | (\$866)                               |
| 40       | Proration Adjustment<br>Line 38 - Line 39   | \$470                              | \$470                                 |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC Docket No. 4770**  
**Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Gas Proration**  
**AMI - Gas**

| Line No.   |  |   | (a)=Sum of (b)<br>through (c) | (b)<br>Vintage Year<br>March 31, 2021 | (c)<br>Vintage Year<br>March 31, 2020 |
|--|--|---|-------------------------------|---------------------------------------|---------------------------------------|
| <b>Deferred Tax Subject to Proration</b>           |  |   |                               |                                       |                                       |
| 1  | Book Depreciation                                      | Col (b) = Page 16 of 31, Line 13; Col (c) =<br>Page 14 of 31, Line 13 | \$88,174                      | \$46,927                              | \$41,246                              |
| 2  | Bonus Depreciation                                     | Page 17 of 31, Line 12  | \$0                           | \$0                                   |                                       |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 17 of 31, Line 18; Col (c) =<br>Page 15 of 31, Line 18 | (\$103,954)                   | (\$56,313)                            | (\$47,641)                            |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 17 of 31, Line 19; Col (c) =<br>Page 15 of 31, Line 19 | \$0                           | \$0                                   | \$0                                   |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3  | (\$15,780)                    | (\$9,386)                             | (\$6,395)                             |
| 6  | Effective Tax Rate                                     | Tax Department  | 21.00%                        | 21.00%                                | 21.00%                                |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6   | (\$3,314)                     | (\$1,971)                             | (\$1,343)                             |
| <b>Deferred Tax Not Subject to Proration</b>       |  |   |                               |                                       |                                       |
| 8  | Capital Repairs Deduction                              | Page 17 of 31, Line 3   | \$0                           | \$0                                   | \$0                                   |
| 9  | Cost of Removal  | Page 17 of 31, Line 20  | \$0                           | \$0                                   | \$0                                   |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |   | \$0                           | \$0                                   | \$0                                   |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10   | \$0                           | \$0                                   | \$0                                   |
| 12   | Effective Tax Rate                                     |   | 21.00%                        | 21.00%                                | 21.00%                                |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12   | \$0                           | \$0                                   | \$0                                   |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13  | (\$3,314)                     | (\$1,971)                             | (\$1,343)                             |
| 15   | Net Operating Loss                                     |   | \$0                           | \$0                                   | \$0                                   |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15   | (\$3,314)                     | (\$1,971)                             | (\$1,343)                             |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |   |                               |                                       |                                       |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5  | (\$9,386)                     | (\$9,386)                             |                                       |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11   | \$0                           | \$0                                   |                                       |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18   | (\$9,386)                     | (\$9,386)                             |                                       |
| 20   | Total FY 2021 Federal NOL                              |   | \$0                           | \$0                                   |                                       |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20   | \$0                           | \$0                                   |                                       |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20   | \$0                           | \$0                                   |                                       |
| 23   | Effective Tax Rate                                     |   | 21.00%                        | 21.00%                                |                                       |
| 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  | (\$3,314)                     | (\$1,971)                             | (\$1,343)                             |
| (i) (j)  |  |   |                               |                                       |                                       |
| <b>Proration Calculation</b>                       |  |   |                               |                                       |                                       |
|  |  | <u>Number of Days in</u>  |                               | (k)= Sum of (l)<br>through (m)        |                                       |
|  |  | <u>Month</u>  | <u>Proration Percentage</u>   | (l)                                   | (m)                                   |
| 26   | April 2020   | 30  | 91.78%                        | (\$253)                               | (\$151)                               |
| 27   | May 2020   | 31  | 83.29%                        | (\$230)                               | (\$137)                               |
| 28   | June 2020  | 30  | 75.07%                        | (\$207)                               | (\$123)                               |
| 29   | July 2020  | 31  | 66.58%                        | (\$184)                               | (\$109)                               |
| 30   | August 2020  | 31  | 58.08%                        | (\$160)                               | (\$95)                                |
| 31   | September 2020   | 30  | 49.86%                        | (\$138)                               | (\$82)                                |
| 32   | October 2020   | 31  | 41.37%                        | (\$114)                               | (\$68)                                |
| 33   | November 2020  | 30  | 33.15%                        | (\$92)                                | (\$54)                                |
| 34   | December 2020  | 31  | 24.66%                        | (\$68)                                | (\$41)                                |
| 35   | January 2021   | 31  | 16.16%                        | (\$45)                                | (\$27)                                |
| 36   | February 2021  | 28  | 8.49%                         | (\$23)                                | (\$14)                                |
| 37   | March 2021   | 31  | 0.00%                         | \$0                                   | \$0                                   |
| 38   | Total  | 365   |                               | (\$1,515)                             | (\$901)                               |
| 39   | Deferred Tax Without Proration                         | Line 25   | (\$3,314)                     | (\$1,971)                             | (\$1,343)                             |
| 40   | Proration Adjustment                                   | Line 38 - Line 39   | \$1,799                       | \$1,070                               | \$729                                 |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
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**Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness**  
**SUPPLEMENTAL JOINT PRE-FILED TESTIMONY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Gas Proration**  
**AMI - Gas**

| Line No.   | Deferred Tax Subject to Proration                      |  | (a)=Sum of (b) through (d)      | (b)                            | (c)                            | (d)                            |         |
|--|--|--|---------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
|  |  |  | Total                           | Vintage Year<br>March 31, 2022 | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |         |
| 1  | Book Depreciation                                      | Col (b) = Page 18 of 31, Line 13; Col (c) = Page 16 of 31, Line 13; Col (d) = Page 14 of 31, Line 13 | \$145,017                       | \$9,916                        | \$93,854                       | \$41,246                       |         |
| 2  | Bonus Depreciation                                     | Page 19 of 31, Line 12   | \$0                             | \$0                            |                                |                                |         |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 19 of 31, Line 18; Col (c) = Page 17 of 31, Line 18; Col (d) = Page 15 of 31, Line 18 | (\$164,370)                     | (\$11,900)                     | (\$108,406)                    | (\$44,064)                     |         |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 19 of 31, Line 19; Col (c) = Page 17 of 31, Line 19; Col (d) = Page 15 of 31, Line 19 | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$19,353)                      | (\$1,984)                      | (\$14,552)                     | (\$2,818)                      |         |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                          | 21.00%                         | 21.00%                         | 21.00%                         |         |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$4,064)                       | (\$417)                        | (\$3,056)                      | (\$592)                        |         |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                                 |                                |                                |                                |         |
| 8  | Capital Repairs Deduction                              | Page 19 of 31, Line 3  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 9  | Cost of Removal  | Page 19 of 31, Line 20   | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 12   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                         | 21.00%                         | 21.00%                         |         |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$4,064)                       | (\$417)                        | (\$3,056)                      | (\$592)                        |         |
| 15   | Net Operating Loss                                     |  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$4,064)                       | (\$417)                        | (\$3,056)                      | (\$592)                        |         |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                                 |                                |                                |                                |         |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$1,984)                       | (\$1,984)                      |                                |                                |         |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                             | \$0                            |                                |                                |         |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$1,984)                       | (\$1,984)                      |                                |                                |         |
| 20   | Total FY 2022 Federal NOL                              |  | \$0                             | \$0                            |                                |                                |         |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                             | \$0                            |                                |                                |         |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                             | \$0                            |                                |                                |         |
| 23   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                         |                                |                                |         |
| 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   | (\$4,064)                       | (\$417)                        | (\$3,056)                      | (\$592)                        |         |
| <b>Proration Calculation</b>                       |  |  |                                 |                                |                                |                                |         |
|  |  | (i) <u>Number of Days in Month</u>   | (j) <u>Proration Percentage</u> | (k)= Sum of (l) through (n)    | (l)                            | (m)                            | (n)     |
| 26   | April 2021   | 30   | 91.78%                          | (\$311)                        | (\$32)                         | (\$234)                        | (\$45)  |
| 27   | May 2021   | 31   | 83.29%                          | (\$282)                        | (\$29)                         | (\$212)                        | (\$41)  |
| 28   | June 2021  | 30   | 75.07%                          | (\$254)                        | (\$26)                         | (\$191)                        | (\$37)  |
| 29   | July 2021  | 31   | 66.58%                          | (\$225)                        | (\$23)                         | (\$170)                        | (\$33)  |
| 30   | August 2021  | 31   | 58.08%                          | (\$197)                        | (\$20)                         | (\$148)                        | (\$29)  |
| 31   | September 2021   | 30   | 49.86%                          | (\$169)                        | (\$17)                         | (\$127)                        | (\$25)  |
| 32   | October 2021   | 31   | 41.37%                          | (\$140)                        | (\$14)                         | (\$105)                        | (\$20)  |
| 33   | November 2021  | 30   | 33.15%                          | (\$112)                        | (\$12)                         | (\$84)                         | (\$16)  |
| 34   | December 2021  | 31   | 24.66%                          | (\$84)                         | (\$9)                          | (\$63)                         | (\$12)  |
| 35   | January 2022   | 31   | 16.16%                          | (\$55)                         | (\$6)                          | (\$41)                         | (\$8)   |
| 36   | February 2022  | 28   | 8.49%                           | (\$29)                         | (\$3)                          | (\$22)                         | (\$4)   |
| 37   | March 2022   | 31   | 0.00%                           | \$0                            | \$0                            | \$0                            | \$0     |
| 38   | Total  | 365  |                                 | (\$1,858)                      | (\$190)                        | (\$1,397)                      | (\$270) |
| 39   | Deferred Tax Without Proration                         | Line 25  |                                 | (\$4,064)                      | (\$417)                        | (\$3,056)                      | (\$592) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                                 | \$2,206                        | \$226                          | \$1,659                        | \$321   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2020  
AMI - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |   |
| 1  | AMI IS Investments  | \$0   | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$0   | \$0   | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$0   | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$0   | \$0   | \$0   |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$0   | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>\$0</b>                                  | <b>\$0</b>                                  | <b>\$0</b>                                  |
| <u>Tax Depreciation</u>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2020 Spend   | \$0   | \$0   | \$0   |
| 11   | Cumulative Tax Depreciation                                 | \$0   | \$0   | \$0   |
| <u>Book Depreciation</u>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 14.29%                                      | 14.29%                                      | 14.29%                                      |
| 13   | Book Depreciation   | \$0   | \$0   | \$0   |
| 14   | Cumulative Book Depreciation                                | \$0   | \$0   | \$0   |
| 15   | Total Cumulative Book Depreciation                          | \$0   | \$0   | \$0   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$0   | \$0   | \$0   |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$0   | \$0   | \$0   |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | \$0   | \$0   | \$0   |
| 21   | Net Deferred Tax Reserve                                    | \$0   | \$0   | \$0   |
| <u>Rate Base Calculation:</u>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$0   | \$0   | \$0   |
| 23   | Accumulated Depreciation                                    | \$0   | \$0   | \$0   |
| 24   | Deferred Tax Reserve  | \$0   | \$0   | \$0   |
| 25   | Year End Rate Base  | \$0   | \$0   | \$0   |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |   |
| 26   | Average Rate Base   | \$0   | \$0   | \$0   |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$0   | \$0   | \$0   |
| 29   | Book Depreciation   | \$0   | \$0   | \$0   |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>\$0</b>                                  | <b>\$0</b>                                  | <b>\$0</b>                                  |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 50.00%  | 3.70%  | 1.85% |       | 1.85%  |
| Short Term Debt | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Preferred Stock | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.00%  | 10.10% | 5.05% | 1.90% | 6.95%  |
|                 | 100.00% |        | 6.90% | 1.90% | 8.80%  |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 IS Capital Investments  
AMI - IS

| Line<br>No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|-------------|---|---|---|---|
|             | <u>Capital Repairs Deduction</u>                                  |   |   |   |
| 1           | Plant Additions   | Page 23 of 31, Line 2                       | \$0   |   |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department                          | 0.00%                                       |   |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2                             | \$0   |   |
|             | <u>Bonus Depreciation</u>   |   |   |   |
| 4           | Plant Additions   | Line 1                                      | \$0   |   |
| 5           | Less Capital Repairs Deduction                                    | Line 3                                      | \$0   |   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                             | \$0   |   |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                          | 100.00%                                     |   |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                             | \$0   |   |
| 9           | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 100%                              | 75.00%                                      |   |
| 10          | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%                                | 0.00%                                       |   |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                            | 75.00%                                      |   |
| 12          | Bonus Depreciation  | Line 8 * Line 11                            | \$0   |   |
|             | <u>Remaining Tax Depreciation</u>                                 |   |   |   |
| 13          | Plant Additions   | Line 1                                      | \$0   |   |
| 14          | Less Capital Repairs Deduction                                    | Line 3                                      | \$0   |   |
| 15          | Less Bonus Depreciation   | Line 12                                     | \$0   |   |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15                 | \$0   | \$0   |
| 17          | 3 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946                     | 33.33%                                      | 44.45%                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17                           | \$0   | \$0   |
| 19          | FY20 Loss incurred due to retirements                             | Per Tax Department                          | \$0   | \$0   |
| 20          | Cost of Removal   | Page 23 of 31, Line 7                       | \$0   | \$0   |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20       | \$0   | \$0   |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2021  
AMI - IS**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | AMI IS Investments  | \$11,203,661                                |   |
| 2  | Total Estimated Capital Investment                          | \$11,203,661                                | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$11,203,661                                | \$0   |
| 4  | Retirements   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$11,203,661                                | \$11,203,661                                |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$11,203,661                                | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>\$11,203,661</b>                         | <b>\$11,203,661</b>                         |
| <u>Tax Depreciation</u>                              |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |
| 10   | FY 2021 Spend   | \$3,734,180                                 | \$4,980,027                                 |
| 11   | Cumulative Tax Depreciation                                 | \$3,734,180                                 | \$8,714,207                                 |
| <u>Book Depreciation</u>                             |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 14.29%                                      | 14.29%                                      |
| 13   | Book Depreciation   | \$800,262                                   | \$1,600,523                                 |
| 14   | Cumulative Book Depreciation                                | \$800,262                                   | \$2,400,785                                 |
| 15   | Total Cumulative Book Depreciation                          | \$800,262                                   | \$2,400,785                                 |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$2,933,918                                 | \$6,313,422                                 |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$616,123                                   | \$1,325,819                                 |
| 19   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$334,507)                                 | (\$385,310)                                 |
| 21   | Net Deferred Tax Reserve                                    | \$281,616                                   | \$940,509                                   |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$11,203,661                                | \$11,203,661                                |
| 23   | Accumulated Depreciation                                    | (\$800,262)                                 | (\$2,400,785)                               |
| 24   | Deferred Tax Reserve  | (\$281,616)                                 | (\$940,509)                                 |
| 25   | Year End Rate Base  | \$10,121,784                                | \$7,862,368                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 26   | Average Rate Base   | \$5,060,892                                 | \$8,992,076                                 |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$445,358                                   | \$791,303                                   |
| 29   | Book Depreciation   | \$800,262                                   | \$1,600,523                                 |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>\$1,245,620</b>                          | <b>\$2,391,826</b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 50.00%  | 3.70%  | 1.85% |       | 1.85%  |
| Short Term Debt | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Preferred Stock | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.00%  | 10.10% | 5.05% | 1.90% | 6.95%  |
|                 | 100.00% |        | 6.90% | 1.90% | 8.80%  |

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 IS Capital Investments**  
**AMI - IS**

| Line No. |   |                                    | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|----------|---|------------------------------------|---|---|
|          | <u>Capital Repairs Deduction</u>                                  |                                    |   |   |
| 1        | Plant Additions   | Page 25 of 31, Line 2              | \$11,203,661                                |   |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department                 | 0.00%                                       |   |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2                    | \$0   |   |
|          | <u>Bonus Depreciation</u>   |                                    |   |   |
| 4        | Plant Additions   | Line 1                             | \$11,203,661                                |   |
| 5        | Less Capital Repairs Deduction                                    | Line 3                             | \$0   |   |
| 6        | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                    | \$11,203,661                                |   |
| 7        | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                 | 100.00%                                     |   |
| 8        | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                    | \$11,203,661                                |   |
| 9        | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%                                 | 0.00%                                       |   |
| 10       | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%                                 | 0.00%                                       |   |
| 11       | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                   | 0.00%                                       |   |
| 12       | Bonus Depreciation  | Line 8 * Line 11                   | \$0   |   |
|          | <u>Remaining Tax Depreciation</u>                                 |                                    |   |   |
| 13       | Plant Additions   | Line 1                             | \$11,203,661                                |   |
| 14       | Less Capital Repairs Deduction                                    | Line 3                             | \$0   |   |
| 15       | Less Bonus Depreciation   | Line 12                            | \$0   |   |
| 16       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$11,203,661                                | \$11,203,661                                |
| 17       | 3 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946            | 33.33%                                      | 44.45%                                      |
| 18       | Remaining Tax Depreciation  | Line 16 * Line 17                  | \$3,734,180                                 | \$4,980,027                                 |
| 19       | FY21 Loss incurred due to retirements                             | Per Tax Department                 | \$0   | \$0   |
| 20       | Cost of Removal   | Page 25 of 31, Line 7              | \$0   | \$0   |
| 21       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20 | \$3,734,180                                 | \$4,980,027                                 |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2022  
AMI - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)          |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | AMI IS Investments  | \$0  |
| 2  | Total Estimated Capital Investment                          | Sum of Line 1<br>\$0                                 |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$0  |
| 4  | Retirements   | Line 4 * 0%<br>\$0                                   |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5<br>\$0                  |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$0  |
| 7  | Cost of Removal   | \$0  |
| 8  | <b>Total Net Plant in Service</b>                           | <b>Line 6 + Line 7<br/>\$0</b>                       |
| <u>Tax Depreciation</u>                              |   |  |
| 9  | Vintage Year Tax Depreciation:                              |  |
| 10   | FY 2022 Spend   | Page 10 of 31, Line 21<br>\$0                        |
| 11   | Cumulative Tax Depreciation                                 | Previous Year Line 11 + Current Year Line 10<br>\$0  |
| <u>Book Depreciation</u>                             |   |  |
| 12   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>14.29% |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$0           |
| 14   | Cumulative Book Depreciation                                | Previous Year Line 14 + Current Year Line 13<br>\$0  |
| 15   | Total Cumulative Book Depreciation                          | Sum of Lines 14<br>\$0                               |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$0                             |
| 17   | Effective Tax Rate  | 21.00%   |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br>\$0                             |
| 19   | Less: FY 2022 Federal NOL                                   | \$0  |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 31 of 31, Line 40<br>\$0              |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br>\$0                    |
| <u>Rate Base Calculation:</u>                        |   |  |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$0  |
| 23   | Accumulated Depreciation                                    | - Line 15<br>\$0                                     |
| 24   | Deferred Tax Reserve  | - Line 21<br>\$0                                     |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br>\$0                    |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 26   | Average Rate Base   | Column (a) = Current Year Line 27 ÷ 2<br>\$0         |
| 27   | Pre-Tax ROR   | 1/<br>8.80%  |
| 28   | Return and Taxes  | Line 26 * Line 27<br>\$0                             |
| 29   | Book Depreciation   | Line 13<br>\$0                                       |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 + Line 29<br/>\$0</b>                     |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <u>100.00%</u> |        | <u>6.90%</u> | <u>1.90%</u> | <u>8.80%</u> |

**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 IS Capital Investments**  
**AMI - IS**

| Line<br>No. |   | Fiscal Year Ending<br><u>March 31, 2022</u><br>(a) |
|-------------|---|--|
|             | <u>Capital Repairs Deduction</u>                                  |  |
| 1           | Plant Additions   | Page 27 of 31, Line 2<br>\$0                       |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                        |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                             |
|             | <u>Bonus Depreciation</u>   |  |
| 4           | Plant Additions   | Line 1<br>\$0                                      |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$0                             |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                      |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$0                             |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%<br>0.00%  |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%<br>0.00%  |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                          |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                            |
|             | <u>Remaining Tax Depreciation</u>                                 |  |
| 13          | Plant Additions   | Line 1<br>\$0                                      |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                     |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$0                 |
| 17          | 3 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946<br>33.33%                  |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$0                           |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0                          |
| 20          | Cost of Removal   | Page 27 of 31, Line 7<br>\$0                       |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20<br>\$0       |

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve IS Proration  
AMI - IS

| Line No. | Description  | (a)= Column (b)                           | (b)<br>Vintage Year<br>March 31, 2020 |
|----------|--|---|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>               | <u>Total</u>                              |                                       |
| 1        | Book Depreciation                                      | Page 23 of 31, Line 13                    | \$0                                   |
| 2        | Bonus Depreciation                                     | Page 24 of 31, Line 12                    | \$0                                   |
| 3        | Remaining MACRS Tax Depreciation                       | Page 24 of 31, Line 18                    | \$0                                   |
| 4        | FY20 tax (gain)/loss on retirements                    | Page 24 of 31, Line 19                    | \$0                                   |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4                  | \$0                                   |
| 6        | Effective Tax Rate                                     | Tax Department                            | 21.00%                                |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6                           | \$0                                   |
|          | <b>Deferred Tax Not Subject to Proration</b>           |   |                                       |
| 8        | Capital Repairs Deduction                              | Page 24 of 31, Line 3                     | \$0                                   |
| 9        | Cost of Removal  | Page 24 of 31, Line 20                    | \$0                                   |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2020   |   | \$0                                   |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10                 | \$0                                   |
| 12       | Effective Tax Rate                                     |   | 21.00%                                |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12                         | \$0                                   |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13                          | \$0                                   |
| 15       | Net Operating Loss                                     |   | \$0                                   |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15                         | \$0                                   |
|          | <b>Allocation of FY 2020 Estimated Federal NOL</b>     |   |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5                          | \$0                                   |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                                   | \$0                                   |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18                         | \$0                                   |
| 20       | Total FY 2020 Federal NOL                              |   | \$0                                   |
| 21       | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20             | \$0                                   |
| 22       | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20             | \$0                                   |
| 23       | Effective Tax Rate                                     | Tax Department                            | 21.00%                                |
| 24       | Deferred Tax Benefit subject to proration              | Line 22 * Line 23                         | \$0                                   |
| 25       | Net Deferred Tax Reserve subject to proration          | Line 7 + Line 24                          | \$0                                   |
|          | <b>Proration Calculation</b>                           |   |                                       |
|          |  | (i)                      (j)              |                                       |
|          |  | <u>Number of Days in</u> <u>Proration</u> |                                       |
|          |  | <u>Month</u>                              | <u>Percentage</u>                     |
|          |  |   | (k)= Sum of (l)      (l)              |
| 26       | April 2019   | 30  | 91.78%                                |
| 27       | May 2019   | 31  | 83.29%                                |
| 28       | June 2019  | 30  | 75.07%                                |
| 29       | July 2019  | 31  | 66.58%                                |
| 30       | August 2019  | 31  | 58.08%                                |
| 31       | September 2019   | 30  | 49.86%                                |
| 32       | October 2019   | 31  | 41.37%                                |
| 33       | November 2019  | 30  | 33.15%                                |
| 34       | December 2019  | 31  | 24.66%                                |
| 35       | January 2020   | 31  | 16.16%                                |
| 36       | February 2020  | 28  | 8.49%                                 |
| 37       | March 2020   | 31  | 0.00%                                 |
| 38       | Total  | 365                                       | \$0                                   |
| 39       | Deferred Tax Without Proration                         | Line 25                                   | \$0                                   |
| 40       | Proration Adjustment                                   | Line 38 - Line 39                         | \$0                                   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve IS Proration**  
**AMI - IS**

| Line No.   |  |  | (a)=Sum of (b)              | (b)                   | (c)                   |     |
|--|--|--|-----------------------------|-----------------------|-----------------------|-----|
|  |  |  | through (c)                 | Vintage Year          | Vintage Year          |     |
|  |  |  | <u>Total</u>                | <u>March 31, 2021</u> | <u>March 31, 2020</u> |     |
| <b>Deferred Tax Subject to Proration</b>           |  |  |                             |                       |                       |     |
| 1  | Book Depreciation                                      | Col (b) = Page 25 of 31, Line 13; Col (c) = Page 23 of 31, Line 13 | \$800,262                   | \$800,262             | \$0                   |     |
| 2  | Bonus Depreciation                                     | Page 26 of 31, Line 12   | \$0                         | \$0                   |                       |     |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 26 of 31, Line 18; Col (c) = Page 24 of 31, Line 18 | (\$3,734,180)               | (\$3,734,180)         | \$0                   |     |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 26 of 31, Line 19; Col (c) = Page 24 of 31, Line 19 | \$0                         | \$0                   | \$0                   |     |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$2,933,918)               | (\$2,933,918)         | \$0                   |     |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                      | 21.00%                | 21.00%                |     |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$616,123)                 | (\$616,123)           | \$0                   |     |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                             |                       |                       |     |
| 8  | Capital Repairs Deduction                              | Page 26 of 31, Line 3  | \$0                         | \$0                   |                       |     |
| 9  | Cost of Removal  | Page 26 of 31, Line 20   | \$0                         | \$0                   |                       |     |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                         | \$0                   |                       |     |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                         | \$0                   |                       |     |
| 12   | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                |                       |     |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                         | \$0                   |                       |     |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$616,123)                 | (\$616,123)           | \$0                   |     |
| 15   | Net Operating Loss                                     |  | \$0                         | \$0                   | \$0                   |     |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$616,123)                 | (\$616,123)           | \$0                   |     |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |                             |                       |                       |     |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$2,933,918)               | (\$2,933,918)         |                       |     |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                         | \$0                   |                       |     |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$2,933,918)               | (\$2,933,918)         |                       |     |
| 20   | Total FY 2021 Federal NOL                              |  | \$0                         | \$0                   |                       |     |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                                      | \$0                         | \$0                   |                       |     |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                                      | \$0                         | \$0                   |                       |     |
| 23   | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                |                       |     |
| 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   | (\$616,123)                 | (\$616,123)           | \$0                   |     |
| (i) (j)  |  |  |                             |                       |                       |     |
| <b>Proration Calculation</b>                       |  |  |                             |                       |                       |     |
|  |  | <u>Number of Days in</u>   | <u>Proration Percentage</u> | (k)= Sum of (l)       | (l)                   | (m) |
|  |  | <u>Month</u>   |                             | through (m)           |                       |     |
| 26   | April 2020   | 30   | 91.78%                      | (\$47,124)            | (\$47,124)            | \$0 |
| 27   | May 2020   | 31   | 83.29%                      | (\$42,763)            | (\$42,763)            | \$0 |
| 28   | June 2020  | 30   | 75.07%                      | (\$38,543)            | (\$38,543)            | \$0 |
| 29   | July 2020  | 31   | 66.58%                      | (\$34,182)            | (\$34,182)            | \$0 |
| 30   | August 2020  | 31   | 58.08%                      | (\$29,821)            | (\$29,821)            | \$0 |
| 31   | September 2020   | 30   | 49.86%                      | (\$25,601)            | (\$25,601)            | \$0 |
| 32   | October 2020   | 31   | 41.37%                      | (\$21,241)            | (\$21,241)            | \$0 |
| 33   | November 2020  | 30   | 33.15%                      | (\$17,021)            | (\$17,021)            | \$0 |
| 34   | December 2020  | 31   | 24.66%                      | (\$12,660)            | (\$12,660)            | \$0 |
| 35   | January 2021   | 31   | 16.16%                      | (\$8,299)             | (\$8,299)             | \$0 |
| 36   | February 2021  | 28   | 8.49%                       | (\$4,361)             | (\$4,361)             | \$0 |
| 37   | March 2021   | 31   | 0.00%                       | \$0                   | \$0                   | \$0 |
| 38   | Total  | 365  |                             | (\$281,616)           | (\$281,616)           | \$0 |
| 39   | Deferred Tax Without Proration                         | Line 25  |                             | (\$616,123)           | (\$616,123)           | \$0 |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                             | \$334,507             | \$334,507             | \$0 |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve IS Proration**  
**AMI - IS**

| Line No.   | Deferred Tax Subject to Proration                      |  | (a)=Sum of (b) through (d)  | (b)                            | (c)                            | (d)                            |     |
|--|--|--|-----------------------------|--------------------------------|--------------------------------|--------------------------------|-----|
|  |  |  | Total                       | Vintage Year<br>March 31, 2022 | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |     |
| 1  | Book Depreciation                                      | Col (b) = Page 27 of 31, Line 13; Col (c) = Page 25 of 31, Line 13; Col (d) = Page 23 of 31, Line 13 | \$1,600,523                 | \$0                            | \$1,600,523                    | \$0                            |     |
| 2  | Bonus Depreciation                                     | Page 28 of 31, Line 12   | \$0                         | \$0                            |                                |                                |     |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 28 of 31, Line 18; Col (c) = Page 26 of 31, Line 18; Col (d) = Page 24 of 31, Line 18 | (\$4,980,027)               | \$0                            | (\$4,980,027)                  | \$0                            |     |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 28 of 31, Line 19; Col (c) = Page 26 of 31, Line 19; Col (d) = Page 24 of 31, Line 19 | \$0                         | \$0                            | \$0                            | \$0                            |     |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$3,379,504)               | \$0                            | (\$3,379,504)                  | \$0                            |     |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                      | 21.00%                         | 21.00%                         | 21.00%                         |     |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$709,696)                 | \$0                            | (\$709,696)                    | \$0                            |     |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                             |                                |                                |                                |     |
| 8  | Capital Repairs Deduction                              | Page 28 of 31, Line 3  | \$0                         | \$0                            |                                |                                |     |
| 9  | Cost of Removal  | Page 26 of 31, Line 20   | \$0                         | \$0                            |                                |                                |     |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0                         | \$0                            |                                |                                |     |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                         | \$0                            |                                |                                |     |
| 12   | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                         |                                |                                |     |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                         | \$0                            |                                |                                |     |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$709,696)                 | \$0                            | (\$709,696)                    | \$0                            |     |
| 15   | Net Operating Loss                                     |  | \$0                         | \$0                            | \$0                            | \$0                            |     |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$709,696)                 | \$0                            | (\$709,696)                    | \$0                            |     |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                             |                                |                                |                                |     |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | \$0                         | \$0                            |                                |                                |     |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                         | \$0                            |                                |                                |     |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | \$0                         | \$0                            |                                |                                |     |
| 20   | Total FY 2022 Federal NOL                              |  | \$0                         | \$0                            |                                |                                |     |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                         | \$0                            |                                |                                |     |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                         | \$0                            |                                |                                |     |
| 23   | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                         |                                |                                |     |
| 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   | (\$709,696)                 | \$0                            | (\$709,696)                    | \$0                            |     |
| <b>Proration Calculation</b>                       |  |  |                             |                                |                                |                                |     |
|  |  | (i)  | (j)                         | (k)= Sum of (l) through (n)    | (l)                            | (m)                            | (n) |
|  |  | <u>Number of Days in</u>   | <u>Proration Percentage</u> |                                |                                |                                |     |
| 26   | April 2021   | 30   | 91.78%                      | (\$54,280)                     | \$0                            | (\$54,280)                     | \$0 |
| 27   | May 2021   | 31   | 83.29%                      | (\$49,257)                     | \$0                            | (\$49,257)                     | \$0 |
| 28   | June 2021  | 30   | 75.07%                      | (\$44,396)                     | \$0                            | (\$44,396)                     | \$0 |
| 29   | July 2021  | 31   | 66.58%                      | (\$39,374)                     | \$0                            | (\$39,374)                     | \$0 |
| 30   | August 2021  | 31   | 58.08%                      | (\$34,351)                     | \$0                            | (\$34,351)                     | \$0 |
| 31   | September 2021   | 30   | 49.86%                      | (\$29,490)                     | \$0                            | (\$29,490)                     | \$0 |
| 32   | October 2021   | 31   | 41.37%                      | (\$24,467)                     | \$0                            | (\$24,467)                     | \$0 |
| 33   | November 2021  | 30   | 33.15%                      | (\$19,606)                     | \$0                            | (\$19,606)                     | \$0 |
| 34   | December 2021  | 31   | 24.66%                      | (\$14,583)                     | \$0                            | (\$14,583)                     | \$0 |
| 35   | January 2022   | 31   | 16.16%                      | (\$9,560)                      | \$0                            | (\$9,560)                      | \$0 |
| 36   | February 2022  | 28   | 8.49%                       | (\$5,023)                      | \$0                            | (\$5,023)                      | \$0 |
| 37   | March 2022   | 31   | 0.00%                       | \$0                            | \$0                            | \$0                            | \$0 |
| 38   | Total  | 365  |                             | (\$324,386)                    | \$0                            | (\$324,386)                    | \$0 |
| 39   | Deferred Tax Without Proration                         | Line 25  |                             | (\$709,696)                    | \$0                            | (\$709,696)                    | \$0 |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                             | \$385,310                      | \$0                            | \$385,310                      | \$0 |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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THE NARRAGANSETT ELECTRIC COMPANY  
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Appendix 10.5 - AMI Shared  
Power Sector Transformation (PST)  
Fiscal Years 2020 - 2022 Investment

