

October 19, 2018

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4846 – 2018 Distribution Adjustment Charge Filing
National Grid's Reply Comments**

Dear Ms. Massaro:

In connection with the above-referenced docket, enclosed please find National Grid's¹ reply comments to the written comments submitted on October 5, 2018 by Bruce Oliver and October 12, 2018 by John Bell on behalf of the Division of Public Utilities and Carriers (the Division) regarding National Grid's 2018 Distribution Adjustment Charge (DAC) filing. In these reply comments, National Grid makes the following points of clarification to the Division's comments:

1. Revenue Decoupling Adjustment (RDA)

Mr. Oliver's comments state that ". . . due to the discounting of service to low-income customers, the proposed credit will fall short of distributing the entire over-collection balance for the reconciliation period. By our calculations the 25% discount for Residential Low-Income customers will result in an under-distribution of credits of approximately \$77,000. That under-distribution of credits can be remedied through a slight increase in the RDA credit from \$0.0200 per therm to \$0.0203 per therm." Oliver Comments at 5.

To clarify, Residential Low Income customers will receive a discount (either 25 percent or 30 percent, depending on their qualifications) off of their total bill. This discount will be a single amount calculated as the subtotal of all charges included in the monthly bill multiplied by 25 percent (or 30 percent, as applicable) and displayed as a separate line on the bill. The discount will not be calculated or provided through each individual billing factor (i.e., base distribution rates, Gas Cost Recovery (GCR) factor, Distribution Adjustment Charge (DAC), and Energy Efficiency (EE) factor). The Company will recover the total of all discounts credited to Residential Low Income customers' bills from all other customers (i.e., excluding Residential Low Income customers) through a Low Income Discount Recovery Factor (LIDRF), which is a new component of the DAC that became effective September 1, 2018. The Company derived the LIDRF by multiplying the projected annual total revenues for the Residential Low Income Heating and Residential Low Income Non-Heating rate

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

classifications by 25 percent. This total estimated annual discount is then converted into a per unit factor (dollar amount per therm) by dividing the total estimated annual discount by the annual projected firm throughput (excluding the throughput associated with Residential Low Income customers). Like other components of the DAC, the Company will reconcile the revenue billed through the LIDRF with the actual low income discounts credited to the bills of low income customers. Because the Company has established a separate mechanism to reconcile amounts associated with the LIDRF, all other reconciliations of the various DAC components, including the RDA, will reconcile the actual costs and actual revenues before the application of the low income discount. In other words, the Company will bill the full DAC components’ factors (i.e., not reduced for the low income discount) and reflect the revenue billed through the components’ factors (i.e., the full value of the revenue billed) in the reconciliation of each component of the DAC. The Company is not splitting up the amount of the low income discount into pieces for the purpose of reflecting each piece of the low income discount in any of the DAC components’ reconciliation balances. Therefore, the RDA factor proposed by the Company will not result in an under-distribution of RDA credits as indicated by Mr. Oliver. As such, the Company does not need to make any adjustments to the \$0.0020 per therm RDA factor proposed in the DAC. It appears that in Mr. Oliver’s proposal, he assumed that the revenues to be reflected in the RDA reconciliation would be reduced by the low income discount, thereby resulting in an under-distribution of the RDA credits. However, as explained above, the Company is not discounting any revenues of any component of the DAC. Finally, even if Mr. Oliver’s recommendation was accepted by the PUC, the recommendation would have the impact of decreasing the overall Residential Heating DAC factor from the credit of \$0.0330 per therm, which the Company proposed in its August 31, 2018 DAC filing, to a credit of \$0.0333 per therm. This equates to a decrease of \$0.0003 per therm, which for a Residential Heating customer using 845 therms per year, would result in an annual bill reduction of merely \$0.25 per year.

