Robert J. Humm
Senior Counsel

February 8, 2018

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4781 - Proposed Fiscal Year 2019 Gas Infrastructure, Safety, and Reliability Plan
<u>Responses to PUC Data Requests Set 1</u>

Dear Ms. Massaro:

Enclosed please find 10 copies of National Grid's[1] responses to the following requests from the Public Utilities Commission's Second Set of Data Requests issued on January 24, 2018 in the above-referenced docket: COMM 2-1, COMM 2-2, and COMM 2-31.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7415.

Very truly yours,

Robert J. Humm

Enclosures

cc: Docket 4781 Service List
Leo Wold, Esq.
John Bell, Division (w/confidential documents)
Al Mancini, Division

[1] The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

280 Melrose Street, Providence, RI 02907
T: 401-784-7415 ■ robert.humm@nationalgrid.com ■ www.nationalgrid.com

Certificate of Service

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

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

_________________________________ February 9, 2018
Joanne M. Scanlon Date

Docket No. 4783 National Grid's Electric Infrastructure, Safety and Reliability Plan FY 2019 - Service List as of 1/8/17

Name/Address	E-mail Distribution	Phone
Raquel J. Webster, Esq. **National Grid** 280 Melrose St. Providence, RI 02907	raquel.webster@nationalgrid.com; celia.obrien@nationalgrid.com; Joanne.scanlon@nationalgrid.com;	401-784-7667
National Grid Sonny Anand John Nestor Ryan Moe Adam Crary William Richer	Sonny.anand@nationalgrid.com; Ryan.moe@nationalgrid.com; John.nestor@nationalgrid.com; Adam.crary@nationalgrid.com; William.richer@nationalgrid.com;	
Division of Public Utilities (Division) Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Lwold@riag.ri.gov; Jmunoz@riag.ri.gov; Dmacrae@riag.ri.gov; Al.contente@dpuc.ri.gov; Macky.McCleary@dpuc.ri.gov; Jonathan.Schrag@dpuc.ri.gov; Kevin.Lynch@dpuc.ri.gov; Joseph.shilling@dpuc.ri.gov; Steve.scialabba@dpuc.ri.gov;	
David Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com;	603-964-6526
Greg Booth Linda Kushner PowerServices, Inc 1616 E. Millbrook Road, Suite 210 Raleigh, NC 27609	gbooth@powerservices.com; Lkushner@powerservices.com;	919-256-5900

Office of Energy Resources (OER) Andrew Marcaccio, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4th Floor Providence, RI 02908	Andrew.marcaccio@doa.ri.gov;	401-222-3417
Christopher Kearns, OER Danny Musher Nick Ucci	Christopher.Kearns@energy.ri.gov; Danny.Musher@energy.ri.gov; Nicholas.Ucci@energy.ri.gov;	
File an original & ten copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov; Cynthia.WilsonFrias@puc.ri.gov; Alan.nault@puc.ri.gov; Todd.bianco@puc.ri.gov;	401-780-2107
Andrew Marcaccio, Esq. Dept. of Administration Division of Legal Services	Andrew.marcaccio@doa.ri.gov;	401-222-3417
Christopher Kearns, OER Danny Musher Nick Ucci	Christopher.Kearns@energy.ri.gov; Danny.Musher@energy.ri.gov; Nicholas.Ucci@energy.ri.gov;	

COMM 2-1

Request:

With regard to the recent passage of the Tax Reform bill, H.R. -1, The Tax Cuts & Jobs Act, please recalculate the revenue requirement and update all schedules affected by this change for FY 2018 ISR and the current docket.

Response:

Please refer to the Company's response to Data Request Division 1-1.

Prepared by or under the supervision of: William R. Richer

COMM 2-2

Request:

Please confirm that the Company has not generated a net operating loss (NOL) on its 2017 Federal Income Tax Return, and therefore, a NOL is not included in this filing. Indicate how the reduction in the corporate tax rate is anticipated to affect the Company's net operating loss position currently being addressed in the annual ISR filing.

Response:

The Company did not generate any new net operating loss (NOL) in Fiscal Year (FY) 2017, thus has not included any in this filing. At this time, the Company is still forecasting that it will not generate any standalone NOL in FY 2019 and that the consolidated federal income tax return filing group will not begin to utilize any consolidated NOLs until later years.

The Company is a member of a consolidated group that files a federal income tax return based on a fiscal year end of March 31. If the consolidated group is in a NOL position, each legal entity that generates a standalone taxable loss will be allocated a portion of the consolidated loss. The NOL of each legal entity within the consolidated return cannot utilize NOL until the consolidated federal income tax return has taxable income. At that time, each entity with a NOL will be allocated a portion of the NOL utilization. The NOL utilization uses the oldest generated NOL balances first.

The reduction in the corporate tax rate from 35 percent to 21 percent will result in lower revenues at each utility company within the consolidated group as the effect of lower federal income taxes are reflected in the cost of service component of each rate plan. Also, the return of excess accumulated deferred income tax will result in lower revenues. The taxable income or taxable loss forecast position of the consolidated group will depend on the timing of the implementation of new rate plans, incorporating the effects of tax reform, for many legal entities in several regulatory jurisdictions.

Prepared by or under the supervision of: William R. Richer

COMM 2-31

Request:

As soon as possible, please provide the following schedules in a minimum font size of 12, not reduced from original size.

Section 3, Attachment 1, Pages 6, 8, 10, 12, 13, 14, 15, 16, 17, 23, 25, 26, and 27.

Response:

Please see the Company's response to Data Request Division 1-1 at Attachment DIV 1-1-2. The Company made changes to the format of the revenue requirement in that response to improve the size of the print for many of the pages in the attachment. Specifically, the Company reoriented pages 2 through 17 and page 23 from a portrait view to a landscape format.

The Tax Depreciation schedules on the odd numbered pages from pages 3 through 17 were revised to present MACRS[1] Depreciation vertically rather than horizontally. Also, for the vintage year revenue requirement calculations for FY 2012 through FY 2015, certain columns of information that have been presented for many previous years were accumulated into a single column. Additionally, pages 25, 26, and 27 of the original filing, which contain the calculations of deferred tax proration adjustments, are now being presented as pages 25a and 25b, 26a and 26b, and 27a and 27b.

Please note that the annual revenue requirement has been updated to reflect the effects of the recently enacted federal Tax Cuts and Jobs Act of 2017, and that the Fiscal Year (FY) 2019 revenue requirement has been further updated to reflect the effects associated with the removal of $866,600 of planned FY 2019 spending for the Cumberland liquefied natural gas (LNG) facility site restoration costs.

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[1] Modified Accelerated Cost Recovery System, or MACRS, is the accelerated depreciation methodology of the Internal Revenue Service.

Prepared by or under the supervision of: William R. Richer