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| Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Gas Proration                                 | 20 Page 20 of 31 |
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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI  
Annual Revenue Requirement General Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Electric Operation and Maintenance (O&M) Expenses:                                    |   |   |   |
| 1        | AMI Costs   | \$ 3,180,226                                | \$ 2,285,684                                | \$ 4,235,568                                |
| 2        | CMS Costs   | \$ -  | \$ -  | \$ -  |
| 3        | Meter Data Service Costs  | \$ -  | \$ 389,698                                  | \$ 802,778                                  |
| 4        | Customer Engagement Plans Costs   | \$ 925,740                                  | \$ 3,394,245                                | \$ 2,004,136                                |
| 5        | IS Costs - Electric   | \$ 1,114,327                                | \$ 1,452,916                                | \$ 3,117,347                                |
| 6        | <b>Total Electric O&amp;M costs</b>   | <b>\$ 5,220,293</b>                         | <b>\$ 7,522,544</b>                         | <b>\$ 10,159,829</b>                        |
|          | Sum of Lines 1 through 5  |   |   |   |
|          | Gas Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 7        | AMI Costs   | \$ 1,058,542                                | \$ 1,999                                    | \$ 3,080                                    |
| 8        | CMS Costs   | \$ -  | \$ -  | \$ -  |
| 9        | Meter Data Service Costs  | \$ -  | \$ 119,534                                  | \$ 246,239                                  |
| 10       | Customer Engagement Plans Costs   | \$ -  | \$ -  | \$ -  |
| 11       | IS Costs - Gas  | \$ 605,579                                  | \$ 524,139                                  | \$ 496,453                                  |
| 12       | <b>Total Gas O&amp;M costs</b>  | <b>\$ 1,664,121</b>                         | <b>\$ 645,672</b>                           | <b>\$ 745,772</b>                           |
|          | Sum of Lines 7 through 11   |   |   |   |
|          | <b>Total O&amp;M costs</b>  | <b>\$ 6,884,414</b>                         | <b>\$ 8,168,216</b>                         | <b>\$ 10,905,601</b>                        |
|          | Electric Capital Investment:  |   |   |   |
| 13       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$108,971                                   | \$260,642                                   | \$252,321                                   |
| 14       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$2,938,614                                 | \$6,938,558                                 |
| 16       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$4,889,954                                 |
| 17       | <b>Total Electric Capital Investment Component of Revenue Requirement</b>             | <b>\$108,971</b>                            | <b>\$3,199,256</b>                          | <b>\$12,080,833</b>                         |
|          | Sum of Lines 13 through 16  |   |   |   |
|          | Gas Capital Investment:   |   |   |   |
| 18       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$42,756                                    | \$101,963                                   | \$98,661                                    |
| 19       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$202,067                                   | \$430,838                                   |
| 21       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$21,494                                    |
| 22       | <b>Total Gas Capital Investment Component of Revenue Requirement</b>                  | <b>\$42,756</b>                             | <b>\$304,030</b>                            | <b>\$550,993</b>                            |
|          | Sum of Lines 18 through 21  |   |   |   |
| 23       | <b>Total Electric Revenue Requirement</b>   | <b>\$ 5,329,264</b>                         | <b>\$ 10,721,800</b>                        | <b>\$ 22,240,662</b>                        |
|          | Line 6 + Line 17  |   |   |   |
| 24       | <b>Total Gas Revenue Requirement</b>  | <b>\$ 1,706,877</b>                         | <b>\$ 949,702</b>                           | <b>\$ 1,296,765</b>                         |
|          | Line 12 + Line 22   |   |   |   |
| 25       | <b>Total Electric &amp; Gas Revenue Requirement</b>                                   | <b>\$ 7,036,141</b>                         | <b>\$11,671,502</b>                         | <b>\$23,537,427</b>                         |
|          | Line 23 + Line 24   |   |   |   |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI - Electric  
Annual Revenue Requirement Electric Summary

| Line No. |   | Fiscal Year Ending<br><u>March 31, 2020</u><br>(a) | Fiscal Year Ending<br><u>March 31, 2021</u><br>(b) | Fiscal Year Ending<br><u>March 31, 2022</u><br>(c) |
|----------|---|--|--|--|
|          | Operation and Maintenance (O&M) Expenses:   |  |  |  |
| 1        | AMI Costs   | \$ 3,180,226                                       | \$ 2,285,684                                       | \$ 4,235,568                                       |
| 2        | CMS Costs   | \$ -   | \$ -   | \$ -   |
| 3        | Meter Data Service Costs  | \$ -   | \$ 389,698   | \$ 802,778   |
| 4        | Customer Engagement Plans Costs   | \$ 925,740   | \$ 3,394,245                                       | \$ 2,004,136                                       |
| 5        | <b>Total O&amp;M costs</b>  | <b>\$ 4,105,966</b>                                | <b>\$ 6,069,628</b>                                | <b>\$ 7,042,482</b>                                |
|          | Sum of Lines 1 through 4  |  |  |  |
|          | Capital Investment:   |  |  |  |
| 6        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$ 108,971   | \$ 260,642   | \$ 252,321   |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |  | \$ 2,736,438                                       | \$ 6,550,342                                       |
| 8        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |  |  | \$ 4,889,954                                       |
| 9        | <b>Total Capital Investment Component of Revenue Requirement</b>                      | <b>\$ 108,971</b>                                  | <b>\$ 2,997,080</b>                                | <b>\$ 11,692,617</b>                               |
|          | Sum of Lines 6 through 8  |  |  |  |
| 10       | <b>Total Revenue Requirement</b>  | <b>\$ 4,214,937</b>                                | <b>\$ 9,066,708</b>                                | <b>\$ 18,735,099</b>                               |
|          | Line 5 + Line 9   |  |  |  |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI - Gas  
Annual Revenue Requirement Gas Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Operation and Maintenance (O&M) Expenses:   |   |   |   |
| 1        | AMI Costs   | \$1,058,542                                 | \$1,999                                     | \$3,080                                     |
| 2        | CMS Costs   | \$0   | \$0   | \$0   |
| 3        | Meter Data Service Costs  | \$0   | \$119,534                                   | \$246,239                                   |
| 4        | Customer Engagement Plans Costs   | \$0   | \$0   | \$0   |
| 5        | <b>Total O&amp;M costs</b>  | <b>\$1,058,542</b>                          | <b>\$121,533</b>                            | <b>\$249,320</b>                            |
|          | Sum of Lines 1 through 4  |   |   |   |
|          | Capital Investment:   |   |   |   |
| 6        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$42,756                                    | \$101,963                                   | \$98,661                                    |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$92,195                                    | \$219,863                                   |
| 8        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$21,494                                    |
| 9        |   |   |   |   |
| 10       | <b>Total Capital Investment Component of Revenue Requirement</b>                      | <b>\$42,756</b>                             | <b>\$194,158</b>                            | <b>\$340,017</b>                            |
|          | Sum of Lines 7 through 9  |   |   |   |
| 11       | <b>Total Revenue Requirement</b>  | <b>\$1,101,298</b>                          | <b>\$315,691</b>                            | <b>\$589,337</b>                            |
|          | Line 5 + Line 10  |   |   |   |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
AMI - IS  
Annual Revenue Requirement IS Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | IS Operation and Maintenance (O&M) Expenses:  |   |   |   |
| 1        | IS Costs - Electric   | \$ 1,114,327                                | \$ 1,452,916                                | \$ 3,117,347                                |
| 2        | IS Costs - Gas  | \$ 605,579                                  | \$ 524,139                                  | \$ 496,453                                  |
| 3        | <b>Total IS O&amp;M costs</b>   | <b>\$ 1,719,906</b>                         | <b>\$ 1,977,055</b>                         | <b>\$ 3,613,799</b>                         |
|          | Sum of Lines 1 through 2  |   |   |   |
| 4        | IS Electric Capital Investment:   |   |   |   |
| 5        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$0   | \$0   | \$0   |
| 6        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$202,176                                   | \$388,216                                   |
| 7        | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$0   |
| 8        | <b>Total IS Electric Capital Investment Component of Revenue Requirement</b>          | <b>\$0</b>                                  | <b>\$202,176</b>                            | <b>\$388,216</b>                            |
|          | Sum of Lines 5 through 7  |   |   |   |
| 9        | IS Gas Capital Investment:  |   |   |   |
| 10       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2020 Capital Investment | \$0   | \$0   | \$0   |
| 11       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2021 Capital Investment |   | \$109,872                                   | \$210,975                                   |
| 12       | Estimated Revenue Requirement on Fiscal Year Ending March 31, 2022 Capital Investment |   |   | \$0   |
| 13       | <b>Total IS Gas Capital Investment Component of Revenue Requirement</b>               | <b>\$0</b>                                  | <b>\$109,872</b>                            | <b>\$210,975</b>                            |
|          | Sum of Lines 10 through 12  |   |   |   |
| 14       | <b>Total IS Electric Revenue Requirement</b>  | <b>\$1,114,327</b>                          | <b>\$1,655,092</b>                          | <b>\$3,505,563</b>                          |
|          | Line 1 + Line 8   |   |   |   |
| 15       | <b>Total IS Gas Revenue Requirement</b>   | <b>\$605,579</b>                            | <b>\$634,011</b>                            | <b>\$707,428</b>                            |
|          | Line 2 + Line 13  |   |   |   |
| 16       | <b>Total IS Electric &amp; Gas Revenue Requirement</b>                                | <b>\$1,719,906</b>                          | <b>\$2,289,103</b>                          | <b>\$4,212,991</b>                          |
|          | Line 14 + Line 15   |   |   |   |

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2020  
AMI - Electric

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |   |
| 1  | Electric AMI Investments                                    | \$1,475,598                                 | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$1,475,598                                 | \$0   | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$1,475,598                                 | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$1,475,598                                 | \$1,475,598                                 | \$1,475,598                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$1,475,598                                 | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Plant in Service Including Cost of Removal</b>     | <b>\$1,475,598</b>                          | <b>\$1,475,598</b>                          | <b>\$1,475,598</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2020 Spend   | \$55,335                                    | \$106,523                                   | \$98,526                                    |
| 11   | Cumulative Tax Depreciation                                 | \$55,335                                    | \$161,858                                   | \$260,384                                   |
| <u>Book Depreciation</u>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 6.25%                                       | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation   | \$46,112                                    | \$92,225                                    | \$92,225                                    |
| 14   | Cumulative Book Depreciation                                | \$46,112                                    | \$138,337                                   | \$230,562                                   |
| 15   | Total Cumulative Book Depreciation                          | \$46,112                                    | \$138,337                                   | \$230,562                                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$9,223                                     | \$23,521                                    | \$29,822                                    |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$1,937                                     | \$4,939                                     | \$6,263                                     |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$1,051)                                   | (\$1,630)                                   | (\$718)                                     |
| 21   | Net Deferred Tax Reserve                                    | \$885                                       | \$3,309                                     | \$5,544                                     |
| <u>Rate Base Calculation:</u>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$1,475,598                                 | \$1,475,598                                 | \$1,475,598                                 |
| 23   | Accumulated Depreciation                                    | (\$46,112)                                  | (\$138,337)                                 | (\$230,562)                                 |
| 24   | Deferred Tax Reserve  | (\$885)                                     | (\$3,309)                                   | (\$5,544)                                   |
| 25   | Year End Rate Base  | \$1,428,600                                 | \$1,333,951                                 | \$1,239,491                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |   |
| 26   | Average Rate Base   | \$714,300                                   | \$1,381,276                                 | \$1,286,721                                 |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$62,858                                    | \$121,552                                   | \$113,231                                   |
| 29   | Book Depreciation   | \$46,112                                    | \$92,225                                    | \$92,225                                    |
| 30   | Property Taxes  | \$0   | \$46,865                                    | \$46,865                                    |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>\$108,971</b>                            | <b>\$260,642</b>                            | <b>\$252,321</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Electric Capital Investments**

####

| Line No.                          |   |                                    | Fiscal Year Ending | Fiscal Year Ending | Fiscal Year Ending |
|-----------------------------------|---|------------------------------------|--------------------|--------------------|--------------------|
|                                   |   |                                    | March 31, 2020     | March 31, 2021     | March 31, 2022     |
|                                   |   |                                    | (a)                | (b)                | (c)                |
| <u>Capital Repairs Deduction</u>  |   |                                    |                    |                    |                    |
| 1                                 | Plant Additions   | Page 5 of 31, Line 2               | \$1,475,598        |                    |                    |
| 2                                 | Capital Repairs Deduction Rate                                    | Per Tax Department                 | 0.00%              |                    |                    |
| 3                                 | Capital Repairs Deduction   | Line 1 * Line 2                    | \$0                |                    |                    |
| <u>Bonus Depreciation</u>         |   |                                    |                    |                    |                    |
| 4                                 | Plant Additions   | Line 1                             | \$1,475,598        |                    |                    |
| 5                                 | Less Capital Repairs Deduction                                    | Line 3                             | \$0                |                    |                    |
| 6                                 | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                    | \$1,475,598        |                    |                    |
| 7                                 | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                 | 100.00%            |                    |                    |
| 8                                 | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                    | \$1,475,598        |                    |                    |
| 9                                 | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 0%                       | 0.00%              |                    |                    |
| 10                                | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%                       | 0.00%              |                    |                    |
| 11                                | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                   | 0.00%              |                    |                    |
| 12                                | Bonus Depreciation  | Line 8 * Line 11                   | \$0                |                    |                    |
| <u>Remaining Tax Depreciation</u> |   |                                    |                    |                    |                    |
| 13                                | Plant Additions   | Line 1                             | \$1,475,598        |                    |                    |
| 14                                | Less Capital Repairs Deduction                                    | Line 3                             | \$0                |                    |                    |
| 15                                | Less Bonus Depreciation   | Line 12                            | \$0                |                    |                    |
| 16                                | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$1,475,598        | \$1,475,598        | \$1,475,598        |
| 17                                | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946            | 3.750%             | 7.219%             | 6.677%             |
| 18                                | Remaining Tax Depreciation  | Line 16 * Line 17                  | \$55,335           | \$106,523          | \$98,526           |
| 19                                | FY20 Loss incurred due to retirements                             | Per Tax Department                 | \$0                | \$0                | \$0                |
| 20                                | Cost of Removal   | Page 5 of 31, Line 7               | \$0                | \$0                | \$0                |
| 21                                | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20 | \$55,335           | \$106,523          | \$98,526           |

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Power Sector Transformation (PST)  
Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2021  
AMI - Electric

| Line<br>No.  |  | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|--|---|---|
| <u>Estimated Capital Investment</u>                  |  |   |   |
| 1  | AMI Electric Investments   | \$36,920,075                                |   |
| 2  | Total Estimated Capital Investment <span style="float: right;">Line 1</span>   | \$36,920,075                                | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |  |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year <span style="float: right;">Line 2</span>  | \$36,920,075                                | \$0   |
| 4  | Retirements <span style="float: right;">Line 4 * 0%</span>   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base <span style="float: right;">Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6</span>            | \$36,920,075                                | \$36,920,075                                |
| <u>Change in Net Capital Included in Rate Base</u>   |  |   |   |
| 6  | Capital Included in Rate Base <span style="float: right;">Line 2</span>  | \$36,920,075                                | \$0   |
| 7  | Cost of Removal  | \$286,011                                   | \$0   |
| 8  | <b>Total Plant in Service Including Cost of Removal</b> <span style="float: right;"><b>Line 6 + Line 7</b></span>  | <b>\$37,206,086</b>                         | <b>\$36,920,075</b>                         |
| <u>Tax Depreciation</u>                              |  |   |   |
| 9  | Vintage Year Tax Depreciation:   |   |   |
| 10   | FY 2021 Spend <span style="float: right;">Page 8 of 31, Line 21</span>   | \$1,670,514                                 | \$2,665,260                                 |
| 11   | Cumulative Tax Depreciation <span style="float: right;">Previous Year Line 11 + Current Year Line 10</span>  | \$1,670,514                                 | \$4,335,774                                 |
| <u>Book Depreciation</u>                             |  |   |   |
| 12   | Composite Book Depreciation Rate <span style="float: right;">As filed per R.I.P.U.C. Docket No. 4770</span>  | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation <span style="float: right;">Column (a) = Line 1 * Line 12 * 50% ; Column (b) = Line 1 * Line 12</span>                                 | \$1,153,752                                 | \$2,307,505                                 |
| 14   | Cumulative Book Depreciation <span style="float: right;">Previous Year Line 14 + Current Year Line 13</span>   | \$1,153,752                                 | \$3,461,257                                 |
| 15   | Total Cumulative Book Depreciation <span style="float: right;">Line 14</span>  | \$1,153,752                                 | \$3,461,257                                 |
| <u>Deferred Tax Calculation:</u>                     |  |   |   |
| 16   | Cumulative Book / Tax Timer <span style="float: right;">Line 11 - Line 14</span>   | \$516,762                                   | \$874,517                                   |
| 17   | Effective Tax Rate   | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve <span style="float: right;">Line 16 * Line 17</span>  | \$108,520                                   | \$183,649                                   |
| 19   | Less: FY 2021 Federal NOL  | \$0   | \$0   |
| 20   | Less: Proration Adjustment <span style="float: right;">Col (a) = , Line 40; Col (b) = Page 13 of 31, Line 40</span>                                      | (\$26,309)                                  | (\$40,789)                                  |
| 21   | Net Deferred Tax Reserve <span style="float: right;">Sum of Lines 18 through 20</span>   | \$82,211                                    | \$142,860                                   |
| <u>Rate Base Calculation:</u>                        |  |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base <span style="float: right;">Line 8</span>   | \$37,206,086                                | \$37,206,086                                |
| 23   | Accumulated Depreciation <span style="float: right;">- Line 15</span>  | (\$1,153,752)                               | (\$3,461,257)                               |
| 24   | Deferred Tax Reserve <span style="float: right;">- Line 21</span>  | (\$82,211)                                  | (\$142,860)                                 |
| 25   | Year End Rate Base <span style="float: right;">Sum of Lines 22 through 24</span>   | \$35,970,122                                | \$33,601,969                                |
| <u>Revenue Requirement Calculation:</u>              |  |   |   |
| 26   | Average Rate Base <span style="float: right;">Column (a) = Current Year Line 37 ÷ 2; Column (b) = (Prior Year Line 37 + Current Year Line 37) ÷ 2</span> | \$17,985,061                                | \$34,786,046                                |
| 27   | Pre-Tax ROR  | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes <span style="float: right;">Line 26 * Line 27</span>  | \$1,582,685                                 | \$3,061,172                                 |
| 29   | Book Depreciation <span style="float: right;">Line 13</span>   | \$1,153,752                                 | \$2,307,505                                 |
| 30   | Property Taxes <span style="float: right;">Tax Rate 3.176% MAL-7 - Columns (b) Line 8 * 3.176%</span>  | \$0   | \$1,181,665                                 |
| 31   | <b>Annual Revenue Requirement</b> <span style="float: right;"><b>Line 28 through Line 30</b></span>  | <b>\$2,736,438</b>                          | <b>\$6,550,342</b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 4.69%  | 2.27% |       | 2.27%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.43% | 1.37% | 8.80%  |

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Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Electric Capital Investments  
AMI - Electric

| Line<br>No. |   |                                    | Fiscal Year Ending<br><u>March 31, 2021</u><br>(a) | Fiscal Year Ending<br><u>March 31, 2022</u><br>(b) |
|-------------|---|------------------------------------|--|--|
|             | <u>Capital Repairs Deduction</u>                                  |                                    |  |  |
| 1           | Plant Additions   | Page 7 of 31, Line 2               | \$36,920,075                                       |  |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department                 | <u>0.00%</u>                                       |  |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2                    | \$0  |  |
|             | <u>Bonus Depreciation</u>   |                                    |  |  |
| 4           | Plant Additions   | Line 1                             | \$36,920,075                                       |  |
| 5           | Less Capital Repairs Deduction                                    | Line 3                             | <u>\$0</u>   |  |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                    | \$36,920,075                                       |  |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                 | <u>100.00%</u>                                     |  |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                    | \$36,920,075                                       |  |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%                                 | 0.00%  |  |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%                                 | <u>0.00%</u>                                       |  |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                   | 0.00%  |  |
| 12          | Bonus Depreciation  | Line 8 * Line 11                   | \$0  |  |
|             | <u>Remaining Tax Depreciation</u>                                 |                                    |  |  |
| 13          | Plant Additions   | Line 1                             | \$36,920,075                                       |  |
| 14          | Less Capital Repairs Deduction                                    | Line 3                             | \$0  |  |
| 15          | Less Bonus Depreciation   | Line 12                            | <u>\$0</u>   |  |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$36,920,075                                       | \$36,920,075                                       |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946            | <u>3.750%</u>                                      | <u>7.219%</u>                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17                  | \$1,384,503  | \$2,665,260  |
| 19          | FY21 Loss incurred due to retirements                             | Per Tax Department                 | \$0  | \$0  |
| 20          | Cost of Removal   | Page 7 of 31, Line 7               | \$286,011  | \$0  |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20 | <u>\$1,670,514</u>                                 | <u>\$2,665,260</u>                                 |

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**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Electric Capital Investment 12 months ending March 31, 2022**  
AMI - Electric

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a) |
|--|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |
| 1  | AMI Electric Investments  | \$65,938,185                                |
| 2  | Total Estimated Capital Investment <span style="float: right;">Line 1</span>                                      | \$65,938,185                                |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year <span style="float: right;">Line 2</span>             | \$65,938,185                                |
| 4  | Retirements <span style="float: right;">Line 4 * 0%</span>  | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base <span style="float: right;">Column (a) = Line 4 - Line 5</span>     | \$65,938,185                                |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |
| 6  | Capital Included in Rate Base <span style="float: right;">Line 2</span>   | \$65,938,185                                |
| 7  | Cost of Removal   | \$590,067                                   |
| 8  | <b>Total Plant in Service Including Cost of Removal</b> <span style="float: right;"><b>Line 6 + Line 7</b></span> | <b>\$66,528,252</b>                         |
| <u>Tax Depreciation</u>                              |   |   |
| 9  | Vintage Year Tax Depreciation:  |   |
| 10   | FY 2022 Spend <span style="float: right;">Page 10 of 31, Line 21</span>   | \$3,062,749                                 |
| 11   | Cumulative Tax Depreciation <span style="float: right;">Previous Year Line 11 + Current Year Line 10</span>       | \$3,062,749                                 |
| <u>Book Depreciation</u>                             |   |   |
| 12   | Composite Book Depreciation Rate <span style="float: right;">As approved per R.I.P.U.C. Docket No. 4770</span>    | 6.25%                                       |
| 13   | Book Depreciation <span style="float: right;">Column (a) = Line 1 * Line 12 * 50%</span>                          | \$2,060,568                                 |
| 14   | Cumulative Book Depreciation <span style="float: right;">Previous Year Line 14 + Current Year Line 13</span>      | \$2,060,568                                 |
| 15   | Total Cumulative Book Depreciation <span style="float: right;">Line 14</span>                                     | \$2,060,568                                 |
| <u>Deferred Tax Calculation:</u>                     |   |   |
| 16   | Cumulative Book / Tax Timer <span style="float: right;">Line 11 - Line 15</span>                                  | \$1,002,181                                 |
| 17   | Effective Tax Rate <span style="float: right;">21.00%</span>  | 21.00%                                      |
| 18   | Deferred Tax Reserve <span style="float: right;">Line 16 * Line 17</span>   | \$210,458                                   |
| 19   | Less: FY 2022 Federal NOL   | \$0   |
| 20   | Less: Proration Adjustment <span style="float: right;">Col (a) = Page 13 of 31, Line 40</span>                    | (\$46,987)                                  |
| 21   | Net Deferred Tax Reserve <span style="float: right;">Sum of Lines 18 through 20</span>                            | \$163,471                                   |
| <u>Rate Base Calculation:</u>                        |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base <span style="float: right;">Line 8</span>                    | \$66,528,252                                |
| 23   | Accumulated Depreciation <span style="float: right;">- Line 15</span>   | (\$2,060,568)                               |
| 24   | Deferred Tax Reserve <span style="float: right;">- Line 21</span>   | (\$163,471)                                 |
| 25   | Year End Rate Base <span style="float: right;">Sum of Lines 22 through 24</span>                                  | \$64,304,212                                |
| <u>Revenue Requirement Calculation:</u>              |   |   |
| 26   | Average Rate Base <span style="float: right;">Column (a) = Current Year Line 27 ÷ 2</span>                        | \$32,152,106                                |
| 27   | Pre-Tax ROR <span style="float: right;">1/</span>   | 8.80%                                       |
| 28   | Return and Taxes <span style="float: right;">Line 26 * Line 27</span>   | \$2,829,385                                 |
| 29   | Book Depreciation <span style="float: right;">Line 13</span>  | \$2,060,568                                 |
| 30   | Property Taxes <span style="float: right;">Tax Rate 3.176% MAL-7</span>   | \$0   |
| 31   | <b>Annual Revenue Requirement</b> <span style="float: right;"><b>Line 28 through Line 30</b></span>               | <b>\$4,889,954</b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 4.69%  | 2.27% |       | 2.27%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.43% | 1.37% | 8.80%  |

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Electric Capital Investments**  
**AMI - Electric**

| Line<br>No. |   | Fiscal Year<br>March 31, 2022<br>(a)                               |
|-------------|---|--|
|             | <u>Capital Repairs Deduction</u>                                  |  |
| 1           | Plant Additions   | Page 9 of 31, Line 2<br>\$65,938,185                               |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br><u>0.00%</u>                                 |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0   |
|             | <u>Bonus Depreciation</u>   |  |
| 4           | Plant Additions   | Line 1<br>\$65,938,185   |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br><u>\$0</u>   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$65,938,185                                    |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br><u>100.00%</u>                               |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$65,938,185                                    |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%<br>0.00%  |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%<br><u>0.00%</u>   |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%  |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0  |
|             | <u>Remaining Tax Depreciation</u>                                 |  |
| 13          | Plant Additions   | Line 1<br>\$65,938,185   |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0  |
| 15          | Less Bonus Depreciation   | Line 12<br><u>\$0</u>  |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$65,938,185                        |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br><u>3.750%</u>                           |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br><u>\$2,472,682</u>                            |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0  |
| 20          | Cost of Removal   | Page 9 of 31, Line 7<br>\$590,067                                  |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20<br><u><u>\$3,062,749</u></u> |