2. Revenue Requirement for Fiscal Year 2018 Gas Infrastructure, Safety, and Reliability (ISR) Reconciliation

In reviewing the Fiscal Year (FY) 2018 Gas ISR Reconciliation revenue requirement with the Division, the Company will make two adjustments to the revenue requirement. First, the Company will reduce the FY 2018 revenue requirement on vintage FY 2018 investment by \$101,603. Second, the Company will adjust the FY 2018 revenue requirement on cumulative FY 12 through FY17 investment. These two adjustments will result in a net credit to customers in the amount of \$62,142. Attached to this filing is Attachment MAL-1 Revised to the FY 2018 Gas ISR Reconciliation, which provides the updated revenue requirement. The Company and the Division have agreed to include the adjustments in the Company’s FY 2019 Gas ISR Reconciliation filing. This minor revision would have reduced the proposed DAC effective November 1, 2018 for Residential Heating customers by only \$0.0002 per therm, equating to an annual savings of \$0.17.

Luly E. Massaro, Commission Clerk
Docket 4846 – National Grid’s Reply Comments
October 19, 2018
Page 2 of 2

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 4846 Service List
Leo Wold, Esq.
John Bell, Division
Al Mancini, Division
Bruce Oliver, Division

Certificate of Service

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

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



Joanne M. Scanlon

October 19, 2018
Date

**Docket No. 4846 – National Grid –2018 Annual Distribution Adjustment
Charge Filing (DAC) - Service List as of 10/3/18**

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**The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Annual Revenue Requirement Summary**

<u>Line</u> <u>No.</u>		Revised Fiscal Year 2018 <u>Actuals</u> (a)	As filed Aug 1, 2018 Fiscal Year 2018 <u>Actuals</u> (b)	<u>Variance</u> (c)=(a)-(b)
	Operation and Maintenance Expenses			
1	FY 2018 Operation and Maintenance Expense	\$557,714	\$557,714	\$0
	Capital Investment:			
2	FY 2018 Revenue Requirement on FY 2012 Actual Incremental Capital Investment	\$1,033,040	\$1,033,040	\$0
3	FY 2018 Revenue Requirement on FY 2013 Actual Incremental Capital Investment	\$242,087	\$243,183	(\$1,096)
4	FY 2018 Revenue Requirement on FY 2014 Actual Incremental Capital Investment	\$3,295,349	\$3,295,349	(\$0)
5	FY 2018 Revenue Requirement on FY 2015 Actual Capital Investment	\$6,419,105	\$6,407,467	\$11,638
6	FY 2018 Revenue Requirement on FY 2016 Actual Capital Investment	\$7,481,070	\$7,465,317	\$15,753
7	FY 2018 Revenue Requirement on FY 2017 Actual Capital Investment	\$5,665,731	\$5,652,566	\$13,165
8	FY 2018 Revenue Requirement on FY 2018 Actual Capital Investment	\$3,918,134	\$4,019,737	(\$101,603)
9	Total Capital Investment Revenue Requirement	<u>\$28,054,517</u>	<u>\$28,116,659</u>	<u>(\$62,142)</u>
10	FY18 Property Tax Adjustment	\$6,535,314	\$6,535,314	\$0
11	True-Up for Capital Repairs Deduction Rate, Tax Loss on Retirements, NOL, and Service Relocations in FY 2017 Revenue Requirement on FY 2017 Capital Investment in RIPUC Docket No. 4590	(\$24,733)	(\$24,733)	\$0
12	True up for FY13-FY16 Work order write off - Capital	(721,829)	(721,829)	-
13	True up for FY13-FY16 Work order write off - Property Tax	(24,518)	(24,518)	-
14	Total Capital Investment Component of the Revenue Requirement	<u>\$33,818,752</u>	<u>\$33,880,894</u>	<u>(\$62,142)</u>
15	Total Fiscal Year Revenue Requirement revised	\$34,376,466	\$34,438,608	(\$62,142)
15a	Total Fiscal Year Revenue Requirement as filed August 1, 2018	\$34,438,608		
15b	Decrease in revenue requirement	(\$62,142)		
16	FY 2018 Plan Revenue Requirement as filed on January 26, 2017	\$36,550,952		
17	Increase/Decrease in FY 2018 Revenue Requirement	(\$2,174,486)		

Col (b) Per Docket RIPUC 4678 FY 2018 Gas ISR reconciliation dated Aug 1, 2018, Attachment MAL-1, Page 1

1 Exhibit JBC-1, Section 2, Table 1.

2 Page 14 of 25, Line 33

3 Page 12 of 25, Line 34

4 Page 10 of 25, Line 36

5 Page 8 of 25, Line 30

6 Page 6 of 25, Line 30

7 Page 4 of 25, Line 30

8 Page 2 of 25, Line 30

9 Sum of Lines 2 through 8

10 Page 18 of 25, Line 96(g)

11 Page 4 of 25, Line 32

12 Page 25 of 25, Line 12

13 Page 17 of 25, Line 66

14 Line 9 + Line 10 + Line 11 + Line 12 + Line 13

15 Line 1 + Line 14

16 FY 2018 Plan Revenue Requirement as filed on January 26, 2017

17 Line 15 - Line 16

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2018 Forecasted Gas Capital Investment

Line No.	Description	Fiscal Year 2018
1	Depreciable Net Capital Included in ISR Rate Base	\$97,809,718
2	Total Allowed Capital Included in ISR Rate Base in Current Year	\$24,056,661
3	Retirements	\$73,753,057
4	Net Depreciable Capital Included in ISR Rate Base	
5	Change in Net Capital Included in ISR Rate Base	
6	Capital Included in ISR Rate Base	\$97,809,718
7	Depreciation Expense	\$24,356,183
8	Incremental Capital Amount	\$73,453,535
9	Cost of Removal	\$8,603,224
10	Net Plant Amount	\$82,056,759
11	Deferred Tax Calculation:	
12	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943 & 4323
13	Tax Depreciation	3.38%
14	Cumulative Tax Depreciation	\$84,692,978
15	Book Depreciation	\$84,692,978
16	Cumulative Book Depreciation	\$1,246,427
17	Cumulative Book / Tax Timer	\$1,246,427
18	Effective Tax Rate	\$83,446,551
19	Deferred Tax Reserve	21.00%
20	Less: FY 2018 Federal NOL	\$17,523,776
21	Excess Deferred Tax	1/
22	Net Deferred Tax Reserve	\$8,761,888
23	ISR Rate Base Calculation:	\$26,285,664
24	Cumulative Incremental Capital Included in ISR Rate Base	
25	Accumulated Depreciation	Line 8
26	Deferred Tax Reserve	- Line 13
27	Year End Rate Base	- Line 20
28	Revenue Requirement Calculation:	Sum of Lines 21 through 23
29	Average ISR Rate Base Prior to Proration Adjustment	Column (a) = Current Year Line 23 + 2; Column (b) = (Prior Year Line 23 + Current Year Line 22) ÷ 2
30	Proration Adjustment	Page 22 of 25, Line 40(b)
31	Average ISR Rate Base Adjusted for Proration of ADIT	\$196,117
32	Pre-Tax ROE	\$27,458,451
33	Return and Taxes	9.73%
34	Book Depreciation	\$2,671,707
35	Property Taxes	\$1,246,427
36	Annual Revenue Requirement revised	2/
37	Annual Revenue Requirement as filed	\$3,918,134
38	Decrease in revenue requirement	\$4,019,737
39		(Sum of Lines 27 through 29)
40		Line 30 - Line 31
41		(\$101,603)

1/ As provided by Tax Department
2/ Property taxes calculated on Pages 17 through 19 of 25 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2018 Capital Investments