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Electric Proration  
AMI - Electric

| Line No.   |  | (a)= Column (b)                       | (b)                            |
|--|--|---------------------------------------|--------------------------------|
|  |  |                                       | Vintage Year<br>March 31, 2020 |
|  |  | <u>Total</u>                          | <u>March 31, 2020</u>          |
| <b>Deferred Tax Subject to Proration</b>           |  |                                       |                                |
| 1  | Book Depreciation                                      | Page 5 of 31, Line 13<br>\$46,112     | \$46,112                       |
| 2  | Bonus Depreciation                                     | Page 6 of 31, Line 12<br>\$0          | \$0                            |
| 3  | Remaining MACRS Tax Depreciation                       | Page 6 of 31, Line 18<br>(\$55,335)   | (\$55,335)                     |
| 4  | FY20 tax (gain)/loss on retirements                    | Page 6 of 31, Line 19<br>\$0          | \$0                            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4<br>(\$9,223) | (\$9,223)                      |
| 6  | Effective Tax Rate                                     | Tax Department<br>21.00%              | 21.00%                         |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6<br>(\$1,937)          | (\$1,937)                      |
| <b>Deferred Tax Not Subject to Proration</b>       |  |                                       |                                |
| 8  | Capital Repairs Deduction                              | Page 6 of 31, Line 3<br>\$0           | \$0                            |
| 9  | Cost of Removal  | Page 6 of 31, Line 20<br>\$0          | \$0                            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2020   | Tax Department<br>\$0                 | \$0                            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10<br>\$0      | \$0                            |
| 12   | Effective Tax Rate                                     | 21.00%                                | 21.00%                         |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12<br>\$0              | \$0                            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13<br>(\$1,937)         | (\$1,937)                      |
| 15   | Net Operating Loss                                     | \$0                                   | \$0                            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15<br>(\$1,937)        | (\$1,937)                      |
| <b>Allocation of FY 2020 Estimated Federal NOL</b> |  |                                       |                                |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5<br>(\$9,223)         | (\$9,223)                      |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11<br>\$0                        | \$0                            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18<br>(\$9,223)        | (\$9,223)                      |
| 20   | Total FY 2020 Federal NOL                              | \$0                                   | \$0                            |
| 21   | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20<br>\$0  | \$0                            |
| 22   | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20<br>\$0  | \$0                            |
| 23   | Effective Tax Rate                                     | 21.00%                                | 21.00%                         |
| 24   | Deferred Tax Benefit subject to proration              | Line 22 * Line 23<br>\$0              | \$0                            |
| 25   | Net Deferred Tax Reserve subject to proration          | Line 7 + Line 24<br>(\$1,937)         | (\$1,937)                      |
| <b>Proration Calculation</b>                       |  |                                       |                                |
|  |  | (i)                                   | (j)                            |
|  |  | <u>Number of Days in</u>              | <u>Proration</u>               |
|  |  | <u>Month</u>                          | <u>Percentage</u>              |
|  |  | (k)= Sum of (l)                       | (l)                            |
| 26   | April 2019   | 30<br>91.78%                          | (\$148)<br>(\$148)             |
| 27   | May 2019   | 31<br>83.29%                          | (\$134)<br>(\$134)             |
| 28   | June 2019  | 30<br>75.07%                          | (\$121)<br>(\$121)             |
| 29   | July 2019  | 31<br>66.58%                          | (\$107)<br>(\$107)             |
| 30   | August 2019  | 31<br>58.08%                          | (\$94)<br>(\$94)               |
| 31   | September 2019   | 30<br>49.86%                          | (\$80)<br>(\$80)               |
| 32   | October 2019   | 31<br>41.37%                          | (\$67)<br>(\$67)               |
| 33   | November 2019  | 30<br>33.15%                          | (\$54)<br>(\$54)               |
| 34   | December 2019  | 31<br>24.66%                          | (\$40)<br>(\$40)               |
| 35   | January 2020   | 31<br>16.16%                          | (\$26)<br>(\$26)               |
| 36   | February 2020  | 28<br>8.49%                           | (\$14)<br>(\$14)               |
| 37   | March 2020   | 31<br>0.00%                           | \$0<br>\$0                     |
| 38   | Total  | 365                                   | (\$885)<br>(\$885)             |
| 39   | Deferred Tax Without Proration                         | Line 25<br>(\$1,937)                  | (\$1,937)                      |
| 40   | Proration Adjustment                                   | Line 38 - Line 39<br>\$1,051          | \$1,051                        |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
d/b/a NATIONAL GRID  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Electric Proration**  
AMI - Electric

| Line No.   |  |  | (a)=Sum of (b)                  | (b)                   | (c)                   |           |
|--|--|--|---------------------------------|-----------------------|-----------------------|-----------|
|  |  |  | through (c)                     | Vintage Year          | Vintage Year          |           |
|  |  |  | <u>Total</u>                    | <u>March 31, 2021</u> | <u>March 31, 2020</u> |           |
| <b>Deferred Tax Subject to Proration</b>           |  |  |                                 |                       |                       |           |
| 1  | Book Depreciation                                      | Col (b) = Page 7 of 31, Line 13; Col (c) = Page 5 of 31, Line 13 | \$1,245,977                     | \$1,153,752           | \$92,225              |           |
| 2  | Bonus Depreciation                                     | Page 8 of 31, Line 12  | \$0                             | \$0                   |                       |           |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 8 of 31, Line 18; Col (c) = Page 6 of 31, Line 18 | (\$1,491,026)                   | (\$1,384,503)         | (\$106,523)           |           |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 8 of 31, Line 19; Col (c) = Page 6 of 31, Line 19 | \$0                             | \$0                   | \$0                   |           |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3                                       | (\$245,049)                     | (\$230,751)           | (\$14,298)            |           |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                          | 21.00%                | 21.00%                |           |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$51,460)                      | (\$48,458)            | (\$3,003)             |           |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                                 |                       |                       |           |
| 8  | Capital Repairs Deduction                              | Page 8 of 31, Line 3   | \$0                             | \$0                   |                       |           |
| 9  | Cost of Removal  | Page 8 of 31, Line 20  | (\$286,011)                     | (\$286,011)           |                       |           |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   | Tax Department   | \$0                             | \$0                   |                       |           |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | (\$286,011)                     | (\$286,011)           |                       |           |
| 12   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                |                       |           |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | (\$60,062)                      | (\$60,062)            |                       |           |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$111,523)                     | (\$108,520)           | (\$3,003)             |           |
| 15   | Net Operating Loss                                     |  | \$0                             | \$0                   | \$0                   |           |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$111,523)                     | (\$108,520)           | (\$3,003)             |           |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |                                 |                       |                       |           |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$230,751)                     | (\$230,751)           |                       |           |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | (\$286,011)                     | (\$286,011)           |                       |           |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$516,762)                     | (\$516,762)           |                       |           |
| 20   | Total FY 2021 Federal NOL                              |  | \$0                             | \$0                   |                       |           |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                                    | \$0                             | \$0                   |                       |           |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                                    | \$0                             | \$0                   |                       |           |
| 23   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                |                       |           |
| 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   | (\$51,460)                      | (\$48,458)            | (\$3,003)             |           |
| <b>Proration Calculation</b>                       |  |  |                                 |                       |                       |           |
|  |  | (i) <u>Number of Days in</u>                                     | (j) <u>Proration Percentage</u> | (k)= Sum of (l)       | (l)                   | (m)       |
|  |  | <u>Month</u>   |                                 | through (m)           |                       |           |
| 26   | April 2020   | 30   | 91.78%                          | (\$3,936)             | (\$3,706)             | (\$230)   |
| 27   | May 2020   | 31   | 83.29%                          | (\$3,572)             | (\$3,363)             | (\$208)   |
| 28   | June 2020  | 30   | 75.07%                          | (\$3,219)             | (\$3,031)             | (\$188)   |
| 29   | July 2020  | 31   | 66.58%                          | (\$2,855)             | (\$2,688)             | (\$167)   |
| 30   | August 2020  | 31   | 58.08%                          | (\$2,491)             | (\$2,345)             | (\$145)   |
| 31   | September 2020   | 30   | 49.86%                          | (\$2,138)             | (\$2,014)             | (\$125)   |
| 32   | October 2020   | 31   | 41.37%                          | (\$1,774)             | (\$1,671)             | (\$104)   |
| 33   | November 2020  | 30   | 33.15%                          | (\$1,422)             | (\$1,339)             | (\$83)    |
| 34   | December 2020  | 31   | 24.66%                          | (\$1,057)             | (\$996)               | (\$62)    |
| 35   | January 2021   | 31   | 16.16%                          | (\$693)               | (\$653)               | (\$40)    |
| 36   | February 2021  | 28   | 8.49%                           | (\$364)               | (\$343)               | (\$21)    |
| 37   | March 2021   | 31   | 0.00%                           | \$0                   | \$0                   | \$0       |
| 38   | Total  | 365  |                                 | (\$23,521)            | (\$22,149)            | (\$1,372) |
| 39   | Deferred Tax Without Proration                         | Line 25  |                                 | (\$51,460)            | (\$48,458)            | (\$3,003) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                                 | \$27,939              | \$26,309              | \$1,630   |

**Column Notes:**

(j) Sum of remaining days in the year (Col (i)) ÷ 365  
(l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Electric Proration**  
**AMI - Electric**

| Line No.   | Description  | Reference  | (a)=Sum of (b) through (d) | (b)                         | (c)                         | (d)                         |           |
|--|--|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------|
|  |  |  | Total                      | Vintage Year March 31, 2022 | Vintage Year March 31, 2021 | Vintage Year March 31, 2020 |           |
| <b>Deferred Tax Subject to Proration</b>           |  |  |                            |                             |                             |                             |           |
| 1  | Book Depreciation                                      | Col (b) = Page 9 of 31, Line 13; Col (c) = Page 7 of 31, Line 13; Col (d) = Page 5 of 31, Line 13  | \$4,460,298                | \$2,060,568                 | \$2,307,505                 | \$92,225                    |           |
| 2  | Bonus Depreciation                                     | Page 10 of 31, Line 12   | \$0                        | \$0                         |                             |                             |           |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 10 of 31, Line 18; Col (c) = Page 8 of 31, Line 18; Col (d) = Page 6 of 31, Line 18 | (\$5,236,468)              | (\$2,472,682)               | (\$2,665,260)               | (\$98,526)                  |           |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 10 of 31, Line 19; Col (c) = Page 8 of 31, Line 19; Col (d) = Page 6 of 31, Line 19 | \$0                        | \$0                         | \$0                         | \$0                         |           |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$776,170)                | (\$412,114)                 | (\$357,755)                 | (\$6,301)                   |           |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                     | 21.00%                      | 21.00%                      | 21.00%                      |           |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$162,996)                | (\$86,544)                  | (\$75,129)                  | (\$1,323)                   |           |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                            |                             |                             |                             |           |
| 8  | Capital Repairs Deduction                              | Page 10 of 31, Line 19   | \$0                        | \$0                         |                             |                             |           |
| 9  | Cost of Removal  | Page 10 of 31, Line 20   | (\$590,067)                | (\$590,067)                 |                             |                             |           |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   | Tax Department   | \$0                        | \$0                         |                             |                             |           |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | (\$590,067)                | (\$590,067)                 |                             |                             |           |
| 12   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      |                             |                             |           |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | (\$123,914)                | (\$123,914)                 |                             |                             |           |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$286,910)                | (\$210,458)                 | (\$75,129)                  | (\$1,323)                   |           |
| 15   | Net Operating Loss                                     |  | \$0                        | \$0                         | \$0                         | \$0                         |           |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$286,910)                | (\$210,458)                 | (\$75,129)                  | (\$1,323)                   |           |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                            |                             |                             |                             |           |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$412,114)                | (\$412,114)                 |                             |                             |           |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | (\$590,067)                | (\$590,067)                 |                             |                             |           |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$1,002,181)              | (\$1,002,181)               |                             |                             |           |
| 20   | Total FY 2022 Federal NOL                              |  | \$0                        | \$0                         |                             |                             |           |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                        | \$0                         |                             |                             |           |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                        | \$0                         |                             |                             |           |
| 23   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      |                             |                             |           |
| 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   | (\$162,996)                | (\$86,544)                  | (\$75,129)                  | (\$1,323)                   |           |
| <b>Proration Calculation</b>                       |  |  |                            |                             |                             |                             |           |
|  |  | (i) Number of Days in Month  | (j) Proration Percentage   | (k)= Sum of (l) through (n) | (l)                         | (m)                         | (n)       |
| 26   | April 2021   | 30   | 91.78%                     | (\$12,467)                  | (\$6,619)                   | (\$5,746)                   | (\$101)   |
| 27   | May 2021   | 31   | 83.29%                     | (\$11,313)                  | (\$6,007)                   | (\$5,214)                   | (\$92)    |
| 28   | June 2021  | 30   | 75.07%                     | (\$10,197)                  | (\$5,414)                   | (\$4,700)                   | (\$83)    |
| 29   | July 2021  | 31   | 66.58%                     | (\$9,043)                   | (\$4,801)                   | (\$4,168)                   | (\$73)    |
| 30   | August 2021  | 31   | 58.08%                     | (\$7,889)                   | (\$4,189)                   | (\$3,636)                   | (\$64)    |
| 31   | September 2021   | 30   | 49.86%                     | (\$6,773)                   | (\$3,596)                   | (\$3,122)                   | (\$55)    |
| 32   | October 2021   | 31   | 41.37%                     | (\$5,619)                   | (\$2,984)                   | (\$2,590)                   | (\$46)    |
| 33   | November 2021  | 30   | 33.15%                     | (\$4,503)                   | (\$2,391)                   | (\$2,075)                   | (\$37)    |
| 34   | December 2021  | 31   | 24.66%                     | (\$3,349)                   | (\$1,778)                   | (\$1,544)                   | (\$27)    |
| 35   | January 2022   | 31   | 16.16%                     | (\$2,196)                   | (\$1,166)                   | (\$1,012)                   | (\$18)    |
| 36   | February 2022  | 28   | 8.49%                      | (\$1,154)                   | (\$613)                     | (\$532)                     | (\$9)     |
| 37   | March 2022   | 31   | 0.00%                      | \$0                         | \$0                         | \$0                         | \$0       |
| 38   | Total  | 365  |                            | (\$74,502)                  | (\$39,557)                  | (\$34,340)                  | (\$605)   |
| 39   | Deferred Tax Without Proration                         | Line 25  |                            | (\$162,996)                 | (\$86,544)                  | (\$75,129)                  | (\$1,323) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                            | \$88,494                    | \$46,987                    | \$40,789                    | \$718     |

**Column Notes:**  
(j) Sum of remaining days in the year (Col (i)) ÷ 365  
(l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Gas Capital Investment 12 months ending March 31, 2020  
AMI - Gas

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |   |
| 1  | AMI Gas Investments   | \$570,001                                   | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$570,001                                   | \$0   | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$570,001                                   | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$570,001                                   | \$570,001                                   | \$570,001                                   |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$570,001                                   | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>\$570,001</b>                            | <b>\$570,001</b>                            | <b>\$570,001</b>                            |
| <u>Tax Depreciation</u>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | FY 2020 Spend   | \$21,375                                    | \$41,148                                    | \$38,059                                    |
| 11   | Cumulative Tax Depreciation                                 | \$21,375                                    | \$62,523                                    | \$100,582                                   |
| <u>Book Depreciation</u>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 6.25%                                       | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation   | \$17,813                                    | \$35,625                                    | \$35,625                                    |
| 14   | Cumulative Book Depreciation                                | \$17,813                                    | \$53,438                                    | \$89,063                                    |
| 15   | Total Cumulative Book Depreciation                          | \$17,813                                    | \$53,438                                    | \$89,063                                    |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$3,562                                     | \$9,085                                     | \$11,519                                    |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$748                                       | \$1,908                                     | \$2,419                                     |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$406)                                     | (\$630)                                     | (\$278)                                     |
| 21   | Net Deferred Tax Reserve                                    | \$342                                       | \$1,278                                     | \$2,142                                     |
| <u>Rate Base Calculation:</u>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$570,001                                   | \$570,001                                   | \$570,001                                   |
| 23   | Accumulated Depreciation                                    | (\$17,813)                                  | (\$53,438)                                  | (\$89,063)                                  |
| 24   | Deferred Tax Reserve  | (\$342)                                     | (\$1,278)                                   | (\$2,142)                                   |
| 25   | Year End Rate Base  | \$551,846                                   | \$515,285                                   | \$478,796                                   |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |   |
| 26   | Average Rate Base   | \$275,923                                   | \$533,565                                   | \$497,041                                   |
| 27   | Pre-Tax ROR   | 9.04%                                       | 9.04%                                       | 9.04%                                       |
| 28   | Return and Taxes  | \$24,943                                    | \$48,234                                    | \$44,932                                    |
| 29   | Book Depreciation   | \$17,813                                    | \$35,625                                    | \$35,625                                    |
| 30   | Property Taxes  | \$0   | \$18,103                                    | \$18,103                                    |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>\$42,756</b>                             | <b>\$101,963</b>                            | <b>\$98,661</b>                             |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-GAS

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 5.18%  | 2.51% |       | 2.51%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.67% | 1.37% | 9.04%  |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Gas Capital Investments  
AMI - Gas

| Line No.                          |   | Fiscal Year Ending<br><u>March 31, 2020</u><br>(a) | Fiscal Year Ending<br><u>March 31, 2021</u><br>(b) | Fiscal Year Ending<br><u>March 31, 2022</u><br>(c) |
|-----------------------------------|---|--|--|--|
| <u>Capital Repairs Deduction</u>  |   |  |  |  |
| 1                                 | Plant Additions   | Page 14 of 31, Line 2                              | \$570,001  |  |
| 2                                 | Capital Repairs Deduction Rate                                    | Per Tax Department                                 | <u>0.00%</u>                                       |  |
| 3                                 | Capital Repairs Deduction   | Line 1 * Line 2                                    | <u>\$0</u>   |  |
| <u>Bonus Depreciation</u>         |   |  |  |  |
| 4                                 | Plant Additions   | Line 1   | \$570,001  |  |
| 5                                 | Less Capital Repairs Deduction                                    | Line 3   | <u>\$0</u>   |  |
| 6                                 | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                                    | \$570,001  |  |
| 7                                 | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                                 | <u>100.00%</u>                                     |  |
| 8                                 | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                                    | \$570,001  |  |
| 9                                 | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 0%                                       | 0.00%  |  |
| 10                                | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%                                       | <u>0.00%</u>                                       |  |
| 11                                | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                                   | <u>0.00%</u>                                       |  |
| 12                                | Bonus Depreciation  | Line 8 * Line 11                                   | \$0  |  |
| <u>Remaining Tax Depreciation</u> |   |  |  |  |
| 13                                | Plant Additions   | Line 1   | \$570,001  |  |
| 14                                | Less Capital Repairs Deduction                                    | Line 3   | \$0  |  |
| 15                                | Less Bonus Depreciation   | Line 12  | <u>\$0</u>   |  |
| 16                                | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15                        | \$570,001  | \$570,001  |
| 17                                | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946                            | <u>3.750%</u>                                      | <u>7.219%</u>                                      |
| 18                                | Remaining Tax Depreciation  | Line 16 * Line 17                                  | <u>\$21,375</u>                                    | <u>\$41,148</u>                                    |
| 19                                | FY20 Loss incurred due to retirements                             | Per Tax Department                                 | \$0  | \$0  |
| 20                                | Cost of Removal   | Page 14 of 31, Line 7                              | \$0  | \$0  |
| 21                                | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20                 | <u>\$21,375</u>                                    | <u>\$41,148</u>                                    |
|                                   |   |  | <u>\$38,059</u>                                    | <u>\$38,059</u>                                    |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Gas Capital Investment 12 months ending March 31, 2021**  
**AMI - Gas**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | AMI Gas Investments   | \$1,229,097                                 |   |
| 2  | Total Estimated Capital Investment                          | \$1,229,097                                 | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$1,229,097                                 | \$0   |
| 4  | Retirements   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$1,229,097                                 | \$1,229,097                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$1,229,097                                 | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>\$1,229,097</b>                          | <b>\$1,229,097</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |
| 10   | FY 2021 Spend   | \$46,091                                    | \$88,729                                    |
| 11   | Cumulative Tax Depreciation                                 | \$46,091                                    | \$134,820                                   |
| <u>Book Depreciation</u>                             |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 6.25%                                       | 6.25%                                       |
| 13   | Book Depreciation   | \$38,409                                    | \$76,819                                    |
| 14   | Cumulative Book Depreciation                                | \$38,409                                    | \$115,228                                   |
| 15   | Total Cumulative Book Depreciation                          | \$38,409                                    | \$115,228                                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$7,682                                     | \$19,592                                    |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$1,613                                     | \$4,114                                     |
| 19   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$876)                                     | (\$1,358)                                   |
| 21   | Net Deferred Tax Reserve                                    | \$737                                       | \$2,756                                     |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$1,229,097                                 | \$1,229,097                                 |
| 23   | Accumulated Depreciation                                    | (\$38,409)                                  | (\$115,228)                                 |
| 24   | Deferred Tax Reserve  | (\$737)                                     | (\$2,756)                                   |
| 25   | Year End Rate Base  | \$1,189,950                                 | \$1,111,113                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 26   | Average Rate Base   | \$594,975                                   | \$1,150,531                                 |
| 27   | Pre-Tax ROR   | 9.04%                                       | 9.04%                                       |
| 28   | Return and Taxes  | \$53,786                                    | \$104,008                                   |
| 29   | Book Depreciation   | \$38,409                                    | \$76,819                                    |
| 30   | Property Taxes  | \$0   | \$39,036                                    |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>\$92,195</b>                             | <b>\$219,863</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-GAS

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 5.18%  | 2.51% |       | 2.51%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.67% | 1.37% | 9.04%  |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Gas Capital Investments**  
**AMI - Gas**

| Line No. |   | Fiscal Year Ending<br>March 31, 2021<br>(a)    | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|----------|---|--|---|
|          | <u>Capital Repairs Deduction</u>                                  |  |   |
| 1        | Plant Additions   | Page 16 of 31, Line 2<br>\$1,229,097           |   |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                    |   |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                         |   |
|          | <u>Bonus Depreciation</u>   |  |   |
| 4        | Plant Additions   | Line 1<br>\$1,229,097                          |   |
| 5        | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |
| 6        | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$1,229,097                 |   |
| 7        | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                  |   |
| 8        | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$1,229,097                 |   |
| 9        | Bonus Depreciation Rate (April 2020- December 2020)               | 0%<br>0.00%                                    |   |
| 10       | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%<br>0.00%                                    |   |
| 11       | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                      |   |
| 12       | Bonus Depreciation  | Line 8 * Line 11<br>\$0                        |   |
|          | <u>Remaining Tax Depreciation</u>                                 |  |   |
| 13       | Plant Additions   | Line 1<br>\$1,229,097                          |   |
| 14       | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                  |   |
| 15       | Less Bonus Depreciation   | Line 12<br>\$0                                 |   |
| 16       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$1,229,097     | \$1,229,097                                 |
| 17       | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>3.750%              | 7.219%                                      |
| 18       | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$46,091                  | \$88,729                                    |
| 19       | FY21 Loss incurred due to retirements                             | Per Tax Department<br>\$0                      | \$0   |
| 20       | Cost of Removal   | Page 16 of 31, Line 7<br>\$0                   | \$0   |
| 21       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20<br>\$46,091 | \$88,729                                    |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Revenue Requirement on Estimated Gas Capital Investment 12 months ending March 31, 2022  
AMI - Gas

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)              |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | AMI Gas Investments   | \$286,541  |
| 2  | Total Estimated Capital Investment                          | Sum of Line 1<br>\$286,541                               |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$286,541                                      |
| 4  | Retirements   | Line 4 * 0%<br>\$0                                       |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5<br>\$286,541                |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$286,541                                      |
| 7  | Cost of Removal   | \$0  |
| 8  | <b>Total Net Plant in Service</b>                           | <b>Line 6 + Line 7<br/>\$286,541</b>                     |
| <u>Tax Depreciation</u>                              |   |  |
| 9  | Vintage Year Tax Depreciation:                              |  |
| 10   | FY 2022 Spend   | Page 10 of 31, Line 21<br>\$10,745                       |
| 11   | Cumulative Tax Depreciation                                 | Previous Year Line 11 + Current Year Line 10<br>\$10,745 |
| <u>Book Depreciation</u>                             |   |  |
| 12   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>6.25%      |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$8,954           |
| 14   | Cumulative Book Depreciation                                | Previous Year Line 14 + Current Year Line 13<br>\$8,954  |
| 15   | Total Cumulative Book Depreciation                          | Line 14<br>\$8,954                                       |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$1,791                             |
| 17   | Effective Tax Rate  | 21.00%   |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br>\$376                               |
| 19   | Less: FY 2022 Federal NOL                                   | \$0  |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 22 of 31, Line 40<br>(\$204)              |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br>\$172                      |
| <u>Rate Base Calculation:</u>                        |   |  |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$286,541                                      |
| 23   | Accumulated Depreciation                                    | - Line 15<br>(\$8,954)                                   |
| 24   | Deferred Tax Reserve  | - Line 21<br>(\$172)                                     |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br>\$277,415                  |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 26   | Average Rate Base   | Column (a) = Current Year Line 25 ÷ 2<br>\$138,708       |
| 27   | Pre-Tax ROR   | 1/<br>9.04%  |
| 28   | Return and Taxes  | Line 26 * Line 27<br>\$12,539                            |
| 29   | Book Depreciation   | Line 13<br>\$8,954                                       |
| 30   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0                             |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 through Line 30<br/>\$21,494</b>              |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-GAS

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 5.18%  | 2.51%        |              | 2.51%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.67%</u> | <u>1.37%</u> | <u>9.04%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Gas Capital Investments  
AMI - Gas

| Line<br>No. |   |                                       | Fiscal Year Ending<br>March 31, 2022<br>(a) |
|-------------|---|---------------------------------------|---|
|             | <u>Capital Repairs Deduction</u>                                  |                                       |   |
| 1           | Plant Additions   | Page 18 of 31, Line 2                 | \$286,541                                   |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department                    | 0.00%                                       |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2                       | <u>\$0</u>                                  |
|             | <u>Bonus Depreciation</u>   |                                       |   |
| 4           | Plant Additions   | Line 1                                | \$286,541                                   |
| 5           | Less Capital Repairs Deduction                                    | Line 3                                | \$0   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                       | <u>\$286,541</u>                            |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                    | 100.00%                                     |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                       | <u>\$286,541</u>                            |
| 9           | Bonus Depreciation Rate (April 2021- December 2021)               | 0%                                    | 0.00%                                       |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%                                    | 0.00%                                       |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                      | <u>0.00%</u>                                |
| 12          | Bonus Depreciation  | Line 8 * Line 11                      | \$0   |
|             | <u>Remaining Tax Depreciation</u>                                 |                                       |   |
| 13          | Plant Additions   | Line 1                                | \$286,541                                   |
| 14          | Less Capital Repairs Deduction                                    | Line 3                                | \$0   |
| 15          | Less Bonus Depreciation   | Line 12                               | \$0   |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15           | <u>\$286,541</u>                            |
| 17          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946               | 3.750%                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17                     | <u>\$10,745</u>                             |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department                    | \$0   |
| 20          | Cost of Removal   | Page 18 of 31, Line 7                 | \$0   |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20 | <u><u>\$10,745</u></u>                      |

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Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Gas Proration  
AMI - Gas

| Line No. |  |                                       | (a)= Column (b)                    | (b)<br>Vintage Year<br>March 31, 2020 |
|----------|--|---------------------------------------|------------------------------------|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>               |                                       | <u>Total</u>                       |                                       |
| 1        | Book Depreciation                                      | Page 14 of 31, Line 13                | \$17,813                           | \$17,813                              |
| 2        | Bonus Depreciation                                     | Page 15 of 31, Line 12                | \$0                                | \$0                                   |
| 3        | Remaining MACRS Tax Depreciation                       | Page 15 of 31, Line 18                | (\$21,375)                         | (\$21,375)                            |
| 4        | FY20 tax (gain)/loss on retirements                    | Page 15 of 31, Line 19                | \$0                                | \$0                                   |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4              | (\$3,562)                          | (\$3,562)                             |
| 6        | Effective Tax Rate                                     | Tax Department                        | 21.00%                             | 21.00%                                |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6                       | (\$748)                            | (\$748)                               |
|          | <b>Deferred Tax Not Subject to Proration</b>           |                                       |                                    |                                       |
| 8        | Capital Repairs Deduction                              | Page 15 of 31, Line 3                 | \$0                                | \$0                                   |
| 9        | Cost of Removal  | Page 15 of 31, Line 20                | \$0                                | \$0                                   |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2020   |                                       | \$0                                | \$0                                   |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10             | \$0                                | \$0                                   |
| 12       | Effective Tax Rate                                     |                                       | 21.00%                             | 21.00%                                |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12                     | \$0                                | \$0                                   |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13                      | (\$748)                            | (\$748)                               |
| 15       | Net Operating Loss                                     |                                       | \$0                                | \$0                                   |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15                     | (\$748)                            | (\$748)                               |
|          | <b>Allocation of FY 2020 Estimated Federal NOL</b>     |                                       |                                    |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5                      | (\$3,562)                          | (\$3,562)                             |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                               | \$0                                | \$0                                   |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18                     | (\$3,562)                          | (\$3,562)                             |
| 20       | Total FY 2020 Federal NOL                              |                                       | \$0                                | \$0                                   |
| 21       | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20         | \$0                                | \$0                                   |
| 22       | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20         | \$0                                | \$0                                   |
| 23       | Effective Tax Rate                                     |                                       | 21.00%                             | 21.00%                                |
| 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                      | (\$748)                            | (\$748)                               |
|          | <b>Proration Calculation</b>                           |                                       |                                    |                                       |
|          |  | (i)<br><u>Number of Days in Month</u> | (j)<br><u>Proration Percentage</u> | (k)= Sum of (l)<br>(l)                |
| 26       | April 2019   | 30                                    | 91.78%                             | (\$57)                                |
| 27       | May 2019   | 31                                    | 83.29%                             | (\$52)                                |
| 28       | June 2019  | 30                                    | 75.07%                             | (\$47)                                |
| 29       | July 2019  | 31                                    | 66.58%                             | (\$42)                                |
| 30       | August 2019  | 31                                    | 58.08%                             | (\$36)                                |
| 31       | September 2019   | 30                                    | 49.86%                             | (\$31)                                |
| 32       | October 2019   | 31                                    | 41.37%                             | (\$26)                                |
| 33       | November 2019  | 30                                    | 33.15%                             | (\$21)                                |
| 34       | December 2019  | 31                                    | 24.66%                             | (\$15)                                |
| 35       | January 2020   | 31                                    | 16.16%                             | (\$10)                                |
| 36       | February 2020  | 28                                    | 8.49%                              | (\$5)                                 |
| 37       | March 2020   | 31                                    | 0.00%                              | \$0                                   |
| 38       | Total  | 365                                   |                                    | (\$342)                               |
| 39       | Deferred Tax Without Proration                         | Line 25                               | (\$748)                            | (\$748)                               |
| 40       | Proration Adjustment                                   | Line 38 - Line 39                     | \$406                              | \$406                                 |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC Docket No. 4770**  
**Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness**  
**SUPPLEMENTAL JOINT PRE-FILED TESTIMONY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Appendix 10.5 - AMI Shared**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Gas Proration**  
**AMI - Gas**

| Line No. |  |  | (a)=Sum of (b) through (c)  | (b)<br>Vintage Year<br>March 31, 2021 | (c)<br>Vintage Year<br>March 31, 2020 |         |
|----------|--|--|-----------------------------|---------------------------------------|---------------------------------------|---------|
|          | <b>Deferred Tax Subject to Proration</b>               |  |                             |                                       |                                       |         |
| 1        | Book Depreciation                                      | Col (b) = Page 16 of 31, Line 13; Col (c) = Page 14 of 31, Line 13 | \$74,034                    | \$38,409                              | \$35,625                              |         |
| 2        | Bonus Depreciation                                     | Page 17 of 31, Line 12   | \$0                         | \$0                                   |                                       |         |
| 3        | Remaining MACRS Tax Depreciation                       | Col (b) = Page 17 of 31, Line 18; Col (c) = Page 15 of 31, Line 18 | (\$87,239)                  | (\$46,091)                            | (\$41,148)                            |         |
| 4        | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 17 of 31, Line 19; Col (c) = Page 15 of 31, Line 19 | \$0                         | \$0                                   | \$0                                   |         |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$13,205)                  | (\$7,682)                             | (\$5,523)                             |         |
| 6        | Effective Tax Rate                                     | Tax Department   | 21.00%                      | 21.00%                                | 21.00%                                |         |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$2,773)                   | (\$1,613)                             | (\$1,160)                             |         |
|          | <b>Deferred Tax Not Subject to Proration</b>           |  |                             |                                       |                                       |         |
| 8        | Capital Repairs Deduction                              | Page 17 of 31, Line 3  | \$0                         | \$0                                   | \$0                                   |         |
| 9        | Cost of Removal  | Page 17 of 31, Line 20   | \$0                         | \$0                                   | \$0                                   |         |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                         | \$0                                   | \$0                                   |         |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                         | \$0                                   | \$0                                   |         |
| 12       | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                                | 21.00%                                |         |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                         | \$0                                   | \$0                                   |         |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$2,773)                   | (\$1,613)                             | (\$1,160)                             |         |
| 15       | Net Operating Loss                                     |  | \$0                         | \$0                                   | \$0                                   |         |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$2,773)                   | (\$1,613)                             | (\$1,160)                             |         |
|          | <b>Allocation of FY 2021 Estimated Federal NOL</b>     |  |                             |                                       |                                       |         |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$7,682)                   | (\$7,682)                             |                                       |         |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                         | \$0                                   |                                       |         |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$7,682)                   | (\$7,682)                             |                                       |         |
| 20       | Total FY 2021 Federal NOL                              |  | \$0                         | \$0                                   |                                       |         |
| 21       | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                                      | \$0                         | \$0                                   |                                       |         |
| 22       | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                                      | \$0                         | \$0                                   |                                       |         |
| 23       | Effective Tax Rate                                     |  | 21.00%                      | 21.00%                                |                                       |         |
| 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   | (\$2,773)                   | (\$1,613)                             | (\$1,160)                             |         |
|          | <b>Proration Calculation</b>                           |  |                             |                                       |                                       |         |
|          |  | (i)                      (j)                                       |                             |                                       |                                       |         |
|          |  | <u>Number of Days in</u> <u>Proration</u>                          |                             |                                       |                                       |         |
|          |  | <u>Month</u> <u>Percentage</u>                                     |                             |                                       |                                       |         |
|          |  |  | (k)= Sum of (l) through (m) | (l)                                   | (m)                                   |         |
| 26       | April 2020   | 30   | 91.78%                      | (\$212)                               | (\$123)                               | (\$89)  |
| 27       | May 2020   | 31   | 83.29%                      | (\$192)                               | (\$112)                               | (\$80)  |
| 28       | June 2020  | 30   | 75.07%                      | (\$173)                               | (\$101)                               | (\$73)  |
| 29       | July 2020  | 31   | 66.58%                      | (\$154)                               | (\$89)                                | (\$64)  |
| 30       | August 2020  | 31   | 58.08%                      | (\$134)                               | (\$78)                                | (\$56)  |
| 31       | September 2020   | 30   | 49.86%                      | (\$115)                               | (\$67)                                | (\$48)  |
| 32       | October 2020   | 31   | 41.37%                      | (\$96)                                | (\$56)                                | (\$40)  |
| 33       | November 2020  | 30   | 33.15%                      | (\$77)                                | (\$45)                                | (\$32)  |
| 34       | December 2020  | 31   | 24.66%                      | (\$57)                                | (\$33)                                | (\$24)  |
| 35       | January 2021   | 31   | 16.16%                      | (\$37)                                | (\$22)                                | (\$16)  |
| 36       | February 2021  | 28   | 8.49%                       | (\$20)                                | (\$11)                                | (\$8)   |
| 37       | March 2021   | 31   | 0.00%                       | \$0                                   | \$0                                   | \$0     |
| 38       | Total  | 365  |                             | (\$1,267)                             | (\$737)                               | (\$530) |
| 39       | Deferred Tax Without Proration                         | Line 25  | (\$2,773)                   | (\$1,613)                             | (\$1,160)                             |         |
| 40       | Proration Adjustment                                   | Line 38 - Line 39  | \$1,506                     | \$876                                 | \$630                                 |         |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness  
SUPPLEMENTAL JOINT PRE-FILED TESTIMONY  
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THE NARRAGANSETT ELECTRIC COMPANY  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Gas Proration**  
**AMI - Gas**

| Line No.   | Description  |  | (a)=Sum of (b) through (d)      | (b)                            | (c)                            | (d)                            |         |
|--|--|--|---------------------------------|--------------------------------|--------------------------------|--------------------------------|---------|
|  |  |  | Total                           | Vintage Year<br>March 31, 2022 | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |         |
| <b>Deferred Tax Subject to Proration</b>           |  |  |                                 |                                |                                |                                |         |
| 1  | Book Depreciation                                      | Col (b) = Page 18 of 31, Line 13; Col (c) = Page 16 of 31, Line 13; Col (d) = Page 14 of 31, Line 13 | \$121,398                       | \$8,954                        | \$76,819                       | \$35,625                       |         |
| 2  | Bonus Depreciation                                     | Page 19 of 31, Line 12   | \$0                             | \$0                            |                                |                                |         |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 19 of 31, Line 18; Col (c) = Page 17 of 31, Line 18; Col (d) = Page 15 of 31, Line 18 | (\$137,533)                     | (\$10,745)                     | (\$88,729)                     | (\$38,059)                     |         |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 19 of 31, Line 19; Col (c) = Page 17 of 31, Line 19; Col (d) = Page 15 of 31, Line 19 | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$16,135)                      | (\$1,791)                      | (\$11,910)                     | (\$2,434)                      |         |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                          | 21.00%                         | 21.00%                         | 21.00%                         |         |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$3,388)                       | (\$376)                        | (\$2,501)                      | (\$511)                        |         |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                                 |                                |                                |                                |         |
| 8  | Capital Repairs Deduction                              | Page 19 of 31, Line 3  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 9  | Cost of Removal  | Page 19 of 31, Line 20   | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 12   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                         | 21.00%                         | 21.00%                         |         |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$3,388)                       | (\$376)                        | (\$2,501)                      | (\$511)                        |         |
| 15   | Net Operating Loss                                     |  | \$0                             | \$0                            | \$0                            | \$0                            |         |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$3,388)                       | (\$376)                        | (\$2,501)                      | (\$511)                        |         |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                                 |                                |                                |                                |         |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$1,791)                       | (\$1,791)                      |                                |                                |         |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                             | \$0                            |                                |                                |         |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$1,791)                       | (\$1,791)                      |                                |                                |         |
| 20   | Total FY 2022 Federal NOL                              |  | \$0                             | \$0                            |                                |                                |         |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                             | \$0                            |                                |                                |         |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                             | \$0                            |                                |                                |         |
| 23   | Effective Tax Rate                                     |  | 21.00%                          | 21.00%                         |                                |                                |         |
| 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   | (\$3,388)                       | (\$376)                        | (\$2,501)                      | (\$511)                        |         |
| <b>Proration Calculation</b>                       |  |  |                                 |                                |                                |                                |         |
|  |  | (i) <u>Number of Days in Month</u>   | (j) <u>Proration Percentage</u> | (k)= Sum of (l) through (n)    | (l)                            | (m)                            | (n)     |
| 26   | April 2021   | 30   | 91.78%                          | (\$259)                        | (\$29)                         | (\$191)                        | (\$39)  |
| 27   | May 2021   | 31   | 83.29%                          | (\$235)                        | (\$26)                         | (\$174)                        | (\$35)  |
| 28   | June 2021  | 30   | 75.07%                          | (\$212)                        | (\$24)                         | (\$156)                        | (\$32)  |
| 29   | July 2021  | 31   | 66.58%                          | (\$188)                        | (\$21)                         | (\$139)                        | (\$28)  |
| 30   | August 2021  | 31   | 58.08%                          | (\$164)                        | (\$18)                         | (\$121)                        | (\$25)  |
| 31   | September 2021   | 30   | 49.86%                          | (\$141)                        | (\$16)                         | (\$104)                        | (\$21)  |
| 32   | October 2021   | 31   | 41.37%                          | (\$117)                        | (\$13)                         | (\$86)                         | (\$18)  |
| 33   | November 2021  | 30   | 33.15%                          | (\$94)                         | (\$10)                         | (\$69)                         | (\$14)  |
| 34   | December 2021  | 31   | 24.66%                          | (\$70)                         | (\$8)                          | (\$51)                         | (\$11)  |
| 35   | January 2022   | 31   | 16.16%                          | (\$46)                         | (\$5)                          | (\$34)                         | (\$7)   |
| 36   | February 2022  | 28   | 8.49%                           | (\$24)                         | (\$3)                          | (\$18)                         | (\$4)   |
| 37   | March 2022   | 31   | 0.00%                           | \$0                            | \$0                            | \$0                            | \$0     |
| 38   | Total  | 365  |                                 | (\$1,549)                      | (\$172)                        | (\$1,143)                      | (\$234) |
| 39   | Deferred Tax Without Proration                         | Line 25  |                                 | (\$3,388)                      | (\$376)                        | (\$2,501)                      | (\$511) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                                 | \$1,840                        | \$204                          | \$1,358                        | \$278   |

**Column Notes:**

(j) Sum of remaining days in the year (Col (i)) ÷ 365  
(l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2020  
AMI - IS

| Line No.   |   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|---|
| <b>Estimated Capital Investment</b>                  |   |   |   |   |   |
| 1  | AMI IS Investments  |   | \$0   | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | Sum of Line 1   | \$0   | \$0   | \$0   |
| <b>Depreciable Net Capital Included in Rate Base</b> |   |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2  | \$0   | \$0   | \$0   |
| 4  | Retirements   | Line 4 * 0%   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6  | \$0   | \$0   | \$0   |
| <b>Change in Net Capital Included in Rate Base</b>   |   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | Line 2  | \$0   | \$0   | \$0   |
| 7  | Cost of Removal   |   | \$0   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>Line 6 + Line 7</b>  | <b>\$0</b>                                  | <b>\$0</b>                                  | <b>\$0</b>                                  |
| <b>Tax Depreciation</b>                              |   |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |   |
| 10   | FY 2020 Spend   | Page 6 of 31, Line 21   | \$0   | \$0   | \$0   |
| 11   | Cumulative Tax Depreciation                                 | Previous Year Line 11 + Current Year Line 10  | \$0   | \$0   | \$0   |
| <b>Book Depreciation</b>                             |   |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770   | 14.29%                                      | 14.29%                                      | 14.29%                                      |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50% ; Column (b) = Line 1 * Line 12                                 | \$0   | \$0   | \$0   |
| 14   | Cumulative Book Depreciation                                | Previous Year Line 14 + Current Year Line 13  | \$0   | \$0   | \$0   |
| 15   | Total Cumulative Book Depreciation                          | Line 14   | \$0   | \$0   | \$0   |
| <b>Deferred Tax Calculation:</b>                     |   |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15   | \$0   | \$0   | \$0   |
| 17   | Effective Tax Rate  |   | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17   | \$0   | \$0   | \$0   |
| 19   | Less: FY 2020 Federal NOL                                   |   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 29 of 31, Line 40; Col (b) = , Line 40; Col (c) = Page 31 of 31, Line 40             | \$0   | \$0   | \$0   |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20  | \$0   | \$0   | \$0   |
| <b>Rate Base Calculation:</b>                        |   |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8  | \$0   | \$0   | \$0   |
| 23   | Accumulated Depreciation                                    | - Line 15   | \$0   | \$0   | \$0   |
| 24   | Deferred Tax Reserve  | - Line 21   | \$0   | \$0   | \$0   |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24  | \$0   | \$0   | \$0   |
| <b>Revenue Requirement Calculation:</b>              |   |   |   |   |   |
| 26   | Average Rate Base   | Column (a) = Current Year Line 25 ÷ 2; Column (b) = (Prior Year Line 25 + Current Year Line 25) ÷ 2 | \$0   | \$0   | \$0   |
| 27   | Pre-Tax ROR   |   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | Line 26 * Line 27   | \$0   | \$0   | \$0   |
| 29   | Book Depreciation   | Line 13   | \$0   | \$0   | \$0   |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 + Line 29</b>  | <b>\$0</b>                                  | <b>\$0</b>                                  | <b>\$0</b>                                  |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 50.00%  | 3.70%  | 1.85% |       | 1.85%  |
| Short Term Debt | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Preferred Stock | 0.00%   | 0.00%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.00%  | 10.10% | 5.05% | 1.90% | 6.95%  |
|                 | 100.00% |        | 6.90% | 1.90% | 8.80%  |

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THE NARRAGANSETT ELECTRIC COMPANY  
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Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 IS Capital Investments  
AMI - IS

| Line<br>No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|-------------|---|---|---|---|
|             | <u>Capital Repairs Deduction</u>                                  |   |   |   |
| 1           | Plant Additions   | Page 23 of 31, Line 2                       | \$0   |   |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department                          | 0.00%                                       |   |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2                             | \$0   |   |
|             | <u>Bonus Depreciation</u>   |   |   |   |
| 4           | Plant Additions   | Line 1                                      | \$0   |   |
| 5           | Less Capital Repairs Deduction                                    | Line 3                                      | \$0   |   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                             | \$0   |   |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                          | 100.00%                                     |   |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                             | \$0   |   |
| 9           | Bonus Depreciation Rate (April 2019- December 2019)               | 1 * 75% * 100%                              | 75.00%                                      |   |
| 10          | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 0%  | 0.00%                                       |   |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                            | 75.00%                                      |   |
| 12          | Bonus Depreciation  | Line 8 * Line 11                            | \$0   |   |
|             | <u>Remaining Tax Depreciation</u>                                 |   |   |   |
| 13          | Plant Additions   | Line 1                                      | \$0   |   |
| 14          | Less Capital Repairs Deduction                                    | Line 3                                      | \$0   |   |
| 15          | Less Bonus Depreciation   | Line 12                                     | \$0   |   |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15                 | \$0   | \$0   |
| 17          | 3 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946                     | 33.33%                                      | 44.45%                                      |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17                           | \$0   | \$0   |
| 19          | FY20 Loss incurred due to retirements                             | Per Tax Department                          | \$0   | \$0   |
| 20          | Cost of Removal   | Page 23 of 31, Line 7                       | \$0   | \$0   |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20       | \$0   | \$0   |

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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2021  
AMI - IS

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | AMI IS Investments  | \$2,806,703                                 |   |
| 2  | Total Estimated Capital Investment                          | \$2,806,703                                 | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$2,806,703                                 | \$0   |
| 4  | Retirements   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$2,806,703                                 | \$2,806,703                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$2,806,703                                 | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>\$2,806,703</b>                          | <b>\$2,806,703</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |
| 10   | FY 2021 Spend   | \$935,474                                   | \$1,247,579                                 |
| 11   | Cumulative Tax Depreciation                                 | \$935,474                                   | \$2,183,053                                 |
| <u>Book Depreciation</u>                             |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 14.29%                                      | 14.29%                                      |
| 13   | Book Depreciation   | \$200,479                                   | \$400,958                                   |
| 14   | Cumulative Book Depreciation                                | \$200,479                                   | \$601,436                                   |
| 15   | Total Cumulative Book Depreciation                          | \$200,479                                   | \$601,436                                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$734,995                                   | \$1,581,617                                 |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$154,349                                   | \$332,140                                   |
| 19   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$83,800)                                  | (\$96,526)                                  |
| 21   | Net Deferred Tax Reserve                                    | \$70,549                                    | \$235,613                                   |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$2,806,703                                 | \$2,806,703                                 |
| 23   | Accumulated Depreciation                                    | (\$200,479)                                 | (\$601,436)                                 |
| 24   | Deferred Tax Reserve  | (\$70,549)                                  | (\$235,613)                                 |
| 25   | Year End Rate Base  | \$2,535,675                                 | \$1,969,653                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 26   | Average Rate Base   | \$1,267,837                                 | \$2,252,664                                 |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$111,570                                   | \$198,234                                   |
| 29   | Book Depreciation   | \$200,479                                   | \$400,958                                   |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>\$312,048</b>                            | <b>\$599,192</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <b>100.00%</b> |        | <b>6.90%</b> | <b>1.90%</b> | <b>8.80%</b> |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Power Sector Transformation (PST)**  
**Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 IS Capital Investments**  
**AMI - IS**

| Line No. |   |                                    | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|----------|---|------------------------------------|---|---|
|          | <u>Capital Repairs Deduction</u>                                  |                                    |   |   |
| 1        | Plant Additions   | Page 25 of 31, Line 2              | \$2,806,703                                 |   |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department                 | 0.00%                                       |   |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2                    | \$0   |   |
|          | <u>Bonus Depreciation</u>   |                                    |   |   |
| 4        | Plant Additions   | Line 1                             | \$2,806,703                                 |   |
| 5        | Less Capital Repairs Deduction                                    | Line 3                             | \$0   |   |
| 6        | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                    | \$2,806,703                                 |   |
| 7        | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                 | 100.00%                                     |   |
| 8        | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                    | \$2,806,703                                 |   |
| 9        | Bonus Depreciation Rate (April 2020- December 2020)               | 0%                                 | 0.00%                                       |   |
| 10       | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%                                 | 0.00%                                       |   |
| 11       | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                   | 0.00%                                       |   |
| 12       | Bonus Depreciation  | Line 8 * Line 11                   | \$0   |   |
|          | <u>Remaining Tax Depreciation</u>                                 |                                    |   |   |
| 13       | Plant Additions   | Line 1                             | \$2,806,703                                 |   |
| 14       | Less Capital Repairs Deduction                                    | Line 3                             | \$0   |   |
| 15       | Less Bonus Depreciation   | Line 12                            | \$0   |   |
| 16       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15        | \$2,806,703                                 | \$2,806,703                                 |
| 17       | 3 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946            | 33.33%                                      | 44.45%                                      |
| 18       | Remaining Tax Depreciation  | Line 16 * Line 17                  | \$935,474                                   | \$1,247,579                                 |
| 19       | FY21 Loss incurred due to retirements                             | Per Tax Department                 | \$0   | \$0   |
| 20       | Cost of Removal   | Page 25 of 31, Line 7              | \$0   | \$0   |
| 21       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20 | \$935,474                                   | \$1,247,579                                 |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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Power Sector Transformation (PST)  
Revenue Requirement on Estimated IS Capital Investment 12 months ending March 31, 2022  
AMI - IS

| Line<br>No.  |   | Fiscal Year Ending<br>March 31, 2022<br>(a)                         |
|--|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |
| 1  | AMI IS Investments  | \$0   |
| 2  | Total Estimated Capital Investment                          | Sum of Line 1<br>\$0  |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$0   |
| 4  | Retirements   | Line 4 * 0%<br>\$0  |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6<br>\$0 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$0   |
| 7  | Cost of Removal   | \$0   |
| 8  | <b>Total Net Plant in Service</b>                           | <b>Line 6 + Line 7</b><br>\$0                                       |
| <u>Tax Depreciation</u>                              |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |
| 10   | FY 2022 Spend   | Page 10 of 31, Line 21<br>\$0                                       |
| 11   | Cumulative Tax Depreciation                                 | Previous Year Line 11 + Current Year Line 10<br>\$0                 |
| <u>Book Depreciation</u>                             |   |   |
| 12   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>14.29%                |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$0                          |
| 14   | Cumulative Book Depreciation                                | Previous Year Line 14 + Current Year Line 13<br>\$0                 |
| 15   | Total Cumulative Book Depreciation                          | Line 14<br>\$0  |
| <u>Deferred Tax Calculation:</u>                     |   |   |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$0  |
| 17   | Effective Tax Rate  | 21.00%  |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br>\$0  |
| 19   | Less: FY 2022 Federal NOL                                   | \$0   |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 31 of 31, Line 40<br>\$0                             |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br>\$0                                   |
| <u>Rate Base Calculation:</u>                        |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$0   |
| 23   | Accumulated Depreciation                                    | - Line 15<br>\$0  |
| 24   | Deferred Tax Reserve  | - Line 21<br>\$0  |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br>\$0                                   |
| <u>Revenue Requirement Calculation:</u>              |   |   |
| 26   | Average Rate Base   | Column (a) = Current Year Line 25 ÷ 2<br>\$0                        |
| 27   | Pre-Tax ROR   | 1/<br>8.80%   |
| 28   | Return and Taxes  | Line 26 * Line 27<br>\$0  |
| 29   | Book Depreciation   | Line 13<br>\$0  |
| 30   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 + Line 29</b><br>\$0                                     |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-6

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 50.00%         | 3.70%  | 1.85%        |              | 1.85%        |
| Short Term Debt | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Preferred Stock | 0.00%          | 0.00%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.00%         | 10.10% | 5.05%        | 1.90%        | 6.95%        |
|                 | <u>100.00%</u> |        | <u>6.90%</u> | <u>1.90%</u> | <u>8.80%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 IS Capital Investments  
AMI - IS

| Line<br>No. |   | Fiscal Year Ending<br><u>March 31, 2022</u><br>(a) |
|-------------|---|--|
|             | <u>Capital Repairs Deduction</u>                                  |  |
| 1           | Plant Additions   | Page 27 of 31, Line 2<br>\$0                       |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                        |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                             |
|             | <u>Bonus Depreciation</u>   |  |
| 4           | Plant Additions   | Line 1<br>\$0                                      |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$0                             |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                      |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$0                             |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%<br>0.00%  |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%<br>0.00%  |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                          |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                            |
|             | <u>Remaining Tax Depreciation</u>                                 |  |
| 13          | Plant Additions   | Line 1<br>\$0                                      |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                     |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$0                 |
| 17          | 3 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946<br>33.33%                  |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$0                           |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0                          |
| 20          | Cost of Removal   | Page 27 of 31, Line 7<br>\$0                       |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20<br>\$0       |

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2020 Net Deferred Tax Reserve IS Proration**  
**AMI - IS**

| Line No. |  | (a)= Column (b)                    | (b)<br>Vintage Year<br>March 31, 2020 |
|----------|--|------------------------------------|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>               | <u>Total</u>                       |                                       |
| 1        | Book Depreciation                                      | Page 23 of 31, Line 13             | \$0                                   |
| 2        | Bonus Depreciation                                     | Page 24 of 31, Line 12             | \$0                                   |
| 3        | Remaining MACRS Tax Depreciation                       | Page 24 of 31, Line 18             | \$0                                   |
| 4        | FY20 tax (gain)/loss on retirements                    | Page 24 of 31, Line 19             | \$0                                   |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4           | \$0                                   |
| 6        | Effective Tax Rate                                     | Tax Department                     | 21.00%                                |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6                    | \$0                                   |
|          | <b>Deferred Tax Not Subject to Proration</b>           |                                    |                                       |
| 8        | Capital Repairs Deduction                              | Page 24 of 31, Line 3              | \$0                                   |
| 9        | Cost of Removal  | Page 24 of 31, Line 20             | \$0                                   |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2020   |                                    | \$0                                   |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10          | \$0                                   |
| 12       | Effective Tax Rate                                     |                                    | 21.00%                                |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12                  | \$0                                   |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13                   | \$0                                   |
| 15       | Net Operating Loss                                     |                                    | \$0                                   |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15                  | \$0                                   |
|          | <b>Allocation of FY 2020 Estimated Federal NOL</b>     |                                    |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5                   | \$0                                   |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                            | \$0                                   |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18                  | \$0                                   |
| 20       | Total FY 2020 Federal NOL                              |                                    | \$0                                   |
| 21       | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20      | \$0                                   |
| 22       | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20      | \$0                                   |
| 23       | Effective Tax Rate                                     | Tax Department                     | 21.00%                                |
| 24       | Deferred Tax Benefit subject to proration              | Line 22 * Line 23                  | \$0                                   |
| 25       | Net Deferred Tax Reserve subject to proration          | Line 7 + Line 24                   | \$0                                   |
|          | <b>Proration Calculation</b>                           | (i) <u>Number of Days in Month</u> | (j) <u>Proration Percentage</u>       |
| 26       | April 2019   | 30                                 | 91.78%                                |
| 27       | May 2019   | 31                                 | 83.29%                                |
| 28       | June 2019  | 30                                 | 75.07%                                |
| 29       | July 2019  | 31                                 | 66.58%                                |
| 30       | August 2019  | 31                                 | 58.08%                                |
| 31       | September 2019   | 30                                 | 49.86%                                |
| 32       | October 2019   | 31                                 | 41.37%                                |
| 33       | November 2019  | 30                                 | 33.15%                                |
| 34       | December 2019  | 31                                 | 24.66%                                |
| 35       | January 2020   | 31                                 | 16.16%                                |
| 36       | February 2020  | 28                                 | 8.49%                                 |
| 37       | March 2020   | 31                                 | 0.00%                                 |
| 38       | Total  | 365                                | \$0                                   |
| 39       | Deferred Tax Without Proration                         | Line 25                            | \$0                                   |
| 40       | Proration Adjustment                                   | Line 38 - Line 39                  | \$0                                   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve IS Proration**  
**AMI - IS**

| Line No.   | Deferred Tax Subject to Proration                      |  | (a)=Sum of (b) through (c) | (b)                            | (c)                            |
|--|--|--|----------------------------|--------------------------------|--------------------------------|
|  |  |  | Total                      | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |
| 1  | Book Depreciation                                      | Col (b) = Page 25 of 31, Line 13; Col (c) = Page 23 of 31, Line 13 | \$200,479                  | \$200,479                      | \$0                            |
| 2  | Bonus Depreciation                                     | Page 26 of 31, Line 12   | \$0                        | \$0                            |                                |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 26 of 31, Line 18; Col (c) = Page 24 of 31, Line 18 | (\$935,474)                | (\$935,474)                    | \$0                            |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 26 of 31, Line 19; Col (c) = Page 24 of 31, Line 19 | \$0                        | \$0                            | \$0                            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$734,995)                | (\$734,995)                    | \$0                            |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                     | 21.00%                         | 21.00%                         |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$154,349)                | (\$154,349)                    | \$0                            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                            |                                |                                |
| 8  | Capital Repairs Deduction                              | Page 26 of 31, Line 3  | \$0                        | \$0                            |                                |
| 9  | Cost of Removal  | Page 26 of 31, Line 20   | \$0                        | \$0                            |                                |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                        | \$0                            |                                |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                        | \$0                            |                                |
| 12   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                         |                                |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                        | \$0                            |                                |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$154,349)                | (\$154,349)                    | \$0                            |
| 15   | Net Operating Loss                                     |  | \$0                        | \$0                            | \$0                            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$154,349)                | (\$154,349)                    | \$0                            |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |                            |                                |                                |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$734,995)                | (\$734,995)                    |                                |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                        | \$0                            |                                |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$734,995)                | (\$734,995)                    |                                |
| 20   | Total FY 2021 Federal NOL                              |  | \$0                        | \$0                            |                                |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                                      | \$0                        | \$0                            |                                |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                                      | \$0                        | \$0                            |                                |
| 23   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                         |                                |
| 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   | (\$154,349)                | (\$154,349)                    | \$0                            |

(i) (j)

|    | Proration Calculation          | Number of Days in |                      | (k)= Sum of (l) through (m) | (l)         | (m) |
|----|--------------------------------|-------------------|----------------------|-----------------------------|-------------|-----|
|    |                                | Month             | Proration Percentage |                             |             |     |
| 26 | April 2020                     | 30                | 91.78%               | (\$11,805)                  | (\$11,805)  | \$0 |
| 27 | May 2020                       | 31                | 83.29%               | (\$10,713)                  | (\$10,713)  | \$0 |
| 28 | June 2020                      | 30                | 75.07%               | (\$9,656)                   | (\$9,656)   | \$0 |
| 29 | July 2020                      | 31                | 66.58%               | (\$8,563)                   | (\$8,563)   | \$0 |
| 30 | August 2020                    | 31                | 58.08%               | (\$7,471)                   | (\$7,471)   | \$0 |
| 31 | September 2020                 | 30                | 49.86%               | (\$6,414)                   | (\$6,414)   | \$0 |
| 32 | October 2020                   | 31                | 41.37%               | (\$5,321)                   | (\$5,321)   | \$0 |
| 33 | November 2020                  | 30                | 33.15%               | (\$4,264)                   | (\$4,264)   | \$0 |
| 34 | December 2020                  | 31                | 24.66%               | (\$3,172)                   | (\$3,172)   | \$0 |
| 35 | January 2021                   | 31                | 16.16%               | (\$2,079)                   | (\$2,079)   | \$0 |
| 36 | February 2021                  | 28                | 8.49%                | (\$1,092)                   | (\$1,092)   | \$0 |
| 37 | March 2021                     | 31                | 0.00%                | \$0                         | \$0         | \$0 |
| 38 | Total                          | 365               |                      | (\$70,549)                  | (\$70,549)  | \$0 |
| 39 | Deferred Tax Without Proration | Line 25           |                      | (\$154,349)                 | (\$154,349) | \$0 |
| 40 | Proration Adjustment           | Line 38 - Line 39 |                      | \$83,800                    | \$83,800    | \$0 |