Line No.		Fiscal Year 2018 (a)	(b)	(c)	(d)
<u>Capital Repairs Deduction</u>					
1	Plant Additions	\$97,809,718			
2	Capital Repairs Deduction Rate	1/ 68.90%			
3	Capital Repairs Deduction	\$67,390,889			\$22,814,122
<u>Bonus Depreciation</u>					
4	Plant Additions		Line 1	3.750%	\$855,530
5	Less Capital Repairs Deduction		Line 3	7.219%	\$1,646,951
6	Plant Additions Net of Capital Repairs Deduction		Line 4 - Line 5	6.677%	\$1,523,299
7	Percent of Plant Eligible for Bonus Depreciation		Per Tax Department	6.177%	\$1,409,228
8	Plant Eligible for Bonus Depreciation		Line 6 * Line 7	5.713%	\$1,303,371
9	Bonus Depreciation Rate (April 2017 - September 2017)		1 * 50% * 50%	5.285%	\$1,205,726
10	Bonus Depreciation Rate (October 2017 - March 2018)		1 * 50% * 0%	4.888%	\$1,115,154
11	Total Bonus Depreciation Rate		Line 9 + Line 10	4.522%	\$1,031,655
12	Bonus Depreciation		Line 8 * Line 11	4.462%	\$1,017,966
<u>Remaining Tax Depreciation</u>					
13	Plant Additions		Line 1	4.461%	\$1,017,966
14	Less Capital Repairs Deduction		Line 3	4.461%	\$1,017,966
15	Less Bonus Depreciation		Line 12	4.462%	\$1,017,966
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation		Line 13 - Line 14 - Line 15	4.461%	\$1,017,738
17	20 YR MACRS Tax Depreciation Rates		IRS Publication 946	4.462%	\$1,017,966
18	Remaining Tax Depreciation		Line 16 * Line 17	4.461%	\$1,017,738
19	FY18 tax (gain)/loss on retirements			4.462%	\$1,017,966
20	Cost of Removal			4.461%	\$1,017,738
21	Total Tax Depreciation and Repairs Deduction			4.462%	\$1,017,966
					\$22,814,122
					\$508,983
					\$84,692,978

1/ Capital Repairs percentage is based on a three-year average of FY's 2013, 2014 and 2015 capital repairs rates.

2/ FY 2018 estimated tax loss on retirements

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2017 Actual Incremental Gas Capital Investment

Line No.		Fiscal Year 2017 (a)	Fiscal Year 2018 (b)
1	Depreciable Net Capital Included in ISR Rate Base		
2	Total Allowed Capital Included in ISR Rate Base in Current Year	\$79,960,614	\$0
3	Retirements	\$8,094,426	\$0
	Net Depreciable Capital Included in ISR Rate Base	\$71,866,188	\$71,866,188
4	Change in Net Capital Included in ISR Rate Base		
	Capital Included in ISR Rate Base	\$79,960,614	\$0
5	Depreciation Expense	\$24,356,183	\$0
6	Incremental Capital Amount	\$55,604,431	\$55,604,431
7	Cost of Removal	\$6,100,390	\$6,100,390
8	Net Plant Amount	\$61,704,821	\$61,704,821
9	Deferred Tax Calculation:		
	Composite Book Depreciation Rate	3.38%	3.38%
10	Tax Depreciation	\$76,203,904	\$774,265
11	Cumulative Tax Depreciation	\$76,203,904	\$76,978,169
12	Book Depreciation	\$1,214,539	\$2,429,077
13	Cumulative Book Depreciation	\$1,214,539	\$3,643,616
14	Cumulative Book / Tax Timer	\$74,989,365	\$73,334,553
15	Effective Tax Rate	35.00%	21.00%
16	Deferred Tax Reserve	\$26,246,278	\$15,400,256
17	Less: FY 2017 Federal NOL	\$0	\$0
18	Excess Deferred Tax	\$0	\$0
19	Net Deferred Tax Reserve	\$0	\$10,324,756
20		\$26,246,278	\$25,725,012
21	ISR Rate Base Calculation:		
22	Cumulative Incremental Capital Included in ISR Rate Base	\$61,704,821	\$61,704,821
23	Accumulated Depreciation	(\$1,214,539)	(\$3,643,616)
24	Deferred Tax Reserve	(\$26,246,278)	(\$25,725,012)
	Year End Rate Base	\$34,244,004	\$32,336,193
25	Revenue Requirement Calculation:		
	Average ISR Rate Base Prior to Proration Adjustment	\$17,122,002	\$33,290,099
25a	Proration Adjustment	\$0	(\$25,412)
25b	Average ISR Rate Base Adjusted for Proration of ADIT	\$17,122,002	\$33,264,687
26	Pre-Tax ROR	10.05%	9.73%
27	Return and Taxes	\$1,720,761	\$3,236,654
28	Book Depreciation	\$1,214,539	\$2,429,077
29	Property Taxes	\$0	\$0
30	Annual Revenue Requirement	\$2,935,300	\$5,665,731
30a	Annual Revenue Requirement as filed		\$5,652,566
30b	Increase in revenue requirement		\$13,165
31	Annual Revenue Requirement as reported in FY19 Plan filing Mar 1, 2018	\$2,960,033	
32	True-Up FY 2017 Revenue Requirement	(\$24,733)	

1/ Property taxes calculated on Pages 17 through 19 of 25 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2017 Capital Investments

Line No.		Fiscal Year 2017 (a)	(b)	(c)	(d)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions	\$79,960,614			
2	Capital Repairs Deduction Rate	1/ 73.82%			
3	Capital Repairs Deduction	\$59,026,925			\$10,725,376
	<u>Bonus Depreciation</u>				
4	Plant Additions	\$79,960,614			\$402,202
5	Less Capital Repairs Deduction	\$59,026,925			\$774,265
6	Plant Additions Net of Capital Repairs Deduction	\$20,933,689			\$716,133
7	Percent of Plant Eligible for Bonus Depreciation	97.53%			\$662,506
8	Plant Eligible for Bonus Depreciation	\$20,416,627			\$612,741
9	Bonus Depreciation Rate (April 2016 - December 2016)	37.50%			\$566,836
10	Bonus Depreciation Rate (January 2017 - March 2017)	12.50%			\$524,256
11	Total Bonus Depreciation Rate	50.00%			\$485,002
12	Bonus Depreciation	\$10,208,313			\$478,566
	<u>Remaining Tax Depreciation</u>				
13	Plant Additions	\$79,960,614			\$478,566
14	Less Capital Repairs Deduction	\$59,026,925			\$478,566
15	Less Bonus Depreciation	\$10,208,313			\$478,566
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$10,725,376			\$478,566
17	20 YR MACRS Tax Depreciation Rates	3.750%			\$478,566
18	Remaining Tax Depreciation	\$402,202			\$478,566
19	FY17 tax (gain)/loss on retirements				\$478,566
20	Cost of Removal	2/ \$466,074			\$478,566
21	Total Tax Depreciation and Repairs Deduction	\$6,100,390			\$478,566
				100.0000%	\$10,725,376

1/ Agrees to the FY 2017 actuals
2/ FY 2017 actual tax loss on retirements

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2016 Actual Incremental Gas Capital Investment