**Column Notes:**

(j) Sum of remaining days in the year (Col (i)) ÷ 365  
(l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve IS Proration**  
**AMI - IS**

| Line No.   | Deferred Tax Subject to Proration                      |  | (a)=Sum of (b) through (d) | (b)                         | (c)                         | (d)                         |     |
|--|--|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----|
|  |  |  | Total                      | Vintage Year March 31, 2022 | Vintage Year March 31, 2021 | Vintage Year March 31, 2020 |     |
| 1  | Book Depreciation                                      | Col (b) = Page 27 of 31, Line 13; Col (c) = Page 25 of 31, Line 13; Col (d) = Page 23 of 31, Line 13 | \$400,958                  | \$0                         | \$400,958                   | \$0                         |     |
| 2  | Bonus Depreciation                                     | Page 28 of 31, Line 12   | \$0                        | \$0                         |                             |                             |     |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 28 of 31, Line 18; Col (c) = Page 26 of 31, Line 18; Col (d) = Page 24 of 31, Line 18 | (\$1,247,579)              | \$0                         | (\$1,247,579)               | \$0                         |     |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 28 of 31, Line 19; Col (c) = Page 26 of 31, Line 19; Col (d) = Page 24 of 31, Line 19 | \$0                        | \$0                         | \$0                         | \$0                         |     |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines No. through 3   | (\$846,621)                | \$0                         | (\$846,621)                 | \$0                         |     |
| 6  | Effective Tax Rate                                     | Tax Department   | 21.00%                     | 21.00%                      | 21.00%                      | 21.00%                      |     |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$177,791)                | \$0                         | (\$177,791)                 | \$0                         |     |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                            |                             |                             |                             |     |
| 8  | Capital Repairs Deduction                              | Page 28 of 31, Line 3  | \$0                        | \$0                         |                             |                             |     |
| 9  | Cost of Removal  | Page 26 of 31, Line 20   | \$0                        | \$0                         |                             |                             |     |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0                        | \$0                         |                             |                             |     |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                        | \$0                         |                             |                             |     |
| 12   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      |                             |                             |     |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                        | \$0                         |                             |                             |     |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$177,791)                | \$0                         | (\$177,791)                 | \$0                         |     |
| 15   | Net Operating Loss                                     |  | \$0                        | \$0                         | \$0                         | \$0                         |     |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$177,791)                | \$0                         | (\$177,791)                 | \$0                         |     |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                            |                             |                             |                             |     |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | \$0                        | \$0                         |                             |                             |     |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                        | \$0                         |                             |                             |     |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | \$0                        | \$0                         |                             |                             |     |
| 20   | Total FY 2022 Federal NOL                              |  | \$0                        | \$0                         |                             |                             |     |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                        | \$0                         |                             |                             |     |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                        | \$0                         |                             |                             |     |
| 23   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      |                             |                             |     |
| 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   | (\$177,791)                | \$0                         | (\$177,791)                 | \$0                         |     |
| <b>Proration Calculation</b>                       |  |  |                            |                             |                             |                             |     |
|  |  | (i) Number of Days in Month  | (j) Proration Percentage   | (k)= Sum of (l) through (n) | (l)                         | (m)                         | (n) |
| 26   | April 2021   | 30   | 91.78%                     | (\$13,598)                  | \$0                         | (\$13,598)                  | \$0 |
| 27   | May 2021   | 31   | 83.29%                     | (\$12,340)                  | \$0                         | (\$12,340)                  | \$0 |
| 28   | June 2021  | 30   | 75.07%                     | (\$11,122)                  | \$0                         | (\$11,122)                  | \$0 |
| 29   | July 2021  | 31   | 66.58%                     | (\$9,864)                   | \$0                         | (\$9,864)                   | \$0 |
| 30   | August 2021  | 31   | 58.08%                     | (\$8,605)                   | \$0                         | (\$8,605)                   | \$0 |
| 31   | September 2021   | 30   | 49.86%                     | (\$7,388)                   | \$0                         | (\$7,388)                   | \$0 |
| 32   | October 2021   | 31   | 41.37%                     | (\$6,129)                   | \$0                         | (\$6,129)                   | \$0 |
| 33   | November 2021  | 30   | 33.15%                     | (\$4,912)                   | \$0                         | (\$4,912)                   | \$0 |
| 34   | December 2021  | 31   | 24.66%                     | (\$3,653)                   | \$0                         | (\$3,653)                   | \$0 |
| 35   | January 2022   | 31   | 16.16%                     | (\$2,395)                   | \$0                         | (\$2,395)                   | \$0 |
| 36   | February 2022  | 28   | 8.49%                      | (\$1,258)                   | \$0                         | (\$1,258)                   | \$0 |
| 37   | March 2022   | 31   | 0.00%                      | \$0                         | \$0                         | \$0                         | \$0 |
| 38   | Total  | 365  |                            | (\$81,264)                  | \$0                         | (\$81,264)                  | \$0 |
| 39   | Deferred Tax Without Proration                         | Line 25  |                            | (\$177,791)                 | \$0                         | (\$177,791)                 | \$0 |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                            | \$96,526                    | \$0                         | \$96,526                    | \$0 |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Appendix 10.6 - Electric Transportation

The Narragansett Electric Company  
d/b/a National Grid  
Appendix 10.6 - Electric Transportation  
Power Sector Transformation (PST)  
Fiscal Years 2020 - 2022 Investment

|   |                  |
|---|------------------|
| Annual Revenue Requirement Summary  | 1 Page 1 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2020           | 2 Page 2 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Capital Investments | 3 Page 3 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2021           | 4 Page 4 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Capital Investments | 5 Page 5 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2022           | 6 Page 6 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Capital Investments | 7 Page 7 of 10   |
| Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Proration                            | 8 Page 8 of 10   |
| Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Proration                            | 9 Page 9 of 10   |
| Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Proration                            | 10 Page 10 of 10 |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Electric Transportation Initiative  
Annual Revenue Requirement Summary

| Line No. |  | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|--|---|---|---|
|          | Operation and Maintenance (O&M) Expenses:  |   |   |   |
| 1        | PMO Labor and Other O&M  | \$192,563                                   | \$228,382                                   | \$318,270                                   |
| 2        | EVSE Rebate Cost for Make-Ready Sites  | \$72,500                                    | \$181,250                                   | \$471,250                                   |
| 3        | Station O&M for Utility-Operated Sites   | \$10,780                                    | \$37,730                                    | \$107,800                                   |
| 4        | Charging Demonstration Marketing   | \$113,000                                   | \$93,000                                    | \$111,000                                   |
| 5        | Education and Outreach   | \$113,970                                   | \$164,959                                   | \$220,468                                   |
| 6        | Total O&M costs  | \$502,813                                   | \$705,321                                   | \$1,228,788                                 |
|          | Sum of Lines 1 through 5   |   |   |   |
| 7        | Other O&M Expenses and Program Administration Costs:                             |   |   |   |
| 8        | Program Administration Costs - NG Heavy Duty Fleet Lease and O&M                 | \$64,000                                    | \$128,000                                   | \$192,000                                   |
| 9        | Program Administration Costs - Off-Peak Rebate                                   | \$178,745                                   | \$244,420                                   | \$332,567                                   |
| 10       | Program Administration Costs - Commercial Rate Discount                          | \$103,622                                   | \$170,650                                   | \$264,488                                   |
| 11       | Program Administration Costs - Evaluation  | \$30,000                                    | \$30,000                                    | \$30,000                                    |
| 12       | Total Other O&M Expenses and Program Administration Costs                        | \$376,367                                   | \$573,070                                   | \$819,055                                   |
|          | Sum of Lines 8 through 11  |   |   |   |
| 13       | <b>Total O&amp;M Costs, Other O&amp;M Costs and Program Administration Costs</b> | <b>\$879,180</b>                            | <b>\$1,278,391</b>                          | <b>\$2,047,843</b>                          |
|          | Line 6 + Line 12   |   |   |   |
| 14       | Participation Payment Offset   | (\$40,000)                                  | (\$100,000)                                 | (\$260,000)                                 |
| 15       | <b>Total Net O&amp;M Expense Component of Revenue Requirement</b>                | <b>\$839,180</b>                            | <b>\$1,178,391</b>                          | <b>\$1,787,843</b>                          |
|          | Line 13 + Line 14  |   |   |   |
| 16       | Capital Investment:  |   |   |   |
| 17       | Estimated Revenue Requirement on Rate Year Capital investment                    | \$81,404                                    | \$195,417                                   | \$185,229                                   |
| 18       | Estimated Revenue Requirement on Data Year 1 Capital investment                  |   | \$122,477                                   | \$295,340                                   |
| 19       | Estimated Revenue Requirement on Data Year 2 Capital investment                  |   |   | \$294,856                                   |
| 20       | <b>Total Capital Investment Component of Revenue Requirement</b>                 | <b>\$81,404</b>                             | <b>\$317,894</b>                            | <b>\$775,424</b>                            |
|          | Sum of Lines 17 through 19   |   |   |   |
| 21       | <b>Total Revenue Requirement</b>   | <b>\$920,583</b>                            | <b>\$1,496,285</b>                          | <b>\$2,563,267</b>                          |
|          | Line 15 + Line 20  |   |   |   |

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC Docket No. 4770**  
**Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness**  
**SUPPLEMENTAL JOINT PRE-FILED TESTIMONY**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Appendix 10.6 - Electric Transportation**  
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**The Narragansett Electric Company**  
**d/b/a National Grid**  
**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2020**  
**Electric Transportation Initiative**

| Line No.   |  | Fiscal Year Ending<br>March 31, 2020<br>(a)  | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|--|--|---|---|
| <b>Estimated Capital Investment</b>                  |  |  |   |   |
| 1  | EDC Costs (Make-Ready & Utility-Operated)                                    | \$147,899  | \$0   | \$0   |
| 2  | Premise Work Costs (Make-Ready & Utility-Operated)                           | \$352,617  | \$0   | \$0   |
| 3  | EVSE Costs (Utility-Operated Charging Program Sites, and Company Fleet EVSE) | \$322,633  | \$0   | \$0   |
| 4  | Total Capitalized Labor & Tool Costs   | \$365,321  | \$0   | \$0   |
| 5  | Total Estimated Capital Investment   | <u>\$1,188,470</u>   | <u>\$0</u>                                  | <u>\$0</u>                                  |
| Sum of Lines 1 through 4                             |  |  |   |   |
| <b>Depreciable Net Capital Included in Rate Base</b> |  |  |   |   |
| 6  | Total Allowed Capital Included in Rate Base in Current Year                  | Line 5<br>\$1,188,470  | \$0   | \$0   |
| 7  | Retirements  | Line 4 * 0%<br>\$0   | \$0   | \$0   |
| 8  | Net Depreciable Capital Included in Rate Base                                | Column (a) = Line 6 - Line 7; Column (b) = Prior Year Line 6<br>\$1,188,470  | \$1,188,470                                 | \$1,188,470                                 |
| <b>Change in Net Capital Included in Rate Base</b>   |  |  |   |   |
| 9  | Capital Included in Rate Base  | Line 5<br>\$1,188,470  | \$0   | \$0   |
| 10   | Cost of Removal  | \$0  | \$0   | \$0   |
| 11   | <b>Total Net Plant in Service Including Cost of Removal</b>                  | <b>Line 8 + Line 10</b><br><b>\$1,188,470</b>  | <b>\$1,188,470</b>                          | <b>\$1,188,470</b>                          |
| <b>Tax Depreciation</b>                              |  |  |   |   |
| 12   | Vintage Year Tax Depreciation:   |  |   |   |
| 13   | 2020 Spend   | Page 3 of 10, Line 21<br>\$237,694   | \$380,311                                   | \$228,186                                   |
| 14   | Cumulative Tax Depreciation  | Previous Year Line 14 + Current Year Line 13<br>\$237,694  | \$618,005                                   | \$846,191                                   |
| <b>Book Depreciation</b>                             |  |  |   |   |
| 15   | Composite Book Depreciation Rate   | As filed per R.I.P.U.C. Docket No. 4770<br>2.50%   | 2.50%                                       | 2.50%                                       |
| 16   | Book Depreciation  | Column (a) = Line 1 * Line 15 * 50%; Column (b) = Line 1 * Line 15<br>\$1,849  | \$3,697                                     | \$3,697                                     |
| 17   | Cumulative Book Depreciation   | Previous Year Line 17 + Current Year Line 16<br>\$1,849  | \$5,546                                     | \$9,244                                     |
| 18   | Composite Book Depreciation Rate   | As filed per R.I.P.U.C. Docket No. 4770<br>5.00%   | 5.00%                                       | 5.00%                                       |
| 19   | Book Depreciation  | Column (a) = Line 2 * Line 18 * 50%; Column (b) = Line 2 * Line 18<br>\$8,815  | \$17,631                                    | \$17,631                                    |
| 20   | Cumulative Book Depreciation   | Previous Year Line 20 + Current Year Line 19<br>\$8,815  | \$26,446                                    | \$44,077                                    |
| 21   | Composite Book Depreciation Rate   | As filed per R.I.P.U.C. Docket No. 4770<br>10.00%  | 10.00%                                      | 10.00%                                      |
| 22   | Book Depreciation  | Column (a) = Line 3 * Line 21 * 50%; Column (b) = Line 3 * Line 21<br>\$16,132                                       | \$32,263                                    | \$32,263                                    |
| 23   | Cumulative Book Depreciation   | Previous Year Line 23 + Current Year Line 22<br>\$16,132   | \$48,395                                    | \$80,658                                    |
| 24   | Composite Book Depreciation Rate   | As filed per R.I.P.U.C. Docket No. 4770<br>2.50%   | 2.50%                                       | 2.50%                                       |
| 25   | Book Depreciation  | Column (a) = Line 4 * Line 24 * 50%; Column (b) = Line 4 * Line 24<br>\$4,567  | \$9,133                                     | \$9,133                                     |
| 26   | Cumulative Book Depreciation   | Previous Year Line 26 + Current Year Line 25<br>\$4,567  | \$13,700                                    | \$22,833                                    |
| 27   | Total Cumulative Book Depreciation   | Line 17 + Line 20 + Line 23 + Line 26<br>\$31,362  | \$94,087                                    | \$156,812                                   |
| <b>Deferred Tax Calculation:</b>                     |  |  |   |   |
| 28   | Cumulative Book / Tax Timer  | Line 14 - Line 27<br>\$206,332   | \$523,918                                   | \$689,379                                   |
| 29   | Effective Tax Rate   | 21.00%   | 21.00%                                      | 21.00%                                      |
| 30   | Deferred Tax Reserve   | Line 28 * Line 29<br>\$43,330  | \$110,023                                   | \$144,770                                   |
| 31   | Less: FY 2020 Federal NOL  | \$0  | \$0   | \$0   |
| 32   | Less: Proration Adjustment   | Col (a) = Page 8 of 10, Line 40; Col (b) = , Line 40; Col (c) = , Line 40<br>(\$23,525)                              | (\$36,209)                                  | (\$18,865)                                  |
| 33   | Net Deferred Tax Reserve   | Sum of Lines 30 through 32<br>\$19,805   | \$73,814                                    | \$125,905                                   |
| <b>Rate Base Calculation:</b>                        |  |  |   |   |
| 34   | Cumulative Incremental Capital Included in Rate Base                         | Line 11<br>\$1,188,470   | \$1,188,470                                 | \$1,188,470                                 |
| 35   | Accumulated Depreciation   | - Line 27<br>(\$31,362)  | (\$94,087)                                  | (\$156,812)                                 |
| 36   | Deferred Tax Reserve   | - Line 33<br>(\$19,805)  | (\$73,814)                                  | (\$125,905)                                 |
| 37   | Year End Rate Base   | Sum of Lines 34 through 36<br>\$1,137,303  | \$1,020,570                                 | \$905,754                                   |
| <b>Revenue Requirement Calculation:</b>              |  |  |   |   |
| 38   | Average Rate Base  | Column (a) = Current Year Line 37 ÷ 2; Column (b & c) = (Prior Year Line 26 + Current Year Line 26) ÷ 2<br>\$568,652 | \$1,078,936                                 | \$963,162                                   |
| 39   | Pre-Tax ROR  | 1/<br>8.80%  | 8.80%                                       | 8.80%                                       |
| 40   | Return and Taxes   | Line 38 * Line 39<br>\$50,041  | \$94,946                                    | \$84,758                                    |
| 41   | Book Depreciation  | Line 16 + Line 19 + Line 22 + Line 25<br>\$31,362  | \$62,725                                    | \$62,725                                    |
| 42   | Property Taxes   | Tax Rate 3.176% MAL-7 - Columns (b & c) Line 8 * 3.176%<br>\$0   | \$37,746                                    | \$37,746                                    |
| 43   | <b>Annual Revenue Requirement</b>  | <b>Line 40 through Line 42</b><br><b>\$81,404</b>  | <b>\$195,417</b>                            | <b>\$185,229</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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THE NARRAGANSETT ELECTRIC COMPANY  
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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Capital Investments  
Electric Transportation Initiative

| Line No. |   |                                       | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---------------------------------------|---|---|---|
|          | <u>Capital Repairs Deduction</u>                                  |                                       |   |   |   |
| 1        | Plant Additions   | Page 2 of 10, Line 5                  | \$1,188,470                                 |   |   |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department                    | 0.00%                                       |   |   |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2                       | <u>\$0</u>                                  |   |   |
|          | <u>Bonus Depreciation</u>   |                                       |   |   |   |
| 4        | Plant Additions   | Line 1                                | \$1,188,470                                 |   |   |
| 5        | Less Capital Repairs Deduction                                    | Line 3                                | <u>\$0</u>                                  |   |   |
| 6        | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5                       | \$1,188,470                                 |   |   |
| 7        | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department                    | <u>100.00%</u>                              |   |   |
| 8        | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7                       | \$1,188,470                                 |   |   |
| 9        | Bonus Depreciation Rate (April 2019 - December 2019)              | 1 * 75% * 0%                          | 0.00%                                       |   |   |
| 10       | Bonus Depreciation Rate (January 2020 - Mar 2020)                 | 1 * 25% * 0%                          | <u>0.00%</u>                                |   |   |
| 11       | Total Bonus Depreciation Rate                                     | Line 9 + Line 10                      | 0.00%                                       |   |   |
| 12       | Bonus Depreciation  | Line 8 * Line 11                      | <u>\$0</u>                                  |   |   |
|          | <u>Remaining Tax Depreciation</u>                                 |                                       |   |   |   |
| 13       | Plant Additions   | Line 1                                | \$1,188,470                                 |   |   |
| 14       | Less Capital Repairs Deduction                                    | Line 3                                | <u>\$0</u>                                  |   |   |
| 15       | Less Bonus Depreciation   | Line 12                               | <u>\$0</u>                                  |   |   |
| 16       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15           | \$1,188,470                                 | \$1,188,470                                 | \$1,188,470                                 |
| 17       | 5 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946               | <u>20.00%</u>                               | <u>32.00%</u>                               | <u>19.20%</u>                               |
| 18       | Remaining Tax Depreciation  | Line 16 * Line 17                     | \$237,694                                   | \$380,311                                   | \$228,186                                   |
| 19       | FY20 Loss incurred due to retirements                             | Per Tax Department                    | \$0   |   |   |
| 20       | Cost of Removal   | Page 2 of 10, Line 10                 | <u>\$0</u>                                  |   |   |
| 21       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19,<br>and 20 | <u>\$237,694</u>                            | <u>\$380,311</u>                            | <u>\$228,186</u>                            |

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC Docket No. 4770**  
**Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness**  
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**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
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**Appendix 10.6 - Electric Transportation**  
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**The Narragansett Electric Company**  
**d/b/a National Grid**  
**Power Sector Transformation (PST)**  
**Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2021**  
**Electric Transportation Initiative**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a)   | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | EDC Costs (Make-Ready & Utility-Operated)                   | \$369,748   |   |
| 2  | Premise Work Costs (Make-Ready & Utility-Operated)          | \$881,543   |   |
| 3  | EVSE Costs (Utility-Operated Only)                          | \$306,583   |   |
| 4  | Total Capitalized Labor & Tool Costs                        | <u>\$270,627</u>  |   |
| 5  | Total Estimated Capital Investment                          | Line 1 + Line 4   | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 6  | Total Allowed Capital Included in Rate Base in Current Year | Line 5  | \$1,828,501                                 |
| 7  | Retirements   | Line 4 * 0%   | \$0   |
| 8  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6  | <u>\$1,828,501</u>                          |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 9  | Capital Included in Rate Base                               | Line 5  | \$1,828,501                                 |
| 10   | Cost of Removal   | Section 2, Page 27 of 27, Chart 11  | \$0   |
| 11   | <b>Total Net Plant in Service Including Cost of Remova</b>  | <b>Line 8 + Line 10</b>   | <b><u>\$1,828,501</u></b>                   |
| <u>Tax Depreciation</u>                              |   |   |   |
| 12   | Vintage Year Tax Depreciation:                              |   |   |
| 13   | 2021 Spend  | Page 5 of 10, Line 21   | \$365,700                                   |
| 14   | Cumulative Tax Depreciation                                 | Previous Year Line 14 + Current Year Line 13  | \$950,820                                   |
| <u>Book Depreciation</u>                             |   |   |   |
| 15   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770   | 2.50%                                       |
| 16   | Book Depreciation   | Column (a) = Line 1 * Line 15 * 50% ; Column (b) = Line 1 * Line 15                                 | \$4,622                                     |
| 17   | Cumulative Book Depreciation                                | Previous Year Line 17 + Current Year Line 16  | \$13,866                                    |
| 18   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770  | 5.00%                                       |
| 19   | Book Depreciation   | Column (a) = Line 2 * Line 18 * 50% ; Column (b) = Line 2 * Line 18                                 | \$44,077                                    |
| 20   | Cumulative Book Depreciation                                | Previous Year Line 20 + Current Year Line 19  | \$66,116                                    |
| 21   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770  | 10.00%                                      |
| 22   | Book Depreciation   | Column (a) = Line 3 * Line 21 * 50% ; Column (b) = Line 3 * Line 21                                 | \$30,658                                    |
| 23   | Cumulative Book Depreciation                                | Previous Year Line 23 + Current Year Line 22  | \$45,987                                    |
| 24   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770   | 2.50%                                       |
| 25   | Book Depreciation   | Column (a) = Line 4 * Line 26 * 50% ; Column (b) = Line 4 * Line 26                                 | \$6,766                                     |
| 26   | Cumulative Book Depreciation                                | Previous Year Line 26 + Current Year Line 25  | \$10,149                                    |
| 27   | Total Cumulative Book Depreciation                          | Line 17 + Line 20 + Line 23 + Line 26   | <u>\$136,117</u>                            |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 28   | Cumulative Book / Tax Timer                                 | Line 14 - Line 17   | \$320,328                                   |
| 29   | Effective Tax Rate  | 21.00%  | 21.00%                                      |
| 30   | Deferred Tax Reserve  | Line 28 * Line 29   | <u>\$67,269</u>                             |
| 31   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 32   | Less: Proration Adjustment                                  | Col (a) = Page 8 of 10, Line 40; Col (b) = Page 9 of 10, Line 40                                    | (\$56,366)                                  |
| 33   | Net Deferred Tax Reserve                                    | Sum of Lines 30 through 32  | <u>\$114,722</u>                            |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 34   | Cumulative Incremental Capital Included in Rate Base        | Line 11   | \$1,828,501                                 |
| 35   | Accumulated Depreciation                                    | - Line 27   | (\$45,372)                                  |
| 36   | Deferred Tax Reserve  | - Line 33   | (\$30,747)                                  |
| 37   | Year End Rate Base  | Sum of Lines 34 through 36  | <u>\$1,752,381</u>                          |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 38   | Average Rate Base   | Column (a) = Current Year Line 37 ÷ 2; Column (b) = (Prior Year Line 37 + Current Year Line 37) ÷ 2 | \$876,190.73                                |
| 39   | Pre-Tax ROR   | 1/  | 8.80%                                       |
| 40   | Return and Taxes  | Line 38 * Line 39   | \$77,105                                    |
| 41   | Book Depreciation   | Line 16 + Line 19 + Line 22 + Line 25   | \$45,372                                    |
| 42   | Property Taxes  | Tax Rate 3.176% MAL-7 - Columns (b) Line 8 * 3.176%   | \$58,073                                    |
| 43   | <b>Annual Revenue Requiremen</b>                            | <b>Line 38 through Line 42</b>  | <b><u>\$122,477</u></b>                     |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate          | Rate         | Taxes        | Return       |
|-----------------|----------------|---------------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%         | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%         | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%         | 0.00%        |              | 0.00%        |
| Common Equity   | <u>50.97%</u>  | <u>10.10%</u> | <u>5.15%</u> | <u>1.37%</u> | <u>6.52%</u> |
|                 | <u>100.00%</u> |               | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness  
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THE NARRAGANSETT ELECTRIC COMPANY  
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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Capital Investments  
Electric Transportation Initiative

| Line<br>No. |   | Fiscal Year Ending<br>March 31, 2021<br>(a)     | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|-------------|---|---|---|
|             | <u>Capital Repairs Deduction</u>                                  |   |   |
| 1           | Plant Additions   | Page 4 of 10, Line 5<br>\$1,828,501             |   |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                     |   |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                          |   |
|             | <u>Bonus Depreciation</u>   |   |   |
| 4           | Plant Additions   | Line 1<br>\$1,828,501                           |   |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                   |   |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$1,828,501                  |   |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                   |   |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$1,828,501                  |   |
| 9           | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%  | 0.00%                                       |
| 10          | Bonus Depreciation Rate (January 2021 - Mar 2021)                 | 0%  | 0.00%                                       |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                       |   |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                         |   |
|             | <u>Remaining Tax Depreciation</u>                                 |   |   |
| 13          | Plant Additions   | Line 1<br>\$1,828,501                           |   |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                   |   |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                  |   |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$1,828,501      | \$1,828,501                                 |
| 17          | 5 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946<br>20.000%              | 32.000%                                     |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$365,700                  | \$585,120                                   |
| 19          | FY21 Loss incurred due to retirements                             | Per Tax Department<br>\$0                       | \$0   |
| 20          | Cost of Removal   | Page 4 of 10, Line 10<br>\$0                    | \$0   |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and 20<br>\$365,700 | \$585,120                                   |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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THE NARRAGANSETT ELECTRIC COMPANY  
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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2022  
Electric Transportation Initiative

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)  |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | EDC Costs (Make-Ready & Utility-Operated)                   | \$961,344  |
| 2  | Premise Work Costs (Make-Ready & Utility-Operated)          | \$2,292,011  |
| 3  | EVSE Costs (Utility-Operated Only)                          | \$797,116  |
| 4  | Total Capitalized Labor & Tool Costs                        | <u>\$276,040</u>   |
| 5  | Total Estimated Capital Investment                          | Line 1 + Line 4<br><u>\$4,326,511</u>  |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 6  | Total Allowed Capital Included in Rate Base in Current Year | Line 5<br>\$4,326,511  |
| 7  | Retirements   | Line 4 * 0%<br><u>\$0</u>  |
| 8  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6<br><u>\$4,326,511</u> |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 9  | Capital Included in Rate Base                               | Line 5<br>\$4,326,511  |
| 10   | Cost of Removal   | Section 2, Page 27 of 27, Chart 11<br>\$0  |
| 11   | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 8 + Line 10</b><br><b><u>\$4,326,511</u></b>                               |
| <u>Tax Depreciation</u>                              |   |  |
| 12   | Vintage Year Tax Depreciation:                              |  |
| 13   | 2022 Spend  | Page 7 of 10, Line 21<br>\$865,302   |
| 14   | Cumulative Tax Depreciation                                 | Previous Year Line 14 + Current Year Line 13<br>\$865,302                          |
| <u>Book Depreciation</u>                             |   |  |
| 15   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>2.50%                                |
| 16   | Book Depreciation   | Column (a) = Line 1 * Line 15 * 50%<br>\$12,017                                    |
| 17   | Cumulative Book Depreciation                                | Previous Year Line 17 + Current Year Line 16<br>\$12,017                           |
| 18   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>5.00%                                |
| 19   | Book Depreciation   | Column (a) = Line 2 * Line 18 * 50%<br>\$57,300                                    |
| 20   | Cumulative Book Depreciation                                | Previous Year Line 20 + Current Year Line 19<br>\$57,300                           |
| 21   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>10.00%                               |
| 22   | Book Depreciation   | Column (a) = Line 3 * Line 21 * 50%<br>\$39,856                                    |
| 23   | Cumulative Book Depreciation                                | Previous Year Line 23 + Current Year Line 22<br>\$39,856                           |
| 24   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>2.50%                                |
| 25   | Book Depreciation   | Column (a) = Line 4 * Line 24 * 50%<br>\$3,451                                     |
| 26   | Cumulative Book Depreciation                                | Previous Year Line 26 + Current Year Line 25<br>\$3,451                            |
| 27   | Total Cumulative Book Depreciation                          | Line 17 + Line 20 + Line 23 + Line 26<br><u>\$112,623</u>                          |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 28   | Cumulative Book / Tax Timer                                 | Line 14 - Line 27<br>\$752,679   |
| 29   | Effective Tax Rate  | <u>21.00%</u>  |
| 30   | Deferred Tax Reserve  | Line 28 * Line 29<br>\$158,063   |
| 31   | Less: FY 2022 Federal NOL                                   |  |
| 32   | Less: Proration Adjustment                                  | Col (a) = Page 8 of 10, Line 40; Col = Page 9 of 10, Line 40<br><u>(\$85,816)</u>  |
| 33   | Net Deferred Tax Reserve                                    | Sum of Lines 30 through 32<br><u><u>\$72,247</u></u>                               |
| <u>Rate Base Calculation:</u>                        |   |  |
| 34   | Cumulative Incremental Capital Included in Rate Base        | Line 11<br>\$4,326,511   |
| 35   | Accumulated Depreciation                                    | - Line 27<br><u>(\$112,623)</u>  |
| 36   | Deferred Tax Reserve  | - Line 33<br><u>(\$72,247)</u>   |
| 37   | Year End Rate Base  | Sum of Lines 34 through 36<br><u><u>\$4,141,641</u></u>                            |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 38   | Average Rate Base   | Column (a) = Current Year Line 27 ÷ 2<br>\$2,070,820.44                            |
| 39   | Pre-Tax ROR   | 1/<br><u>8.80%</u>   |
| 40   | Return and Taxes  | Line 38 * Line 39<br>\$182,232   |
| 41   | Book Depreciation   | Line 16 + Line 19 + Line 22 + Line 25<br>\$112,623                                 |
| 42   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0   |
| 43   | <b>Annual Revenue Requirement</b>                           | <b>Line 40 through Line 42</b><br><b><u>\$294,856</u></b>                          |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate          | Rate         | Taxes        | Return       |
|-----------------|----------------|---------------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%         | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%         | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%         | 0.00%        |              | 0.00%        |
| Common Equity   | <u>50.97%</u>  | <u>10.10%</u> | <u>5.15%</u> | <u>1.37%</u> | <u>6.52%</u> |
|                 | <u>100.00%</u> |               | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

THE NARRAGANSETT ELECTRIC COMPANY  
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THE NARRAGANSETT ELECTRIC COMPANY  
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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Capital Investments  
Electric Transportation Initiative

| Line<br>No. |   | Fiscal Year Ending<br>March 31, 2022<br>(a)        |
|-------------|---|--|
|             | <u>Capital Repairs Deduction</u>                                  |  |
| 1           | Plant Additions   | Page 6 of 10, Line 5<br>\$4,326,511                |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                        |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br>\$0                             |
|             | <u>Bonus Depreciation</u>   |  |
| 4           | Plant Additions   | Line 1<br>\$4,326,511                              |
| 5           | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 6           | Plant Additions Net of Capital Repairs Deduction                  | Line 4 - Line 5<br>\$4,326,511                     |
| 7           | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                      |
| 8           | Plant Eligible for Bonus Depreciation                             | Line 6 * Line 7<br>\$4,326,511                     |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%   |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                 | 0%   |
| 11          | Total Bonus Depreciation Rate                                     | Line 9 + Line 10<br>0.00%                          |
| 12          | Bonus Depreciation  | Line 8 * Line 11<br>\$0                            |
|             | <u>Remaining Tax Depreciation</u>                                 |  |
| 13          | Plant Additions   | Line 1<br>\$4,326,511                              |
| 14          | Less Capital Repairs Deduction                                    | Line 3<br>\$0                                      |
| 15          | Less Bonus Depreciation   | Line 12<br>\$0                                     |
| 16          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$4,326,511         |
| 17          | 5 YR MACRS Tax Depreciation Rates                                 | Per IRS Publication 946<br>20.000%                 |
| 18          | Remaining Tax Depreciation  | Line 16 * Line 17<br>\$865,302                     |
| 19          | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0                          |
| 20          | Cost of Removal   | Page 6 of 10, Line 10<br>\$0                       |
| 21          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 12, 18, 19, and<br>20<br>\$865,302 |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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THE NARRAGANSETT ELECTRIC COMPANY  
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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Proration  
Electric Transportation Initiative**

| Line No.   | Deferred Tax Subject to Proration                      | (a)=Sum of (b)<br><u>Total</u>                         | (b)<br>Vintage Year<br><u>March 31, 2020</u> |                       |
|--|--|--|--|-----------------------|
| 1  | Book Depreciation                                      | Page 2 of 10, Line 16 + Line 19 + Line 22 +<br>Line 25 | \$31,362                                     | \$31,362              |
| 2  | Bonus Depreciation                                     | Page 3 of 10, Line 12                                  | \$0  | \$0                   |
| 3  | Remaining MACRS Tax Depreciation                       | Page 3 of 10, Line 18                                  | (\$237,694)                                  | (\$237,694)           |
| 4  | FY20 tax (gain)/loss on retirements                    | Page 3 of 10, Line 19                                  | \$0  | \$0                   |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4                               | (\$206,332)                                  | (\$206,332)           |
| 6  | Effective Tax Rate                                     |  | 21.00%                                       | 21.00%                |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$43,330)                                   | (\$43,330)            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |  |                       |
| 8  | Capital Repairs Deduction                              | Page 3 of 10, Line 3                                   | \$0  | \$0                   |
| 9  | Cost of Removal  | Page 3 of 10, Line 20                                  | \$0  | \$0                   |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2020   |  | \$0  | \$0                   |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10                              | \$0  | \$0                   |
| 12   | Effective Tax Rate                                     |  | 21.00%                                       | 21.00%                |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12                                      | \$0  | \$0                   |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13                                       | (\$43,330)                                   | (\$43,330)            |
| 15   | Net Operating Loss                                     | Page 2 of 10, Line 31                                  | \$0  | \$0                   |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15                                      | (\$43,330)                                   | (\$43,330)            |
| <b>Allocation of FY 2020 Estimated Federal NOL</b> |  |  |  |                       |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5                                       | (\$206,332)                                  | (\$206,332)           |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0  | \$0                   |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18                                      | (\$206,332)                                  | (\$206,332)           |
| 20   | Total FY 2020 Federal NOL                              | (Page 2 of 10, Line 31) / 21%                          | \$0  | \$0                   |
| 21   | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                          | \$0  | \$0                   |
| 22   | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                          | \$0  | \$0                   |
| 23   | Effective Tax Rate                                     |  | 21.00%                                       | 21.00%                |
| 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                                       | (\$43,330)                                   | (\$43,330)            |
| (i) (j)  |  |  |  |                       |
| <u>Number of Days in</u>                           |  |  |  |                       |
|  | <b>Proration Calculation</b>                           | <u>Month</u>   | <u>Proration Percentage</u>                  | (k)= Sum of (l) (l)   |
| 26   | April 2019   | 30   | 91.78%                                       | (\$3,314) (\$3,314)   |
| 27   | May 2019   | 31   | 83.29%                                       | (\$3,007) (\$3,007)   |
| 28   | June 2019  | 30   | 75.07%                                       | (\$2,711) (\$2,711)   |
| 29   | July 2019  | 31   | 66.58%                                       | (\$2,404) (\$2,404)   |
| 30   | August 2019  | 31   | 58.08%                                       | (\$2,097) (\$2,097)   |
| 31   | September 2019   | 30   | 49.86%                                       | (\$1,800) (\$1,800)   |
| 32   | October 2019   | 31   | 41.37%                                       | (\$1,494) (\$1,494)   |
| 33   | November 2019  | 30   | 33.15%                                       | (\$1,197) (\$1,197)   |
| 34   | December 2019  | 31   | 24.66%                                       | (\$890) (\$890)       |
| 35   | January 2020   | 31   | 16.16%                                       | (\$584) (\$584)       |
| 36   | February 2020  | 28   | 8.49%  | (\$307) (\$307)       |
| 37   | March 2020   | 31   | 0.00%  | \$0 \$0               |
| 38   | Total  | 365  |  | (\$19,805) (\$19,805) |
| 39   | Deferred Tax Without Proration                         | Line 25  | (\$43,330)                                   | (\$43,330)            |
| 40   | Proration Adjustment                                   | Line 38 - Line 39                                      | \$23,525                                     | \$23,525              |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
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**The Narragansett Electric Company**  
**d/b/a National Grid**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Proration**  
**Electric Transportation Initiative**

| Line No.   | Deferred Tax Subject to Proration                      |  | (a)=Sum of (b) through (c) | (b) Vintage Year            | (c) Vintage Year |            |
|--|--|--|----------------------------|-----------------------------|------------------|------------|
|  |  |  | Total                      | March 31, 2021              | March 31, 2020   |            |
| 1  | Book Depreciation                                      | Col (b) = Page 4 of 10, Line 16 + Line 19 + Line 22 + Line 25; Col (c) = Page 2 of 10, Line 16 + Line 19 + Line 22 + Line 25 | \$108,097                  | \$45,372                    | \$62,725         |            |
| 2  | Bonus Depreciation                                     | Col (b) = Page 5 of 10, Line 12; Col (c) = Page 3 of 10, Line 12   | \$0                        | \$0                         | \$0              |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 4 of 10, Line 18; Col (c) = Page 2 of 10, Line 18   | (\$746,011)                | (\$365,700)                 | (\$380,311)      |            |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 5 of 10, Line 19; Col (c) = Page 3 of 10, Line 19   | \$0                        | \$0                         | \$0              |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$637,914)                | (\$320,328)                 | (\$317,586)      |            |
| 6  | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      | 21.00%           |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$133,962)                | (\$67,269)                  | (\$66,693)       |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                            |                             |                  |            |
| 8  | Capital Repairs Deduction                              | Page 5 of 10, Line 3   | \$0                        | \$0                         |                  |            |
| 9  | Cost of Removal  | Page 5 of 10, Line 20  | \$0                        | \$0                         |                  |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                        | \$0                         |                  |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                        | \$0                         |                  |            |
| 12   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      |                  |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                        | \$0                         |                  |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$133,962)                | (\$67,269)                  | (\$66,693)       |            |
| 15   | Net Operating Loss                                     |  | \$0                        | \$0                         | \$0              |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$133,962)                | (\$67,269)                  | (\$66,693)       |            |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |                            |                             |                  |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$320,328)                | (\$320,328)                 |                  |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                        | \$0                         |                  |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$320,328)                | (\$320,328)                 |                  |            |
| 20   | Total FY 2021 Federal NOL                              |  | \$0                        | \$0                         |                  |            |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                        | \$0                         |                  |            |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                        | \$0                         |                  |            |
| 23   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      |                  |            |
| 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   | (\$133,962)                | (\$67,269)                  | (\$66,693)       |            |
| <b>Proration Calculation</b>                       |  |  |                            |                             |                  |            |
|  |  | (i) Number of Days in Month  | (j) Proration Percentage   | (k)= Sum of (l) through (m) | (l)              | (m)        |
| 26   | April 2020   | 30   | 91.78%                     | (\$10,246)                  | (\$5,145)        | (\$5,101)  |
| 27   | May 2020   | 31   | 83.29%                     | (\$9,298)                   | (\$4,669)        | (\$4,629)  |
| 28   | June 2020  | 30   | 75.07%                     | (\$8,380)                   | (\$4,208)        | (\$4,172)  |
| 29   | July 2020  | 31   | 66.58%                     | (\$7,432)                   | (\$3,732)        | (\$3,700)  |
| 30   | August 2020  | 31   | 58.08%                     | (\$6,484)                   | (\$3,256)        | (\$3,228)  |
| 31   | September 2020   | 30   | 49.86%                     | (\$5,566)                   | (\$2,795)        | (\$2,771)  |
| 32   | October 2020   | 31   | 41.37%                     | (\$4,618)                   | (\$2,319)        | (\$2,299)  |
| 33   | November 2020  | 30   | 33.15%                     | (\$3,701)                   | (\$1,858)        | (\$1,842)  |
| 34   | December 2020  | 31   | 24.66%                     | (\$2,753)                   | (\$1,382)        | (\$1,370)  |
| 35   | January 2021   | 31   | 16.16%                     | (\$1,805)                   | (\$906)          | (\$898)    |
| 36   | February 2021  | 28   | 8.49%                      | (\$948)                     | (\$476)          | (\$472)    |
| 37   | March 2021   | 31   | 0.00%                      | \$0                         | \$0              | \$0        |
| 38   | Total  | 365  |                            | (\$61,231)                  | (\$30,747)       | (\$30,484) |
| 39   | Deferred Tax Without Proration                         | Line 25  |                            | (\$133,962)                 | (\$67,269)       | (\$66,693) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  |                            | \$72,731                    | \$36,522         | \$36,209   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

THE NARRAGANSETT ELECTRIC COMPANY  
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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Proration  
Electric Transportation Initiative**

| Line No.   | Deferred Tax Subject to Proration                      |   | (a)=Sum of (b) through (d) | (b)                         | (c)                         | (d)                         |            |
|--|--|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|------------|
|  |  |   | Total                      | Vintage Year March 31, 2022 | Vintage Year March 31, 2021 | Vintage Year March 31, 2020 |            |
| 1  | Book Depreciation                                      | Line 22 + Line 25; Col (c) = Page 4 of 10, Line 16 + Line 19 + Line 22 + Line 25; Col (d) = Page 2 of 10, Line 16 + Line 19 + Line 22 + Line 25 | \$266,093                  | \$112,623                   | \$90,745                    | \$62,725                    |            |
| 2  | Bonus Depreciation                                     | Col (b) = Page 7 of 10, Line 12; Col (c) = Page 5 of 10, Line 12; Col (d) = Page 3 of 10, Line 12   | \$0                        | \$0                         | \$0                         | \$0                         |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 6 of 10, Line 18; Col (c) = Page 4 of 10, Line 18; Col (d) = Page 2 of 10, Line 18   | (\$1,678,608)              | (\$865,302)                 | (\$585,120)                 | (\$228,186)                 |            |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) = Page 7 of 10, Line 19; Col (c) = Page 5 of 10, Line 19; Col (d) = Page 3 of 10, Line 19   | \$0                        | \$0                         | \$0                         | \$0                         |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4  | (\$1,412,515)              | (\$752,679)                 | (\$494,375)                 | (\$165,461)                 |            |
| 6  | Effective Tax Rate                                     |   | 21.00%                     | 21.00%                      | 21.00%                      | 21.00%                      |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6   | (\$296,628)                | (\$158,063)                 | (\$103,819)                 | (\$34,747)                  |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |   |                            |                             |                             |                             |            |
| 8  | Capital Repairs Deduction                              | Page 7 of 10, Line 3  | \$0                        | \$0                         |                             |                             |            |
| 9  | Cost of Removal  | Page 7 of 10, Line 20   | \$0                        | \$0                         |                             |                             |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |   | \$0                        | \$0                         |                             |                             |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10   | \$0                        | \$0                         |                             |                             |            |
| 12   | Effective Tax Rate                                     |   | 21.00%                     | 21.00%                      |                             |                             |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12   | \$0                        | \$0                         |                             |                             |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13  | (\$296,628)                | (\$158,063)                 | (\$103,819)                 | (\$34,747)                  |            |
| 15   | Net Operating Loss                                     |   | \$0                        |                             |                             |                             |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15   | (\$296,628)                | (\$158,063)                 | (\$103,819)                 | (\$34,747)                  |            |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |   |                            |                             |                             |                             |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5  | (\$752,679)                | (\$752,679)                 |                             |                             |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11   | \$0                        | \$0                         |                             |                             |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18   | (\$752,679)                | (\$752,679)                 |                             |                             |            |
| 20   | Total FY 2022 Federal NOL                              |   | \$0                        | \$0                         |                             |                             |            |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20   | \$0                        | \$0                         |                             |                             |            |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20   | \$0                        | \$0                         |                             |                             |            |
| 23   | Effective Tax Rate                                     |   | 21.00%                     | 21.00%                      |                             |                             |            |
| 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  | (\$296,628)                | (\$158,063)                 | (\$103,819)                 | (\$34,747)                  |            |
| <b>Proration Calculation</b>                       |  |   |                            |                             |                             |                             |            |
|  |  | (i) Number of Days in Month   | (j) Proration Percentage   | (k)= Sum of (l) through (n) | (l)                         | (m)                         | (n)        |
| 26   | April 2021   | 30  | 91.78%                     | (\$22,687)                  | (\$12,089)                  | (\$7,940)                   | (\$2,658)  |
| 27   | May 2021   | 31  | 83.29%                     | (\$20,588)                  | (\$10,971)                  | (\$7,206)                   | (\$2,412)  |
| 28   | June 2021  | 30  | 75.07%                     | (\$18,556)                  | (\$9,888)                   | (\$6,495)                   | (\$2,174)  |
| 29   | July 2021  | 31  | 66.58%                     | (\$16,457)                  | (\$8,769)                   | (\$5,760)                   | (\$1,928)  |
| 30   | August 2021  | 31  | 58.08%                     | (\$14,357)                  | (\$7,651)                   | (\$5,025)                   | (\$1,682)  |
| 31   | September 2021   | 30  | 49.86%                     | (\$12,326)                  | (\$6,568)                   | (\$4,314)                   | (\$1,444)  |
| 32   | October 2021   | 31  | 41.37%                     | (\$10,226)                  | (\$5,449)                   | (\$3,579)                   | (\$1,198)  |
| 33   | November 2021  | 30  | 33.15%                     | (\$8,195)                   | (\$4,367)                   | (\$2,868)                   | (\$960)    |
| 34   | December 2021  | 31  | 24.66%                     | (\$6,095)                   | (\$3,248)                   | (\$2,133)                   | (\$714)    |
| 35   | January 2022   | 31  | 16.16%                     | (\$3,996)                   | (\$2,129)                   | (\$1,398)                   | (\$468)    |
| 36   | February 2022  | 28  | 8.49%                      | (\$2,099)                   | (\$1,119)                   | (\$735)                     | (\$246)    |
| 37   | March 2022   | 31  | 0.00%                      | \$0                         | \$0                         | \$0                         | \$0        |
| 38   | Total  | 365   |                            | (\$135,582)                 | (\$72,247)                  | (\$47,453)                  | (\$15,882) |
| 39   | Deferred Tax Without Proration                         | Line 25   |                            | (\$296,628)                 | (\$158,063)                 | (\$103,819)                 | (\$34,747) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39   |                            | \$161,046                   | \$85,816                    | \$56,366                    | \$18,865   |

**Column Notes:**  
(j) Sum of remaining days in the year (Col (i)) ÷ 365  
(l) through (n) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

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THE NARRAGANSETT ELECTRIC COMPANY  
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Appendix 10.7 - Electric Heat

The Narragansett Electric Company  
d/b/a National Grid  
Appendix 10.7 - Electric Heat  
Power Sector Transformation (PST)  
Fiscal Years 2020 - 2022 Investment

Annual Revenue Requirement Summary

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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Electric Heat Initiative  
Annual Revenue Requirement Summary

| Line<br>No. |   | Fiscal Year      | Fiscal Year      | Fiscal Year      |
|-------------|---|------------------|------------------|------------------|
|             |   | 2020<br>(a)      | 2021<br>(b)      | 2022<br>(c)      |
|             | Operation and Maintenance (O&M) Expenses:                             |                  |                  |                  |
| 1           | Incentives - Systems & Community Programs                             | \$241,953        | \$265,053        | \$313,506        |
| 2           | Program Admin Costs   | \$44,640         | \$44,640         | \$44,640         |
| 3           | Program Admin, Marketing & Consulting - Community Programs            | \$35,500         | \$35,500         | \$35,500         |
| 4           | Program Admin, Marketing & Consulting - Oil Dealer Training & Support | \$61,000         | \$61,000         | \$61,000         |
| 5           | Total O&M costs   | \$383,093        | \$406,193        | \$454,646        |
|             | Sum of Lines 1 through 4  |                  |                  |                  |
| 6           | <b>Total Revenue Requirement</b>                                      | <b>\$383,093</b> | <b>\$406,193</b> | <b>\$454,646</b> |

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THE NARRAGANSETT ELECTRIC COMPANY  
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RIPUC Docket No. 4770  
Appendix 10.8 - Energy Storage

The Narragansett Electric Company  
d/b/a National Grid  
Appendix 10.8 - Energy Storage  
Power Sector Transformation (PST)  
Fiscal Years 2020 - 2022 Investment

|   |                  |
|---|------------------|
| Annual Revenue Requirement Summary  | 1 Page 1 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2020           | 2 Page 2 of 10   |
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| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2021           | 4 Page 4 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Capital Investments | 5 Page 5 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2022           | 6 Page 6 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Capital Investments | 7 Page 7 of 10   |
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| Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Proration                            | 9 Page 9 of 10   |
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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Energy Storage Initiative  
Annual Revenue Requirement Summary

| Line No. |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|---|---|---|---|
|          | Operation and Maintenance (O&M) Expenses:                         |   |   |   |
| 1        | Operation & Maintenance Expense                                   | \$0   | \$11,500                                    | \$28,750                                    |
| 2        | Lease Charge  | \$5,000                                     | \$12,500                                    | \$12,500                                    |
| 3        | <b>Total O&amp;M costs</b>  | <b>\$5,000</b>                              | <b>\$24,000</b>                             | <b>\$41,250</b>                             |
|          | Sum of Lines 1 through 2  |   |   |   |
| 4        | Less Research & Development Tax Incentive applicable to O&M costs | \$0   | (\$1,610)                                   | (\$4,025)                                   |
| 5        | <b>Total O&amp;M Costs Net of R&amp;D Tax Incentives</b>          | <b>\$5,000</b>                              | <b>\$22,390</b>                             | <b>\$37,225</b>                             |
|          | Line 3 + Line 4   |   |   |   |
|          | Capital Investment:   |   |   |   |
| 6        | Estimated Revenue Requirement on Rate Year Capital investment     | \$110,164                                   | \$133,721                                   | \$127,051                                   |
| 7        | Estimated Revenue Requirement on Data Year 1 Capital investment   |   | \$111,571                                   | \$258,424                                   |
| 8        | Estimated Revenue Requirement on Data Year 2 Capital investment   |   |   | \$0   |
| 9        | <b>Total Capital Investment Component of Revenue Requirement</b>  | <b>\$110,164</b>                            | <b>\$245,292</b>                            | <b>\$385,474</b>                            |
|          | Sum of Lines 6 through 8  |   |   |   |
| 10       | <b>Total Revenue Requirement</b>                                  | <b>\$115,164</b>                            | <b>\$267,682</b>                            | <b>\$422,699</b>                            |
|          | Line 5 + Line 9   |   |   |   |

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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2020  
Energy Storage

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <b>Estimated Capital Investment</b>                  |   |   |   |   |
| 1  | Energy Storage  | \$894,375                                   | \$0   | \$0   |
| 2  | Total Estimated Capital Investment                          | \$894,375                                   | \$0   | \$0   |
| <b>Depreciable Net Capital Included in Rate Base</b> |   |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$894,375                                   | \$0   | \$0   |
| 4  | Retirements   | \$0   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$894,375                                   | \$894,375                                   | \$894,375                                   |
| <b>Change in Net Capital Included in Rate Base</b>   |   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$894,375                                   | \$0   | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>\$894,375</b>                            | <b>\$894,375</b>                            | <b>\$894,375</b>                            |
| <b>Tax Depreciation</b>                              |   |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |   |
| 10   | 2020 Spend  | \$178,875                                   | \$286,200                                   | \$171,720                                   |
| 11   | Cumulative Tax Depreciation                                 | \$178,875                                   | \$465,075                                   | \$636,795                                   |
| <b>Book Depreciation</b>                             |   |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 8.33%                                       | 8.33%                                       | 8.33%                                       |
| 13   | Book Depreciation   | \$74,531                                    | \$37,266                                    | \$37,266                                    |
| 14   | Cumulative Book Depreciation                                | \$74,531                                    | \$111,797                                   | \$149,063                                   |
| 15   | Total Cumulative Book Depreciation                          | \$74,531                                    | \$111,797                                   | \$149,063                                   |
| <b>Deferred Tax Calculation:</b>                     |   |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$104,344                                   | \$353,278                                   | \$487,733                                   |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$21,912                                    | \$74,188                                    | \$102,424                                   |
| 19   | Less: FY 2020 Federal NOL                                   | \$0   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$11,897)                                  | (\$28,382)                                  | (\$15,330)                                  |
| 21   | Net Deferred Tax Reserve                                    | \$10,016                                    | \$45,806                                    | \$87,094                                    |
| <b>Rate Base Calculation:</b>                        |   |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$894,375                                   | \$894,375                                   | \$894,375                                   |
| 23   | Accumulated Depreciation                                    | (\$74,531)                                  | (\$111,797)                                 | (\$149,063)                                 |
| 24   | Deferred Tax Reserve  | (\$10,016)                                  | (\$45,806)                                  | (\$87,094)                                  |
| 25   | Year End Rate Base  | \$809,828                                   | \$736,772                                   | \$658,218                                   |
| <b>Revenue Requirement Calculation:</b>              |   |   |   |   |
| 26   | Average Rate Base   | \$404,914.09                                | \$773,300                                   | \$697,495                                   |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$35,632                                    | \$68,050                                    | \$61,380                                    |
| 29   | Book Depreciation   | \$74,531                                    | \$37,266                                    | \$37,266                                    |
| 30   | Property Taxes  | \$0   | \$28,405                                    | \$28,405                                    |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>\$110,164</b>                            | <b>\$133,721</b>                            | <b>\$127,051</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <b>100.00%</b> |        | <b>7.43%</b> | <b>1.37%</b> | <b>8.80%</b> |

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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Capital Investments  
Energy Storage**

| Line No. |  |                                | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|--|--------------------------------|---|---|---|
|          | <u>Capital Repairs Deduction</u>                                 |                                |   |   |   |
| 1        | Plant Additions  | Page 2 of 10, Line 2           | \$894,375                                   |   |   |
| 2        | Capital Repairs Deduction Rate                                   | Per Tax Department             | 0.00%                                       |   |   |
| 3        | Capital Repairs Deduction  | Line 1 * Line 2                | <u>\$0</u>                                  |   |   |
|          | <u>Bonus Depreciation</u>  |                                |   |   |   |
| 4        | Plant Additions  | Line 1                         | \$894,375                                   |   |   |
| 5        | Less Capital Repairs Deduction                                   | Line 3                         | <u>\$0</u>                                  |   |   |
| 6        | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5                | \$894,375                                   |   |   |
| 7        | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department             | <u>100.00%</u>                              |   |   |
| 8        | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7                | \$894,375                                   |   |   |
| 9        | Bonus Depreciation Rate (April 2019 - December 2019)             | 1 * 75% * 0%                   | 0.00%                                       |   |   |
| 10       | Bonus Depreciation Rate (January 2020 - Mar 2020)                | 1 * 25% * 0%                   | <u>0.00%</u>                                |   |   |
| 11       | Total Bonus Depreciation Rate                                    | Line 9 + Line 10               | 0.00%                                       |   |   |
| 12       | Bonus Depreciation   | Line 8 * Line 11               | \$0   |   |   |
|          | <u>Remaining Tax Depreciation</u>                                |                                |   |   |   |
| 13       | Plant Additions  | Line 1                         | \$894,375                                   |   |   |
| 14       | Less Capital Repairs Deduction                                   | Line 3                         | \$0   |   |   |
| 15       | Less Bonus Depreciation  | Line 12                        | <u>\$0</u>                                  |   |   |
| 16       | Remaining Plant Additions Subject to 5 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15    | \$894,375                                   | \$894,375                                   | \$894,375                                   |
| 17       | 5 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946        | <u>20.00%</u>                               | <u>32.00%</u>                               | <u>19.20%</u>                               |
| 18       | Remaining Tax Depreciation                                       | Line 16 * Line 17              | \$178,875                                   | \$286,200                                   | \$171,720                                   |
| 19       | FY20 Loss incurred due to retirements                            | Per Tax Department             | \$0   | \$0   | \$0   |
| 20       | Cost of Removal  | Page 2 of 10, Line 7           | \$0   | \$0   | \$0   |
| 21       | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, and 20 | <u>\$178,875</u>                            | <u>\$286,200</u>                            | <u>\$171,720</u>                            |

THE NARRAGANSETT ELECTRIC COMPANY  
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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2021  
Energy Storage**

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |
| 1  | Energy Storage  | \$1,341,563                                 |   |
| 2  | Total Estimated Capital Investment                          | \$1,341,563                                 | \$0   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | \$1,341,563                                 | \$0   |
| 4  | Retirements   | \$0   | \$0   |
| 5  | Net Depreciable Capital Included in Rate Base               | \$1,341,563                                 | \$1,341,563                                 |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |
| 6  | Capital Included in Rate Base                               | \$1,341,563                                 | \$0   |
| 7  | Cost of Removal   | \$0   | \$0   |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>\$1,341,563</b>                          | <b>\$1,341,563</b>                          |
| <u>Tax Depreciation</u>                              |   |   |   |
| 9  | Vintage Year Tax Depreciation:                              |   |   |
| 10   | 2021 Spend  | \$268,313                                   | \$429,300                                   |
| 11   | Cumulative Tax Depreciation                                 | \$268,313                                   | \$697,613                                   |
| <u>Book Depreciation</u>                             |   |   |   |
| 12   | Composite Book Depreciation Rate                            | 8.33%                                       | 8.33%                                       |
| 13   | Book Depreciation   | \$55,898                                    | \$111,797                                   |
| 14   | Cumulative Book Depreciation                                | \$55,898                                    | \$167,695                                   |
| 15   | Total Cumulative Book Depreciation                          | \$55,898                                    | \$167,695                                   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |
| 16   | Cumulative Book / Tax Timer                                 | \$212,415                                   | \$529,918                                   |
| 17   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 18   | Deferred Tax Reserve  | \$44,607                                    | \$111,283                                   |
| 19   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 20   | Less: Proration Adjustment                                  | (\$24,218)                                  | (\$36,200)                                  |
| 21   | Net Deferred Tax Reserve                                    | \$20,389                                    | \$75,083                                    |
| <u>Rate Base Calculation:</u>                        |   |   |   |
| 22   | Cumulative Incremental Capital Included in Rate Base        | \$1,341,563                                 | \$1,341,563                                 |
| 23   | Accumulated Depreciation                                    | (\$55,898)                                  | (\$167,695)                                 |
| 24   | Deferred Tax Reserve  | (\$20,389)                                  | (\$75,083)                                  |
| 25   | Year End Rate Base  | \$1,265,276                                 | \$1,098,785                                 |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |
| 26   | Average Rate Base   | \$632,637.83                                | \$1,182,030                                 |
| 27   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       |
| 28   | Return and Taxes  | \$55,672                                    | \$104,019                                   |
| 29   | Book Depreciation   | \$55,898                                    | \$111,797                                   |
| 30   | Property Taxes  | \$0   | \$42,608                                    |
| 31   | <b>Annual Revenue Requirement</b>                           | <b>\$111,571</b>                            | <b>\$258,424</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Capital Investments  
Energy Storage

| Line No. |  |                                | Fiscal Year Ending | Fiscal Year Ending |
|----------|--|--------------------------------|--------------------|--------------------|
|          |  |                                | March 31, 2021     | March 31, 2022     |
|          |  |                                | (a)                | (b)                |
|          | <u>Capital Repairs Deduction</u>                                 |                                |                    |                    |
| 1        | Plant Additions  | Page 4 of 10, Line 2           | \$1,341,563        |                    |
| 2        | Capital Repairs Deduction Rate                                   | Per Tax Department             | 0.00%              |                    |
| 3        | Capital Repairs Deduction  | Line 1 * Line 2                | \$0                |                    |
|          | <u>Bonus Depreciation</u>  |                                |                    |                    |
| 4        | Plant Additions  | Line 1                         | \$1,341,563        |                    |
| 5        | Less Capital Repairs Deduction                                   | Line 3                         | \$0                |                    |
| 6        | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5                | \$1,341,563        |                    |
| 7        | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department             | 100.00%            |                    |
| 8        | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7                | \$1,341,563        |                    |
| 9        | Bonus Depreciation Rate (April 2020 - December 2020)             | 0%                             | 0.00%              |                    |
| 10       | Bonus Depreciation Rate (January 2021 - Mar 2021)                | 0%                             | 0.00%              |                    |
| 11       | Total Bonus Depreciation Rate                                    | Line 9 + Line 10               | 0.00%              |                    |
| 12       | Bonus Depreciation   | Line 8 * Line 11               | \$0                |                    |
|          | <u>Remaining Tax Depreciation</u>                                |                                |                    |                    |
| 13       | Plant Additions  | Line 1                         | \$1,341,563        |                    |
| 14       | Less Capital Repairs Deduction                                   | Line 3                         | \$0                |                    |
| 15       | Less Bonus Depreciation  | Line 12                        | \$0                |                    |
| 16       | Remaining Plant Additions Subject to 5 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15    | \$1,341,563        | \$1,341,563        |
| 17       | 5 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946        | 20.00%             | 32.00%             |
| 18       | Remaining Tax Depreciation                                       | Line 16 * Line 17              | \$268,313          | \$429,300          |
| 19       | FY21 Loss incurred due to retirements                            | Per Tax Department             | \$0                | \$0                |
| 20       | Cost of Removal  | Page 4 of 10, Line 7           | \$0                | \$0                |
| 21       | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, and 20 | \$268,313          | \$429,300          |