Line No.		Fiscal Year 2016 (a)	Fiscal Year 2017 (b)	Fiscal Year 2018 (c)
1	Depreciable Net Capital Included in ISR Rate Base			
1a	Total Allowed Capital Included in ISR Rate Base in Current Year	\$90,072,473	\$0	\$0
1b	Work Order Write Off Adjustment	\$997,976	\$0	\$0
2	New Service Installation and Service Relocations, Growth (per informal Request/Division 1-2)	\$151,092		
2	Retirements	\$3,177,067	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	\$86,146,338	\$86,146,338	\$86,146,338
4	Change in Net Capital Included in ISR Rate Base			
5	Capital Included in ISR Rate Base	\$89,323,405	\$0	\$0
6	Depreciation Expense	\$24,356,183	\$0	\$0
6	Incremental Capital Amount	\$64,967,222	\$64,967,222	\$64,967,222
7	Cost of Removal			
7a	Work Order Write Off Adjustment	\$3,796,440	\$3,796,440	\$3,796,440
7b	New Service Installation and Service Relocations, Growth (per informal Request/Division 1-2)	\$94,829	\$0	\$0
8	Net Plant Amount	\$17,740	\$68,651,094	\$68,651,094
9	Deferred Tax Calculation:			
9	Composite Book Depreciation Rate	3.38%	3.38%	3.38%
10	Tax Depreciation	\$82,938,193	\$786,495	\$727,445
11	Cumulative Tax Depreciation	\$82,938,193	\$83,724,688	\$84,452,133
12	Book Depreciation	\$1,455,873	\$2,911,746	\$2,911,746
13	Cumulative Book Depreciation	\$1,455,873	\$4,367,619	\$7,279,366
14	Cumulative Book / Tax Timer	\$81,482,320	\$79,357,069	\$77,172,768
15	Effective Tax Rate	35.00%	35.00%	21.000%
16	Deferred Tax Reserve	\$28,518,812	\$27,774,974	\$16,206,381
17	Less: FY 2016 Federal NOL	(\$11,594,940)	(\$11,594,940)	(\$11,594,940)
18	Excess Deferred Tax	\$0	\$0	\$10,880,638
19	Net Deferred Tax Reserve	\$16,923,872	\$16,180,034	\$15,491,979
20	ISR Rate Base Calculation:			
21	Cumulative Incremental Capital Included in ISR Rate Base	\$68,651,094	\$68,651,094	\$68,651,094
22	Accumulated Depreciation	(\$1,455,873)	(\$4,367,619)	(\$7,279,366)
23	Deferred Tax Reserve	(\$16,923,872)	(\$16,180,034)	(\$15,491,979)
24	Year End Rate Base	\$50,271,349	\$48,103,440	\$45,879,749
25	Revenue Requirement Calculation:			
25a	Average ISR Rate Base Prior to Proration Adjustment	\$25,135,674	\$49,187,394	\$46,991,395
25b	Proration Adjustment	\$0	\$0	(\$30,406)
26	Average ISR Rate Base Adjusted for Proration of ADIT	\$25,135,674	\$49,187,394	\$46,961,188
27	Pre-Tax ROR	10.05%	10.05%	9.73%
28	Return and Taxes	\$2,526,135	\$4,943,333	\$4,569,324
29	Book Depreciation	\$1,455,873	\$2,911,746	\$2,911,746
30	Property Taxes	\$0	\$0	\$0
30	Annual Revenue Requirement as filed	\$3,982,008	\$7,855,079	\$7,481,070
30a	Annual Revenue Requirement as filed			\$7,465,317
30b	Increase in revenue requirement			\$15,753
31	As Approved in RIPUC Docket No. 4540	\$4,218,540		
32	Add Back - Revenue Requirement Impact of NOI True-Up	\$149,857		
33	Work Order Write Off Adjustment	(\$86,975)		
1/	Actual FY 2016 retirements per Company's books			
2/	Actual FY 2016 Cost of Removal per Company's books			
3/	Property taxes calculated on Pages 17 through 19 of 25 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.			

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2016 Capital Investments

Line No.		Fiscal Year 2016 (a)	(b)	(c)	(d)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions	\$89,474,497			
2	Capital Repairs Deduction Rate	75.72%			
3	Capital Repairs Deduction	\$67,750,089			\$10,894,791
	<u>Bonus Depreciation</u>				
4	Plant Additions	\$89,474,497			\$408,555
5	Less Capital Repairs Deduction	\$67,750,089			\$786,495
6	Plant Additions Net of Capital Repairs Deduction	\$21,724,408			\$727,445
7	Percent of Plant Eligible for Bonus Depreciation	99.70%			\$672,971
8	Plant Eligible for Bonus Depreciation	\$21,659,235			\$622,419
9	Bonus Depreciation Rate (April 2015- December 2015)	37.50%			\$575,790
10	Bonus Depreciation Rate (January 2016 - March 2016)	12.50%			\$532,537
11	Total Bonus Depreciation Rate	50.00%			\$492,662
12	Bonus Depreciation	\$10,829,617			\$486,126
	<u>Remaining Tax Depreciation</u>				
13	Plant Additions	\$89,474,497			\$486,017
14	Less Capital Repairs Deduction	\$67,750,089			\$486,126
15	Less Bonus Depreciation	\$10,829,617			\$486,017
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$10,894,791			\$486,126
17	20 YR MACRS Tax Depreciation Rates	3.750%			\$486,017
18	Remaining Tax Depreciation	\$408,555			\$486,126
19	FY16 tax (gain)/loss on retirements	\$248,321			\$486,017
20	Cost of Removal	\$3,701,611			\$486,126
21	Total Tax Depreciation and Repairs Deduction	\$82,938,193		100.000%	\$243,063

1/ Agrees to the FY 2016 Gas Plan Proposal in RIPUC Docket 4540. Capital Repairs percentage is based on a three-year average of FYs 2012, 2013 and 2014 capital repairs rates.