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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2022  
Energy Storage

| Line No.   |   | Fiscal Year Ending<br>March 31, 2022<br>(a)      |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | Energy Storage  | \$0  |
| 2  | Total Estimated Capital Investment                          | Sum Line 1<br>\$0                                |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 3  | Total Allowed Capital Included in Rate Base in Current Year | Line 2<br>\$0                                    |
| 4  | Retirements   | Line 3* 0%<br>\$0                                |
| 5  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 3 - Line 4<br>\$0              |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 6  | Capital Included in Rate Base                               | Line 2<br>\$0                                    |
| 7  | Cost of Removal   | \$0  |
| 8  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 5 + Line 7<br/>\$0</b>                   |
| <u>Tax Depreciation</u>                              |   |  |
| 9  | Vintage Year Tax Depreciation:                              |  |
| 10   | 2022 Spend  | Page 7 of 10, Line 21<br>\$0                     |
| 11   | Cumulative Tax Depreciation                                 | Current Year Line 10<br>\$0                      |
| <u>Book Depreciation</u>                             |   |  |
| 12   | Composite Book Depreciation Rate                            | As filed per R.I.P.U.C. Docket No. 4770<br>8.33% |
| 13   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$0       |
| 14   | Cumulative Book Depreciation                                | Current Year Line 13<br>\$0                      |
| 15   | Total Cumulative Book Depreciation                          | Line 14<br>\$0                                   |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 16   | Cumulative Book / Tax Timer                                 | Line 11 - Line 15<br>\$0                         |
| 17   | Effective Tax Rate  | 21.00%   |
| 18   | Deferred Tax Reserve  | Line 16 * Line 17<br>\$0                         |
| 19   | Less: FY 2022 Federal NOL                                   | \$0  |
| 20   | Less: Proration Adjustment                                  | Col (a) = Page 10 of 10, Line 40<br>\$0          |
| 21   | Net Deferred Tax Reserve                                    | Sum of Lines 18 through 20<br>\$0                |
| <u>Rate Base Calculation:</u>                        |   |  |
| 22   | Cumulative Incremental Capital Included in Rate Base        | Line 8<br>\$0                                    |
| 23   | Accumulated Depreciation                                    | - Line 15<br>\$0                                 |
| 24   | Deferred Tax Reserve  | - Line 21<br>\$0                                 |
| 25   | Year End Rate Base  | Sum of Lines 22 through 24<br>\$0                |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 26   | Average Rate Base   | Column (a) = Current Year Line 25 ÷ 2<br>\$0     |
| 27   | Pre-Tax ROR   | 1/<br>8.80%                                      |
| 28   | Return and Taxes  | Line 26 * Line 27<br>\$0                         |
| 29   | Book Depreciation   | Line 13<br>\$0                                   |
| 30   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0                     |
| 32   | <b>Annual Revenue Requirement</b>                           | <b>Line 28 + Line 29 + Line 30<br/>\$0</b>       |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Capital Investments  
Energy Storage

| Line<br>No. |  | Fiscal Year Ending<br><u>March 31, 2022</u><br>(a)  |
|-------------|--|---|
|             | <u>Capital Repairs Deduction</u>                                 |   |
| 1           | Plant Additions  | Page 6 of 10, Line 2<br>\$0                         |
| 2           | Capital Repairs Deduction Rate                                   | Per Tax Department<br>0.00%                         |
| 3           | Capital Repairs Deduction  | Line 1 * Line 2<br><u>\$0</u>                       |
|             | <u>Bonus Depreciation</u>  |   |
| 4           | Plant Additions  | Line 1<br>\$0                                       |
| 5           | Less Capital Repairs Deduction                                   | Line 3<br><u>\$0</u>                                |
| 6           | Plant Additions Net of Capital Repairs Deduction                 | Line 4 - Line 5<br>\$0                              |
| 7           | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department<br><u>100.00%</u>                |
| 8           | Plant Eligible for Bonus Depreciation                            | Line 6 * Line 7<br>\$0                              |
| 9           | Bonus Depreciation Rate (April 2021 - December 2021)             | 0%<br>0.00%   |
| 10          | Bonus Depreciation Rate (January 2022 - Mar 2022)                | 0%<br><u>0.00%</u>                                  |
| 11          | Total Bonus Depreciation Rate                                    | Line 9 + Line 10<br>0.00%                           |
| 12          | Bonus Depreciation   | Line 8 * Line 11<br>\$0                             |
|             | <u>Remaining Tax Depreciation</u>                                |   |
| 13          | Plant Additions  | Line 1<br>\$0                                       |
| 14          | Less Capital Repairs Deduction                                   | Line 3<br>\$0                                       |
| 15          | Less Bonus Depreciation  | Line 12<br><u>\$0</u>                               |
| 16          | Remaining Plant Additions Subject to 5 YR MACRS Tax Depreciation | Line 13 - Line 14 - Line 15<br>\$0                  |
| 17          | 5 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br><u>20.00%</u>            |
| 18          | Remaining Tax Depreciation                                       | Line 16 * Line 17<br>\$0                            |
| 19          | FY22 Loss incurred due to retirements                            | Per Tax Department<br>\$0                           |
| 20          | Cost of Removal  | Page 6 of 10, Line 7<br>\$0                         |
| 21          | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 12, 18, and 20<br><u><u>\$0</u></u> |



THE NARRAGANSETT ELECTRIC COMPANY  
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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Proration  
Energy Storage**

| Line No.   |  |   | (a)= Sum of (b) through (c) | (b)                            | (c)                            |            |
|--|--|---|-----------------------------|--------------------------------|--------------------------------|------------|
|  |  |   | Total                       | Vintage Year<br>March 31, 2021 | Vintage Year<br>March 31, 2020 |            |
| <b>Deferred Tax Subject to Proration</b>           |  |   |                             |                                |                                |            |
| 1  | Book Depreciation                                      | Col (b) = Page 4 of 10, Line 13 ; Col (c) = Page 2 of 10, Line 13 | \$93,164                    | \$55,898                       | \$37,266                       |            |
| 2  | Bonus Depreciation                                     | Page 5 of 10, Line 12   | \$0                         | \$0                            |                                |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) = Page 5 of 10, Line 18; Col (c) = Page 3 of 10, Line 18  | (\$554,513)                 | (\$268,313)                    | (\$286,200)                    |            |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) = Page 5 of 10, Line 19; Col (c) = Page 3 of 10, Line 19  | \$0                         | \$0                            | \$0                            |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4  | (\$461,349)                 | (\$212,415)                    | (\$248,934)                    |            |
| 6  | Effective Tax Rate                                     | Per Tax Department  | 21.00%                      | 21.00%                         | 21.00%                         |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6   | (\$96,883)                  | (\$44,607)                     | (\$52,276)                     |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |   |                             |                                |                                |            |
| 8  | Capital Repairs Deduction                              | Page 5 of 10, Line 3  | \$0                         | \$0                            |                                |            |
| 9  | Cost of Removal  | Page 5 of 10, Line 20   | \$0                         | \$0                            |                                |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |   | \$0                         | \$0                            |                                |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10   | \$0                         | \$0                            |                                |            |
| 12   | Effective Tax Rate                                     |   | 21.00%                      | 21.00%                         |                                |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12   | \$0                         | \$0                            |                                |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13  | (\$96,883)                  | (\$44,607)                     | (\$52,276)                     |            |
| 15   | Net Operating Loss                                     |   | \$0                         | \$0                            | \$0                            |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15   | (\$96,883)                  | (\$44,607)                     | (\$52,276)                     |            |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |   |                             |                                |                                |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5  | (\$212,415)                 | (\$212,415)                    |                                |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11   | \$0                         | \$0                            |                                |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18   | (\$212,415)                 | (\$212,415)                    |                                |            |
| 20   | Total FY 2021 Federal NOL                              |   | \$0                         | \$0                            |                                |            |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20                                     | \$0                         | \$0                            |                                |            |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20                                     | \$0                         | \$0                            |                                |            |
| 23   | Effective Tax Rate                                     | Per Tax Department  | 21.00%                      | 21.00%                         |                                |            |
| 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  | (\$96,883)                  | (\$44,607)                     | (\$52,276)                     |            |
| (i) (j)  |  |   |                             |                                |                                |            |
| <b>Proration Calculation</b>                       |  |   |                             |                                |                                |            |
|  |  | <u>Number of Days in Month</u>                                    | <u>Proration Percentage</u> | (k)= Sum of (l) through (m)    | (l)                            | (m)        |
| 26   | April 2020   | 30  | 91.78%                      | (\$7,410)                      | (\$3,412)                      | (\$3,998)  |
| 27   | May 2020   | 31  | 83.29%                      | (\$6,724)                      | (\$3,096)                      | (\$3,628)  |
| 28   | June 2020  | 30  | 75.07%                      | (\$6,061)                      | (\$2,790)                      | (\$3,270)  |
| 29   | July 2020  | 31  | 66.58%                      | (\$5,375)                      | (\$2,475)                      | (\$2,900)  |
| 30   | August 2020  | 31  | 58.08%                      | (\$4,689)                      | (\$2,159)                      | (\$2,530)  |
| 31   | September 2020   | 30  | 49.86%                      | (\$4,026)                      | (\$1,854)                      | (\$2,172)  |
| 32   | October 2020   | 31  | 41.37%                      | (\$3,340)                      | (\$1,538)                      | (\$1,802)  |
| 33   | November 2020  | 30  | 33.15%                      | (\$2,676)                      | (\$1,232)                      | (\$1,444)  |
| 34   | December 2020  | 31  | 24.66%                      | (\$1,991)                      | (\$917)                        | (\$1,074)  |
| 35   | January 2021   | 31  | 16.16%                      | (\$1,305)                      | (\$601)                        | (\$704)    |
| 36   | February 2021  | 28  | 8.49%                       | (\$686)                        | (\$316)                        | (\$370)    |
| 37   | March 2021   | 31  | 0.00%                       | \$0                            | \$0                            | \$0        |
| 38   | Total  | 365   |                             | (\$44,283)                     | (\$20,389)                     | (\$23,894) |
| 39   | Deferred Tax Without Proration                         | Line 25   |                             | (\$96,883)                     | (\$44,607)                     | (\$52,276) |
| 40   | Proration Adjustment                                   | Line 38 - Line 39   |                             | \$52,600                       | \$24,218                       | \$28,382   |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)



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The Narragansett Electric Company  
d/b/a National Grid  
Appendix 10.9 - Solar  
Power Sector Transformation (PST)  
Fiscal Years 2020 - 2022 Investment

|   |                  |
|---|------------------|
| Annual Revenue Requirement Summary  | 1 Page 1 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2020           | 2 Page 2 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Capital Investments | 3 Page 3 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2021           | 4 Page 4 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Capital Investments | 5 Page 5 of 10   |
| Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2022           | 6 Page 6 of 10   |
| Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Capital Investments | 7 Page 7 of 10   |
| Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Proration                            | 8 Page 8 of 10   |
| Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Proration                            | 9 Page 9 of 10   |
| Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Proration                            | 10 Page 10 of 10 |

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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Solar Initiative  
Annual Revenue Requirement Summary

| Line No.                                  |   |                          | Fiscal Year Ending<br><u>March 31, 2020</u><br>(a) | Fiscal Year Ending<br><u>March 31, 2021</u><br>(b) | Fiscal Year Ending<br><u>March 31, 2022</u><br>(c) |
|---|---|--------------------------|--|--|--|
| SOLAR INFRASTRUCTURE PROGRAM              |   |                          |  |  |  |
| Operation and Maintenance (O&M) Expenses: |   |                          |  |  |  |
| 1   | Operation & Maintenance Expense                                   |                          | \$0  | \$15,125   | \$39,375   |
| 2   | Lease Charge  |                          | \$8,750  | \$23,750   | \$68,750   |
| 3   | <b>Total O&amp;M costs</b>  | Sum of Lines 1 through 2 | <u>\$8,750</u>                                     | <u>\$38,875</u>                                    | <u>\$108,125</u>                                   |
| 4   | Less Research & Development Tax Incentive applicable to O&M costs | 14% of Line 1            | \$0  | (\$2,118)  | (\$5,513)  |
| 5   | <b>Total O&amp;M Costs Net of R&amp;D Tax Incentives</b>          | Line 3 + Line 4          | <u>\$8,750</u>                                     | <u>\$36,758</u>                                    | <u>\$102,613</u>                                   |
| Capital Investment:                       |   |                          |  |  |  |
| 6   | Estimated Revenue Requirement on Rate Year Capital investment     |                          | \$70,958   | \$197,475  | \$187,362  |
| 7   | Estimated Revenue Requirement on Data Year 1 Capital investment   |                          |  | \$135,284  | \$376,494  |
| 8   | Estimated Revenue Requirement on Data Year 2 Capital investment   |                          |  |  | \$284,940  |
| 9   | <b>Total Capital Investment Component of Revenue Requirement</b>  | Sum of Lines 6 through 8 | <u>\$70,958</u>                                    | <u>\$332,759</u>                                   | <u>\$848,797</u>                                   |
| 10  | <b>Total Revenue Requirement</b>                                  | Line 5 + Line 9          | <u>\$79,708</u>                                    | <u>\$369,516</u>                                   | <u>\$951,409</u>                                   |

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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2020  
Solar Initiative

| Line No.   |   | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|--|---|---|---|---|
| <u>Estimated Capital Investment</u>                  |   |   |   |   |
| 1  | Solar Panels  | \$1,070,000                                 | \$0   | \$0   |
| 2  | Inverters   | \$267,500                                   | \$0   | \$0   |
| 3  | Total Estimated Capital Investment  | \$1,337,500                                 | \$0   | \$0   |
|  | Line 1 + Line 2   |   |   |   |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |   |   |   |
| 4  | Total Allowed Capital Included in Rate Base in Current Year   | \$1,337,500                                 | \$0   | \$0   |
| 5  | Retirements   | \$0   | \$0   | \$0   |
| 6  | Net Depreciable Capital Included in Rate Base   | \$1,337,500                                 | \$1,337,500                                 | \$1,337,500                                 |
|  | Column (a) = Line 4 - Line 5; Column (b and c) = Prior Year Line 5  |   |   |   |
| <u>Change in Net Capital Included in Rate Base</u>   |   |   |   |   |
| 7  | Capital Included in Rate Base   | \$1,337,500                                 | \$0   | \$0   |
|  | Line 4  |   |   |   |
| 8  | Cost of Removal   | \$0   | \$0   | \$0   |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b>   | <b>\$1,337,500</b>                          | <b>\$1,337,500</b>                          | <b>\$1,337,500</b>                          |
|  | Line 6 + Line 8   |   |   |   |
| <u>Tax Depreciation</u>                              |   |   |   |   |
| 10   | Vintage Year Tax Depreciation:  |   |   |   |
| 11   | 2020 Spend  | \$227,375                                   | \$363,800                                   | \$218,280                                   |
| 12   | Cumulative Tax Depreciation   | \$227,375                                   | \$591,175                                   | \$809,455                                   |
|  | Page 3 of 10, Line 30<br>Previous Year Line 12 + Current Year Line 11   |   |   |   |
| <u>Investment Tax Credit</u>                         |   |   |   |   |
| 13   | Unamortized Investment Tax Credit   | \$401,250                                   | \$401,250                                   | \$401,250                                   |
|  | Page 3 of 10, Line 8  |   |   |   |
| <u>Book Depreciation</u>                             |   |   |   |   |
| 14   | Composite Book Depreciation Rate  | 4.00%                                       | 4.00%                                       | 4.00%                                       |
| 15   | Book Depreciation   | \$21,400                                    | \$42,800                                    | \$42,800                                    |
| 16   | Cumulative Book Depreciation  | \$21,400                                    | \$64,200                                    | \$107,000                                   |
|  | As filed per R.I.P.U.C. Docket No. 4770<br>Column (a) = Line 1 * Line 13 * 50% ; Column (b) = Line 1 * Line<br>Previous Year Line 16 + Current Year Line 15   |   |   |   |
| 17   | Composite Book Depreciation Rate  | 8.33%                                       | 8.33%                                       | 8.33%                                       |
| 18   | Book Depreciation   | \$11,146                                    | \$22,292                                    | \$22,292                                    |
| 19   | Cumulative Book Depreciation  | \$11,146                                    | \$33,438                                    | \$55,729                                    |
| 20   | Total Cumulative Book Depreciation  | \$32,546                                    | \$97,638                                    | \$162,729                                   |
|  | As filed per R.I.P.U.C. Docket No. 4770<br>Column (a) = Line 2 * Line 24 * 50% ; Column (b) = Line 2 * Line<br>Previous Year Line 19 + Current Year Line 18<br>Line 19 + Line 16  |   |   |   |
| <u>Deferred Tax Calculation:</u>                     |   |   |   |   |
| 21   | Cumulative Book / Tax Timer   | \$194,829                                   | \$493,538                                   | \$646,726                                   |
| 22   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      | 21.00%                                      |
| 23   | Deferred Tax Reserve  | \$40,914                                    | \$103,643                                   | \$135,812                                   |
| 24   | Less: FY 2020 Federal NOL   | \$0   | \$0   | \$0   |
|  | Line 12 - Line 20<br>Line 21 * Line 22  |   |   |   |
| 25   | Less: Proration Adjustment  | (\$22,213)                                  | (\$34,057)                                  | (\$17,466)                                  |
| 26   | Net Deferred Tax Reserve  | \$18,701                                    | \$69,586                                    | \$118,347                                   |
|  | Col (a) = Page 8 of 10, Line 40; Col (b) = Page 9 of 10, Line 40; Col<br>(c) = Page 10 of 10, Line 40<br>Sum of Lines 23 through 25   |   |   |   |
| <u>Rate Base Calculation:</u>                        |   |   |   |   |
| 27   | Cumulative Incremental Capital Included in Rate Base  | \$1,337,500                                 | \$1,337,500                                 | \$1,337,500                                 |
| 28   | Accumulated Depreciation  | (\$32,546)                                  | (\$97,638)                                  | (\$162,729)                                 |
| 29   | Deferred Tax Reserve  | (\$18,701)                                  | (\$69,586)                                  | (\$118,347)                                 |
| 30   | Year End Rate Base  | \$1,286,253                                 | \$1,170,276                                 | \$1,056,424                                 |
|  | Line 9<br>- Line 20<br>- Line 26<br>Sum of Lines 27 through 29  |   |   |   |
| <u>Revenue Requirement Calculation:</u>              |   |   |   |   |
| 31   | Average Rate Base   | \$643,127                                   | \$1,228,265                                 | \$1,113,350                                 |
| 32   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       | 8.80%                                       |
| 33   | Return and Taxes  | \$56,595                                    | \$108,087                                   | \$97,975                                    |
| 34   | Book Depreciation   | \$32,546                                    | \$65,092                                    | \$65,092                                    |
| 35   | Property Taxes  | \$0   | \$42,479                                    | \$42,479                                    |
| 36   | Investment Tax Credit   | (\$20,316)                                  | (\$20,316)                                  | (\$20,316)                                  |
| 37   | Tax Effect on ITC Flowthrough Items   | 2,133                                       | 2,133                                       | 2,133                                       |
|  | Column (a) = Current Year Line 27 ÷ 2; Column (b & c) = (Prior<br>Year Line 27 + Current Year Line 27) ÷ 2<br>Line 31 * Line 32<br>Line 15<br>Tax Rate 3.176% MAL-7 - Columns (b & c) Line 8 * 3.176%<br>Line 13 / 25 Years / (1 - 21%)<br>Line 9 * 15% * 21% / (1-21%) * Line 14 |   |   |   |
| 38   | <b>Annual Revenue Requirement</b>   | <b>\$70,958</b>                             | <b>\$197,475</b>                            | <b>\$187,362</b>                            |
|  | Sum of Lines 33 through 37  |   |   |   |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2020 Capital Investments  
Solar Initiative**

| Line No. |  |                                | Fiscal Year Ending<br>March 31, 2020<br>(a) | Fiscal Year Ending<br>March 31, 2021<br>(b) | Fiscal Year Ending<br>March 31, 2022<br>(c) |
|----------|--|--------------------------------|---|---|---|
|          | <u>Capital Repairs Deduction</u>                                 |                                |   |   |   |
| 1        | Plant Additions  | Page 2 of 10, Line 3           | \$1,337,500                                 |   |   |
| 2        | Capital Repairs Deduction Rate                                   | Per Tax Department             | 0.00%                                       |   |   |
| 3        | Capital Repairs Deduction  | Line 1 * Line 2                | <u>\$0</u>                                  |   |   |
|          | <u>Investment Tax Credit</u>                                     |                                |   |   |   |
| 4        | Plant Additions  | Line 1                         | \$1,337,500                                 |   |   |
| 5        | Investment Tax Credit Rate                                       | Per Tax Department             | 30.00%                                      |   |   |
| 6        | Investment Tax Credit  | Line 4 * Line 5                | <u>\$401,250</u>                            |   |   |
| 7        | ITC Amortization   | Per Tax Department             | \$0   |   |   |
| 8        | Unamortized ITC  | Line 6 - Line 7                | \$401,250                                   | \$401,250                                   | \$401,250                                   |
|          | <u>Bonus Depreciation</u>  |                                |   |   |   |
| 9        | Plant Additions  | Line 1                         | \$1,337,500                                 |   |   |
| 10       | Reduction of 50% of ITC Credit                                   | Per Tax Department             | 85.00%                                      |   |   |
| 11       | Plant Additions eligible for Bonus Depreciation                  | Line 9 * Line 10               | <u>\$1,136,875</u>                          |   |   |
| 12       | Less Capital Repairs Deduction                                   | Line 3                         | <u>\$0</u>                                  |   |   |
| 13       | Plant Additions Net of Capital Repairs Deduction                 | Line 9 - Line 12               | \$1,136,875                                 |   |   |
| 14       | Percent of Plant Eligible for Bonus Depreciation                 | Per Tax Department             | 100.00%                                     |   |   |
| 15       | Plant Eligible for Bonus Depreciation                            | Line 13 * Line 14              | <u>\$1,136,875</u>                          |   |   |
| 16       | Bonus Depreciation Rate (April 2019 - December 2019)             | 1 * 75% * 30%                  | 0.00%                                       |   |   |
| 17       | Bonus Depreciation Rate (January 2020 - March 2020)              | 1 * 25% * 00%                  | <u>0.00%</u>                                |   |   |
| 18       | Total Bonus Depreciation Rate                                    | Line 16 + Line 17              | 0.00%                                       |   |   |
| 19       | Bonus Depreciation   | Line 15 * Line 18              | <u>\$0</u>                                  |   |   |
|          | <u>Remaining Tax Depreciation</u>                                |                                |   |   |   |
| 20       | Plant Additions  | Line 1                         | \$1,337,500                                 |   |   |
| 21       | Reduction of 50% of ITC Credit                                   | Per Tax Department             | 85.00%                                      |   |   |
| 22       | Plant Additions eligible for Bonus Depreciation                  | Line 20 * Line 21              | <u>\$1,136,875</u>                          |   |   |
| 23       | Less Capital Repairs Deduction                                   | Line 3                         | <u>\$0</u>                                  |   |   |
| 24       | Less Bonus Depreciation  | Line 19                        | <u>\$0</u>                                  |   |   |
| 25       | Remaining Plant Additions Subject to 5 YR MACRS Tax Depreciation | Line 20 - Line 23 - Line 24    | \$1,136,875                                 | \$1,136,875                                 | \$1,136,875                                 |
| 26       | 5 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946        | 20.00%                                      | 32.00%                                      | 19.20%                                      |
| 27       | Remaining Tax Depreciation                                       | Line 25 * Line 26              | <u>\$227,375</u>                            | \$363,800                                   | \$218,280                                   |
| 28       | FY20 Loss incurred due to retirements                            | Per Tax Department             | \$0   |   |   |
| 29       | Cost of Removal  | Page 2 of 10, Line 8           | <u>\$0</u>                                  |   |   |
| 30       | Total Tax Depreciation and Repairs Deduction                     | Sum of Lines 3, 19, 27, and 29 | <u>\$227,375</u>                            | <u>\$363,800</u>                            | <u>\$218,280</u>                            |

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The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2021  
Solar Initiative

| Line No.   |   | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|--|---|---|---|
| <b>Estimated Capital Investment</b>                  |   |   |   |
| 1  | Solar Panels  | \$2,040,000                                 |   |
| 2  | Inverters   | \$510,000                                   |   |
| 3  | Total Estimated Capital Investment                          | \$2,550,000                                 | \$0   |
| <b>Depreciable Net Capital Included in Rate Base</b> |   |   |   |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | \$2,550,000                                 | \$0   |
| 5  | Retirements   | \$0   | \$0   |
| 6  | Net Depreciable Capital Included in Rate Base               | \$2,550,000                                 | \$2,550,000                                 |
| <b>Change in Net Capital Included in Rate Base</b>   |   |   |   |
| 7  | Capital Included in Rate Base                               | \$2,550,000                                 | \$0   |
| 8  | Cost of Removal   | \$0   | \$0   |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>\$2,550,000</b>                          | <b>\$2,550,000</b>                          |
| <b>Tax Depreciation</b>                              |   |   |   |
| 10   | Vintage Year Tax Depreciation:                              |   |   |
| 11   | 2021 Spend  | \$433,500                                   | \$693,600                                   |
| 12   | Cumulative Tax Depreciation                                 | \$433,500                                   | \$1,127,100                                 |
| <b>Investment Tax Credit</b>                         |   |   |   |
| 13   | Unamortized Investment Tax Credit                           | \$765,000                                   | \$765,000                                   |
| <b>Book Depreciation</b>                             |   |   |   |
| 14   | Composite Book Depreciation Rate                            | 4.00%                                       | 4.00%                                       |
| 15   | Book Depreciation   | \$40,800                                    | \$81,600                                    |
| 16   | Cumulative Book Depreciation                                | \$40,800                                    | \$122,400                                   |
| 17   | Composite Book Depreciation Rate                            | 8.33%                                       | 8.33%                                       |
| 18   | Book Depreciation   | \$21,250                                    | \$42,500                                    |
| 19   | Cumulative Book Depreciation                                | \$21,250                                    | \$63,750                                    |
| 20   | Total Cumulative Book Depreciation                          | \$62,050                                    | \$186,150                                   |
| <b>Deferred Tax Calculation:</b>                     |   |   |   |
| 21   | Cumulative Book / Tax Timer                                 | \$371,450                                   | \$940,950                                   |
| 22   | Effective Tax Rate  | 21.00%                                      | 21.00%                                      |
| 23   | Deferred Tax Reserve  | \$78,005                                    | \$197,600                                   |
| 24   | Less: FY 2021 Federal NOL                                   | \$0   | \$0   |
| 25   | Less: Proration Adjustment                                  | (\$42,350)                                  | (\$64,931)                                  |
| 26   | Net Deferred Tax Reserve                                    | \$35,654                                    | \$132,669                                   |
| <b>Rate Base Calculation:</b>                        |   |   |   |
| 27   | Cumulative Incremental Capital Included in Rate Base        | \$2,550,000                                 | \$2,550,000                                 |
| 28   | Accumulated Depreciation                                    | (\$62,050)                                  | (\$186,150)                                 |
| 29   | Deferred Tax Reserve  | (\$35,654)                                  | (\$132,669)                                 |
| 30   | Year End Rate Base  | \$2,452,296                                 | \$2,231,181                                 |
| <b>Revenue Requirement Calculation:</b>              |   |   |   |
| 31   | Average Rate Base   | \$1,226,148                                 | \$2,341,739                                 |
| 32   | Pre-Tax ROR   | 8.80%                                       | 8.80%                                       |
| 33   | Return and Taxes  | \$107,901                                   | \$206,073                                   |
| 34   | Book Depreciation   | \$62,050                                    | \$124,100                                   |
| 35   | Property Taxes  | \$0   | \$80,988                                    |
| 36   | Investment Tax Credit                                       | (\$38,734)                                  | (\$38,734)                                  |
| 37   | Tax Effect on ITC Flowthrough Items                         | \$4,067                                     | \$4,067                                     |
| 38   | <b>Annual Revenue Requirement</b>                           | <b>\$135,284</b>                            | <b>\$376,494</b>                            |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio   | Rate   | Rate  | Taxes | Return |
|-----------------|---------|--------|-------|-------|--------|
| Long Term Debt  | 48.47%  | 4.69%  | 2.27% |       | 2.27%  |
| Short Term Debt | 0.45%   | 1.76%  | 0.01% |       | 0.01%  |
| Preferred Stock | 0.11%   | 4.50%  | 0.00% |       | 0.00%  |
| Common Equity   | 50.97%  | 10.10% | 5.15% | 1.37% | 6.52%  |
|                 | 100.00% |        | 7.43% | 1.37% | 8.80%  |

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2021 Capital Investments  
Solar Initiative**

| Line No. |   |                                | Fiscal Year Ending<br>March 31, 2021<br>(a) | Fiscal Year Ending<br>March 31, 2022<br>(b) |
|----------|---|--------------------------------|---|---|
|          | <u>Capital Repairs Deduction</u>                                  |                                |   |   |
| 1        | Plant Additions   | Page 4 of 10, Line 3           | \$2,550,000                                 |   |
| 2        | Capital Repairs Deduction Rate                                    | Per Tax Department             | 0.00%                                       |   |
| 3        | Capital Repairs Deduction   | Line 1 * Line 2                | \$0   |   |
|          | <u>Investment Tax Credit</u>                                      |                                |   |   |
| 4        | Plant Additions   | Line 1                         | \$2,550,000                                 |   |
| 5        | Investment Tax Credit Rate  | Per Tax Department             | 30.00%                                      |   |
| 6        | Investment Tax Credit   | Line 4 * Line 5                | \$765,000                                   |   |
| 7        | ITC Amortization  | Per Tax Department             | \$0   |   |
| 8        | Unamortized ITC   | Line 6 - Line 7                | \$765,000                                   | \$765,000                                   |
|          | <u>Bonus Depreciation</u>   |                                |   |   |
| 9        | Plant Additions   | Line 1                         | \$2,550,000                                 |   |
| 10       | Reduction of 50% of ITC Credit                                    | Per Tax Department             | 85.00%                                      |   |
| 11       | Plant Additions eligible for Bonus Depreciation                   | Line 9 * Line 10               | \$2,167,500                                 |   |
| 12       | Less Capital Repairs Deduction                                    | Line 3                         | \$0   |   |
| 13       | Plant Additions Net of Capital Repairs Deduction                  | Line 9 - Line 12               | \$2,167,500                                 |   |
| 14       | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department             | 100.00%                                     |   |
| 15       | Plant Eligible for Bonus Depreciation                             | Line 13 * Line 14              | \$2,167,500                                 |   |
| 16       | Bonus Depreciation Rate (April 2020 - December 2020)              | 0%                             | 0.00%                                       |   |
| 17       | Bonus Depreciation Rate (January 2021 - March 2021)               | 0%                             | 0.00%                                       |   |
| 18       | Total Bonus Depreciation Rate                                     | Line 16 + Line 17              | 0.00%                                       |   |
| 19       | Bonus Depreciation  | Line 15 * Line 18              | \$0   |   |
|          | <u>Remaining Tax Depreciation</u>                                 |                                |   |   |
| 20       | Plant Additions   | Line 1                         | \$2,550,000                                 |   |
| 21       | Reduction of 50% of ITC Credit                                    | Per Tax Department             | 85.00%                                      |   |
| 22       | Plant Additions eligible for Bonus Depreciation                   | Line 20 * Line 21              | \$2,167,500                                 |   |
| 23       | Less Capital Repairs Deduction                                    | Line 3                         | \$0   |   |
| 24       | Less Bonus Depreciation   | Line 19                        | \$0   |   |
| 25       | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 20 - Line 23 - Line 24    | \$2,167,500                                 | \$2,167,500                                 |
| 26       | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946        | 20.00%                                      | 32.00%                                      |
| 27       | Remaining Tax Depreciation  | Line 25 * Line 26              | \$433,500                                   | \$693,600                                   |
| 28       | FY21 Loss incurred due to retirements                             | Per Tax Department             | \$0   | \$0   |
| 29       | Cost of Removal   | Page 4 of 10, Line 8           | \$0   | \$0   |
| 30       | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 19, 27, and 29 | \$433,500                                   | \$693,600                                   |

THE NARRAGANSETT ELECTRIC COMPANY  
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The Narragansett Electric Company  
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Power Sector Transformation (PST)  
Revenue Requirement on Estimated Capital Investment 12 months ending March 31, 2022  
Solar Initiative

| Line No.   |   | Data Year 2<br>March 31, 2022<br>(a)   |
|--|---|--|
| <u>Estimated Capital Investment</u>                  |   |  |
| 1  | Solar Panels  | \$4,140,000  |
| 2  | Inverters   | \$1,035,000  |
| 3  | Total Estimated Capital Investment                          | Line 1 + Line 2<br><u>\$5,175,000</u>  |
| <u>Depreciable Net Capital Included in Rate Base</u> |   |  |
| 4  | Total Allowed Capital Included in Rate Base in Current Year | Line 3<br>\$5,175,000  |
| 5  | Retirements   | Line 4 * 0%<br><u>\$0</u>  |
| 6  | Net Depreciable Capital Included in Rate Base               | Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 5<br><u>\$5,175,000</u> |
| <u>Change in Net Capital Included in Rate Base</u>   |   |  |
| 7  | Capital Included in Rate Base                               | Line 4<br>\$5,175,000  |
| 8  | Cost of Removal   | \$0  |
| 9  | <b>Total Net Plant in Service Including Cost of Removal</b> | <b>Line 6 + Line 8</b><br><b><u>\$5,175,000</u></b>                                |
| <u>Tax Depreciation</u>                              |   |  |
| 10   | Vintage Year Tax Depreciation:                              |  |
| 11   | 2022 Spend  | Page 5 of 10, Line 30<br>\$900,450   |
| 12   | Cumulative Tax Depreciation                                 | Previous Year Line 12 + Current Year Line 11<br>\$900,450                          |
| <u>Investment Tax Credit</u>                         |   |  |
| 13   | Unamortized Investment Tax Credit                           | Page 5 of 10, Line 8<br>\$1,345,500  |
| <u>Book Depreciation</u>                             |   |  |
| 14   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>4.00%                                |
| 15   | Book Depreciation   | Column (a) = Line 1 * Line 12 * 50%<br>\$82,800                                    |
| 16   | Cumulative Book Depreciation                                | Previous Year Line 16 + Current Year Line 15<br>\$82,800                           |
| 17   | Composite Book Depreciation Rate                            | As approved per R.I.P.U.C. Docket No. 4770<br>8.33%                                |
| 18   | Book Depreciation   | Column (a) = Line 2 * Line 12 * 50%<br>\$43,125                                    |
| 19   | Cumulative Book Depreciation                                | Previous Year Line 19 + Current Year Line 18<br><u>\$43,125</u>                    |
| 20   | Total Cumulative Book Depreciation                          | Line 16<br><u>\$125,925</u>  |
| <u>Deferred Tax Calculation:</u>                     |   |  |
| 21   | Cumulative Book / Tax Timer                                 | Line 12 - Line 20<br>\$774,525   |
| 22   | Effective Tax Rate  | <u>21.00%</u>  |
| 23   | Deferred Tax Reserve  | Line 21 * Line 22<br><u>\$162,650</u>  |
| 24   | Less: FY 2022 Federal NOL                                   | \$0  |
| 25   | Less: Proration Adjustment                                  | Col (a) = Page 10 of 10, Line 40<br><u>(\$88,306)</u>                              |
| 26   | Net Deferred Tax Reserve                                    | Sum of Lines 23 through 25<br><u>\$74,344</u>                                      |
| <u>Rate Base Calculation:</u>                        |   |  |
| 27   | Cumulative Incremental Capital Included in Rate Base        | Line 9<br>\$5,175,000  |
| 28   | Accumulated Depreciation                                    | - Line 20<br>(\$125,925)   |
| 29   | Deferred Tax Reserve  | - Line 26<br><u>(\$74,344)</u>   |
| 30   | Year End Rate Base  | Sum of Lines 27 through 29<br><u>\$4,974,731</u>                                   |
| <u>Revenue Requirement Calculation:</u>              |   |  |
| 31   | Average Rate Base   | Column (a) = Current Year Line 26 ÷ 2<br>\$2,487,366                               |
| 32   | Pre-Tax ROR   | 1/<br><u>8.80%</u>   |
| 33   | Return and Taxes  | Line 31 * Line 32<br>\$218,888   |
| 34   | Book Depreciation   | Line 15<br>\$125,925   |
| 35   | Property Taxes  | Tax Rate 3.176% MAL-7<br>\$0   |
| 36   | Investment Tax Credit                                       | Line 13 / 25 Years / (1 - 21%)<br>(\$68,127)                                       |
| 37   | Tax Effect on ITC Flowthrough Items                         | Line 9 * 15% * 21% / (1-21%) * Line 14<br><u>\$8,254</u>                           |
| 38   | <b>Annual Revenue Requirement</b>                           | <b>Sum of Lines 33 through 37</b><br><b><u>\$284,940</u></b>                       |

1/ Weighted Average Cost of Capital as file in R.I.P.U.C. Docket No. 4770, Schedule MAL-1-ELEC

|                 | Ratio          | Rate   | Rate         | Taxes        | Return       |
|-----------------|----------------|--------|--------------|--------------|--------------|
| Long Term Debt  | 48.47%         | 4.69%  | 2.27%        |              | 2.27%        |
| Short Term Debt | 0.45%          | 1.76%  | 0.01%        |              | 0.01%        |
| Preferred Stock | 0.11%          | 4.50%  | 0.00%        |              | 0.00%        |
| Common Equity   | 50.97%         | 10.10% | 5.15%        | 1.37%        | 6.52%        |
|                 | <u>100.00%</u> |        | <u>7.43%</u> | <u>1.37%</u> | <u>8.80%</u> |

**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Tax Depreciation and Repairs Deduction on Fiscal Year 2022 Capital Investments  
Solar Initiative**

| Line<br>No. |   | Fiscal Year Ending<br><u>March 31, 2022</u><br>(a)        |
|-------------|---|---|
|             | <u>Capital Repairs Deduction</u>                                  |   |
| 1           | Plant Additions   | Page 6 of 10, Line 3<br>\$5,175,000                       |
| 2           | Capital Repairs Deduction Rate                                    | Per Tax Department<br>0.00%                               |
| 3           | Capital Repairs Deduction   | Line 1 * Line 2<br><u>\$0</u>                             |
|             | <u>Investment Tax Credit</u>                                      |   |
| 4           | Plant Additions   | Line 1<br>\$5,175,000                                     |
| 5           | Investment Tax Credit Rate  | Per Tax Department<br>26.00%                              |
| 6           | Investment Tax Credit   | Line 4 * Line 5<br><u>\$1,345,500</u>                     |
| 7           | ITC Amortization  | Per Tax Department<br>\$0                                 |
| 8           | Unamortized ITC   | Line 6 - Line 7<br>\$1,345,500                            |
|             | <u>Bonus Depreciation</u>   |   |
| 9           | Plant Additions   | Line 1<br>\$5,175,000                                     |
| 10          | Reduction of 50% of ITC Credit                                    | Per Tax Department<br>87.00%                              |
| 11          | Plant Additions eligible for Bonus Depreciation                   | Line 9 * Line 10<br>\$4,502,250                           |
| 12          | Less Capital Repairs Deduction                                    | Line 3<br><u>\$0</u>                                      |
| 13          | Plant Additions Net of Capital Repairs Deduction                  | Line 9 - Line 12<br>\$4,502,250                           |
| 14          | Percent of Plant Eligible for Bonus Depreciation                  | Per Tax Department<br>100.00%                             |
| 15          | Plant Eligible for Bonus Depreciation                             | Line 13 * Line 14<br>\$4,502,250                          |
| 16          | Bonus Depreciation Rate (April 2021 - December 2021)              | 0%<br>0.00%   |
| 17          | Bonus Depreciation Rate (January 2022 - March 2022)               | 0%<br><u>0.00%</u>  |
| 18          | Total Bonus Depreciation Rate                                     | Line 16 + Line 17<br>0.00%                                |
| 19          | Bonus Depreciation  | Line 15 * Line 18<br>\$0                                  |
|             | <u>Remaining Tax Depreciation</u>                                 |   |
| 20          | Plant Additions   | Line 1<br>\$5,175,000                                     |
| 21          | Reduction of 50% of ITC Credit                                    | Per Tax Department<br>87.00%                              |
| 22          | Plant Additions eligible for Bonus Depreciation                   | Line 20 * Line 21<br>\$4,502,250                          |
| 23          | Less Capital Repairs Deduction                                    | Line 3<br><u>\$0</u>                                      |
| 24          | Less Bonus Depreciation   | Line 19<br><u>\$0</u>                                     |
| 25          | Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation | Line 20 - Line 23 - Line 24<br>\$4,502,250                |
| 26          | 20 YR MACRS Tax Depreciation Rates                                | Per IRS Publication 946<br>20.00%                         |
| 27          | Remaining Tax Depreciation  | Line 25 * Line 26<br><u>\$900,450</u>                     |
| 28          | FY22 Loss incurred due to retirements                             | Per Tax Department<br>\$0                                 |
| 29          | Cost of Removal   | Page 6 of 10, Line 8<br>\$0                               |
| 30          | Total Tax Depreciation and Repairs Deduction                      | Sum of Lines 3, 19, 27, and 29<br><u><u>\$900,450</u></u> |

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**The Narragansett Electric Company  
d/b/a National Grid  
Power Sector Transformation (PST)  
Calculation of Fiscal Year 2020 Net Deferred Tax Reserve Proration  
Solar Initiative**

| Line No. |  | (a)= Column (b)                 | (b)<br>Vintage Year<br>March 31, 2020 |
|----------|--|---------------------------------|---------------------------------------|
|          | <b>Deferred Tax Subject to Proration</b>               | <u>Total</u>                    | <u>March 31, 2020</u>                 |
| 1        | Book Depreciation                                      | Page 2 of 10, Line 15 + Line 18 | \$32,546                              |
| 2        | Bonus Depreciation                                     | Page 3 of 10, Line 19           | \$0                                   |
| 3        | Remaining MACRS Tax Depreciation                       | Page 3 of 10, Line 27           | (\$227,375)                           |
| 4        | FY20 tax (gain)/loss on retirements                    | Page 3 of 10, Line 28           | \$0                                   |
| 5        | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4        | (\$194,829)                           |
| 6        | Effective Tax Rate                                     | Per Tax Department              | 21.00%                                |
| 7        | Deferred Tax Reserve                                   | Line 5 * Line 6                 | (\$40,914)                            |
|          | <b>Deferred Tax Not Subject to Proration</b>           |                                 |                                       |
| 8        | Capital Repairs Deduction                              | Page 3 of 10, Line 3            | \$0                                   |
| 9        | Cost of Removal  | Page 3 of 10, Line 29           | \$0                                   |
| 10       | Book/Tax Depreciation Timing Difference at 3/31/2020   |                                 | \$0                                   |
| 11       | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10       | \$0                                   |
| 12       | Effective Tax Rate                                     |                                 | 21.00%                                |
| 13       | Deferred Tax Reserve                                   | Line 11 * Line 12               | \$0                                   |
| 14       | Total Deferred Tax Reserve                             | Line 7 + Line 13                | (\$40,914)                            |
| 15       | Net Operating Loss                                     | Page 2 of 10, Line 24           | \$0                                   |
| 16       | Net Deferred Tax Reserve                               | Line 14 + Line 15               | (\$40,914)                            |
|          | <b>Allocation of FY 2020 Estimated Federal NOL</b>     |                                 |                                       |
| 17       | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5                | (\$194,829)                           |
| 18       | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11                         | \$0                                   |
| 19       | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18               | (\$194,829)                           |
| 20       | Total FY 2020 Federal NOL                              | Page 2 of 10, Line 24 / 35%     | \$0                                   |
| 21       | Allocated FY 2020 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20   | \$0                                   |
| 22       | Allocated FY 2020 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20   | \$0                                   |
| 23       | Effective Tax Rate                                     | Per Tax Department              | 21.00%                                |
| 24       | Deferred Tax Benefit subject to proration              | Line 22 * Line 23               | \$0                                   |
| 25       | Net Deferred Tax Reserve subject to proration          | Line 7 + Line 24                | (\$40,914)                            |
|          |  | (i)                             | (j)                                   |
|          |  | <u>Number of Days in</u>        |                                       |
|          | <b>Proration Calculation</b>                           | <u>Month</u>                    | <u>Proration Percentage</u>           |
| 26       | April 2019   | 30                              | 91.78%                                |
| 27       | May 2019   | 31                              | 83.29%                                |
| 28       | June 2019  | 30                              | 75.07%                                |
| 29       | July 2019  | 31                              | 66.58%                                |
| 30       | August 2019  | 31                              | 58.08%                                |
| 31       | September 2019   | 30                              | 49.86%                                |
| 32       | October 2019   | 31                              | 41.37%                                |
| 33       | November 2019  | 30                              | 33.15%                                |
| 34       | December 2019  | 31                              | 24.66%                                |
| 35       | January 2020   | 31                              | 16.16%                                |
| 36       | February 2020  | 28                              | 8.49%                                 |
| 37       | March 2020   | 31                              | 0.00%                                 |
| 38       | Total  | 365                             |                                       |
|          |  |                                 | (k)= Sum of (l)                       |
|          |  |                                 | (l)                                   |
| 26       |  |                                 | (\$3,129)                             |
| 27       |  |                                 | (\$2,840)                             |
| 28       |  |                                 | (\$2,559)                             |
| 29       |  |                                 | (\$2,270)                             |
| 30       |  |                                 | (\$1,980)                             |
| 31       |  |                                 | (\$1,700)                             |
| 32       |  |                                 | (\$1,411)                             |
| 33       |  |                                 | (\$1,130)                             |
| 34       |  |                                 | (\$841)                               |
| 35       |  |                                 | (\$551)                               |
| 36       |  |                                 | (\$290)                               |
| 37       |  |                                 | \$0                                   |
| 38       |  |                                 | \$0                                   |
| 38       |  |                                 | (\$18,701)                            |
| 39       | Deferred Tax Without Proration                         | Line 25                         | (\$40,914)                            |
| 40       | Proration Adjustment                                   | Line 38 - Line 39               | \$22,213                              |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
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**The Narragansett Electric Company**  
**d/b/a National Grid**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2021 Net Deferred Tax Reserve Proration**  
**Solar Initiative**

| Line No.   | Deferred Tax Subject to Proration                      |  | (a)=Sum of (b) through (c) | (b) Vintage Year            | (c) Vintage Year |            |
|--|--|--|----------------------------|-----------------------------|------------------|------------|
|  |  |  | Total                      | March 31, 2021              | March 31, 2020   |            |
| 1  | Book Depreciation                                      | Col (b) = Page 4 of 10, Line 15 + Line 18 ;Col (c) = Page 2 of 10, Line 15 + Line 18 | \$127,142                  | \$62,050                    | \$65,092         |            |
| 2  | Bonus Depreciation                                     | Page 5 of 10, Line 19  | \$0                        | \$0                         |                  |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) Page 5 of 10, Line 27; Col (c) , Line 27                                     | (\$797,300)                | (\$433,500)                 | (\$363,800)      |            |
| 4  | FY21 tax (gain)/loss on retirements                    | Col (b) Page 5 of 10, Line 28; Col (c) , Line 28                                     | \$0                        | \$0                         | \$0              |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$670,158)                | (\$371,450)                 | (\$298,708)      |            |
| 6  | Effective Tax Rate                                     | Per Tax Department   | 21.00%                     | 21.00%                      | 21.00%           |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$140,733)                | (\$78,005)                  | (\$62,729)       |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                            |                             |                  |            |
| 8  | Capital Repairs Deduction                              | Page 5 of 10, Line 3   | \$0                        | \$0                         |                  |            |
| 9  | Cost of Removal  | Page 5 of 10, Line 29  | \$0                        | \$0                         |                  |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2021   |  | \$0                        | \$0                         |                  |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0                        | \$0                         |                  |            |
| 12   | Effective Tax Rate                                     |  | 21.00%                     | 21.00%                      |                  |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0                        | \$0                         |                  |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$140,733)                | (\$78,005)                  | (\$62,729)       |            |
| 15   | Net Operating Loss                                     | Page 4 of 10, Line 24  | \$0                        | \$0                         | \$0              |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$140,733)                | (\$78,005)                  | (\$62,729)       |            |
| <b>Allocation of FY 2021 Estimated Federal NOL</b> |  |  |                            |                             |                  |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$371,450)                | (\$371,450)                 |                  |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0                        | \$0                         |                  |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$371,450)                | (\$371,450)                 |                  |            |
| 20   | Total FY 2021 Federal NOL                              |  | \$0                        | \$0                         |                  |            |
| 21   | Allocated FY 2021 Federal NOL Not Subject to Proration | (Line 18 / Line 19) * Line 20  | \$0                        | \$0                         |                  |            |
| 22   | Allocated FY 2021 Federal NOL Subject to Proration     | (Line 17 / Line 19) * Line 20  | \$0                        | \$0                         |                  |            |
| 23   | Effective Tax Rate                                     | Per Tax Department   | 21.00%                     | 21.00%                      |                  |            |
| 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   | (\$140,733)                | (\$78,005)                  | (\$62,729)       |            |
| <b>Proration Calculation</b>                       |  |  |                            |                             |                  |            |
|  |  | (i) Number of Days in Month  | (j) Proration Percentage   | (k)= Sum of (l) through (m) | (l)              | (m)        |
| 26   | April 2020   | 30   | 91.78%                     | (\$10,764)                  | (\$5,966)        | (\$4,798)  |
| 27   | May 2020   | 31   | 83.29%                     | (\$9,768)                   | (\$5,414)        | (\$4,354)  |
| 28   | June 2020  | 30   | 75.07%                     | (\$8,804)                   | (\$4,880)        | (\$3,924)  |
| 29   | July 2020  | 31   | 66.58%                     | (\$7,808)                   | (\$4,328)        | (\$3,480)  |
| 30   | August 2020  | 31   | 58.08%                     | (\$6,812)                   | (\$3,776)        | (\$3,036)  |
| 31   | September 2020   | 30   | 49.86%                     | (\$5,848)                   | (\$3,241)        | (\$2,607)  |
| 32   | October 2020   | 31   | 41.37%                     | (\$4,852)                   | (\$2,689)        | (\$2,163)  |
| 33   | November 2020  | 30   | 33.15%                     | (\$3,888)                   | (\$2,155)        | (\$1,733)  |
| 34   | December 2020  | 31   | 24.66%                     | (\$2,892)                   | (\$1,603)        | (\$1,289)  |
| 35   | January 2021   | 31   | 16.16%                     | (\$1,896)                   | (\$1,051)        | (\$845)    |
| 36   | February 2021  | 28   | 8.49%                      | (\$996)                     | (\$552)          | (\$444)    |
| 37   | March 2021   | 31   | 0.00%                      | \$0                         | \$0              | \$0        |
| 38   | Total  | 365  |                            | (\$64,326)                  | (\$35,654)       | (\$28,672) |
| 39   | Deferred Tax Without Proration                         | Line 25  | (\$140,733)                | (\$78,005)                  | (\$62,729)       |            |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  | \$76,407                   | \$42,350                    | \$34,057         |            |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC Docket No. 4770**  
**Witnesses: O'Neill, Sheridan, Leana, Roughan, McGuinness**  
**SUPPLEMENTAL JOINT PRE-FILED TESTIMONY**  
**Page 276 of 276**  
**REVISED**

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC Docket No. 4770**  
**Appendix 10.9 - Solar**  
**Page 10 of 10**

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**Power Sector Transformation (PST)**  
**Calculation of Fiscal Year 2022 Net Deferred Tax Reserve Proration**  
**Solar Initiative**

| Line No.   |  |  | (a)=Sum of (b)  | (b)            | (c)            | (d)            |            |            |
|--|--|--|-----------------|----------------|----------------|----------------|------------|------------|
|  |  |  | through (d)     | Vintage Year   | Vintage Year   | Vintage Year   |            |            |
|  |  |  | Total           | March 31, 2022 | March 31, 2021 | March 31, 2020 |            |            |
| <b>Deferred Tax Subject to Proration</b>           |  |  |                 |                |                |                |            |            |
| 1  | Book Depreciation                                      | Col (b) = Page 6 of 10, Line 15 + Line 18;<br>Col (c) = Page 4 of 10, Line 15 + Line 18; Col (d) = Page 2 of 10, Line 15 + Line 18 | \$315,117       | \$125,925      | \$124,100      | \$65,092       |            |            |
| 2  | Bonus Depreciation                                     | Page 7 of 10, Line 19  | \$0             | \$0            |                |                |            |            |
| 3  | Remaining MACRS Tax Depreciation                       | Col (b) Page 7 of 10, Line 27; Col (d) Page 5 of 10, Line 27; Col (d) Page 3 of 10, Line 27  | (\$1,812,330)   | (\$900,450)    | (\$693,600)    | (\$218,280)    |            |            |
| 4  | FY22 tax (gain)/loss on retirements                    | Col (b) Page 7 of 10, Line 28; Col (c) Page 5 of 10, Line 28; Col (d) Page 3 of 10, Line 28  | \$0             | \$0            | \$0            | \$0            |            |            |
| 5  | Cumulative Book / Tax Timer                            | Sum of Lines 1 through 4   | (\$1,497,213)   | (\$774,525)    | (\$569,500)    | (\$153,188)    |            |            |
| 6  | Effective Tax Rate                                     | Per Tax Department   | 21.00%          | 21.00%         | 21.00%         | 21.00%         |            |            |
| 7  | Deferred Tax Reserve                                   | Line 5 * Line 6  | (\$314,415)     | (\$162,650)    | (\$119,595)    | (\$32,170)     |            |            |
| <b>Deferred Tax Not Subject to Proration</b>       |  |  |                 |                |                |                |            |            |
| 8  | Capital Repairs Deduction                              | Page 7 of 10, Line 3   | \$0             | \$0            |                |                |            |            |
| 9  | Cost of Removal  | Page 7 of 10, Line 29  | \$0             | \$0            |                |                |            |            |
| 10   | Book/Tax Depreciation Timing Difference at 3/31/2022   |  | \$0             | \$0            |                |                |            |            |
| 11   | Cumulative Book / Tax Timer                            | Line 8 + Line 9 + Line 10  | \$0             | \$0            |                |                |            |            |
| 12   | Effective Tax Rate                                     | Per Tax Department   | 21.00%          | 21.00%         |                |                |            |            |
| 13   | Deferred Tax Reserve                                   | Line 11 * Line 12  | \$0             | \$0            |                |                |            |            |
| 14   | Total Deferred Tax Reserve                             | Line 7 + Line 13   | (\$314,415)     | (\$162,650)    | (\$119,595)    | (\$32,170)     |            |            |
| 15   | Net Operating Loss                                     | , Line 24  | \$0             | \$0            | \$0            | \$0            |            |            |
| 16   | Net Deferred Tax Reserve                               | Line 14 + Line 15  | (\$314,415)     | (\$162,650)    | (\$119,595)    | (\$32,170)     |            |            |
| <b>Allocation of FY 2022 Estimated Federal NOL</b> |  |  |                 |                |                |                |            |            |
| 17   | Cumulative Book/Tax Timer Subject to Proration         | Col (b) = Line 5   | (\$774,525)     | (\$774,525)    |                |                |            |            |
| 18   | Cumulative Book/Tax Timer Not Subject to Proration     | Line 11  | \$0             | \$0            |                |                |            |            |
| 19   | Total Cumulative Book/Tax Timer                        | Line 17 + Line 18  | (\$774,525)     | (\$774,525)    |                |                |            |            |
| 20   | Total FY 2022 Federal NOL                              |  | \$0             | \$0            |                |                |            |            |
| 21   | Allocated FY 2022 Federal NOL Not Subject to Proration | (Line 18 / Line 19 ) * Line 20   | \$0             | \$0            |                |                |            |            |
| 22   | Allocated FY 2022 Federal NOL Subject to Proration     | (Line 17 / Line 19 ) * Line 20   | \$0             | \$0            |                |                |            |            |
| 23   | Effective Tax Rate                                     | Per Tax Department   | 21.00%          | 21.00%         |                |                |            |            |
| 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   | (\$314,415)     | (\$162,650)    | (\$119,595)    | (\$32,170)     |            |            |
| (i) (j)  |  |  |                 |                |                |                |            |            |
|  |  | <u>Number of Days in</u>   | (k)= Sum of (l) | (l)            | (m)            | (n)            |            |            |
|  |  | <u>Month</u>   | through (n)     |                |                |                |            |            |
| 26   | Proration Calculation                                  | April 2021   | 30              | 91.78%         | (\$24,048)     | (\$12,440)     | (\$9,147)  | (\$2,460)  |
| 27   |  | May 2021   | 31              | 83.29%         | (\$21,822)     | (\$11,289)     | (\$8,301)  | (\$2,233)  |
| 28   |  | June 2021  | 30              | 75.07%         | (\$19,669)     | (\$10,175)     | (\$7,482)  | (\$2,012)  |
| 29   |  | July 2021  | 31              | 66.58%         | (\$17,444)     | (\$9,024)      | (\$6,635)  | (\$1,785)  |
| 30   |  | August 2021  | 31              | 58.08%         | (\$15,218)     | (\$7,873)      | (\$5,789)  | (\$1,557)  |
| 31   |  | September 2021   | 30              | 49.86%         | (\$13,065)     | (\$6,759)      | (\$4,969)  | (\$1,337)  |
| 32   |  | October 2021   | 31              | 41.37%         | (\$10,839)     | (\$5,607)      | (\$4,123)  | (\$1,109)  |
| 33   |  | November 2021  | 30              | 33.15%         | (\$8,686)      | (\$4,493)      | (\$3,304)  | (\$889)    |
| 34   |  | December 2021  | 31              | 24.66%         | (\$6,461)      | (\$3,342)      | (\$2,457)  | (\$661)    |
| 35   |  | January 2022   | 31              | 16.16%         | (\$4,235)      | (\$2,191)      | (\$1,611)  | (\$433)    |
| 36   |  | February 2022  | 28              | 8.49%          | (\$2,225)      | (\$1,151)      | (\$846)    | (\$228)    |
| 37   |  | March 2022   | 31              | 0.00%          | \$0            | \$0            | \$0        | \$0        |
| 38   |  | Total  | 365             |                | (\$143,712)    | (\$74,344)     | (\$54,664) | (\$14,704) |
| 39   | Deferred Tax Without Proration                         | Line 25  | (\$314,415)     | (\$162,650)    | (\$119,595)    | (\$32,170)     |            |            |
| 40   | Proration Adjustment                                   | Line 38 - Line 39  | \$170,703       | \$88,306       | \$64,931       | \$17,466       |            |            |

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) ÷ 365
- (l) through (r) = Current Year Line 25 ÷ 12 \* Current Month Col (j)