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2015 Actual Incremental Gas Capital Investment

Line No.		Fiscal Year 2015 (a)	Fiscal Year 2016 (b)	Fiscal Year 2017 (c)	Fiscal Year 2018 (d)
1	Depreciable Net Capital Included in ISR Rate Base				
1a	Total Allowed Capital Included in ISR Rate Base in Current Year	\$74,915,000	\$0	\$0	\$0
1b	Work Order Write Off Adjustment	\$323,217	\$0	\$0	\$0
2	New Service Installation and Service Relocations, Growth (per informal Request Division 1-2)	\$87,115	\$0	\$0	\$0
2	Retirements	1/ \$5,566,546	\$0	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	\$68,938,122	\$68,938,122	\$68,938,122	\$68,938,122
4	Change in Net Capital Included in ISR Rate Base				
4	Capital Included in ISR Rate Base	\$74,504,668	\$0	\$0	\$0
5	Depreciation Expense	\$24,356,183	\$0	\$0	\$0
6	Incremental Capital Amount	\$50,148,485	\$50,148,485	\$50,148,485	\$50,148,485
7	Cost of Removal	\$2,425,000	\$2,425,000	\$2,425,000	\$2,425,000
7a	Work Order Write Off Adjustment	\$253,782	\$0	\$0	\$0
7b	New Service Installation and Service Relocations, Growth (per informal Request Division 1-2)	\$6,782	\$0	\$0	\$0
8	Net Plant Amount	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921
9	Deferred Tax Calculation:				
9	Composite Book Depreciation Rate	3.38%	3.38%	3.38%	3.38%
10	Tax Depreciation	\$68,843,570	\$979,151	\$905,637	\$837,819
11	Cumulative Tax Depreciation	\$68,843,570	\$69,822,721	\$70,728,358	\$71,566,177
12	Book Depreciation	\$1,165,054	\$2,330,109	\$2,330,109	\$2,330,109
13	Cumulative Book Depreciation	\$1,165,054	\$3,495,163	\$5,825,271	\$8,155,380
14	Cumulative Book / Tax Timer	\$67,678,516	\$66,327,558	\$64,903,087	\$63,410,797
15	Effective Tax Rate	35.00%	35.00%	35.00%	21.00%
16	Deferred Tax Reserve	\$23,687,481	\$23,214,645	\$22,716,080	\$13,316,267
17	Less: FY 2015 NOL	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)
18	Proportion Adjustment	\$0	\$0	\$0	\$0
19	Excess Deferred Tax	\$4,481,943	\$4,009,108	\$3,510,543	\$8,929,742
20	Net Deferred Tax Reserve	\$4,481,943	\$4,009,108	\$3,510,543	\$3,040,471
21	ISR Rate Base Calculation:				
21	Cumulative Incremental Capital Included in ISR Rate Base	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921
22	Accumulated Depreciation	(\$1,165,054)	(\$3,495,163)	(\$5,825,271)	(\$8,155,380)
23	Deferred Tax Reserve	(\$4,481,943)	(\$4,009,108)	(\$3,510,543)	(\$3,040,471)
24	Year End Rate Base	\$46,665,924	\$44,808,651	\$42,977,107	\$41,117,070
25	Revenue Requirement Calculation:				
25	Average ISR Rate Base Prior to Proration Adjustment	\$23,332,962	\$45,737,288	\$43,892,879	\$42,047,089
25a	Proration Adjustment	\$0	\$0	\$0	(\$22,463)
25b	Average ISR Rate Base Adjusted for Proration of ADIT	\$23,332,962	\$45,737,288	\$43,892,879	\$42,024,626
26	Pre-Tax ROR	10.05%	10.05%	10.05%	9.73%
27	Return and Taxes	\$2,344,963	\$4,596,597	\$4,411,234	\$4,088,996
28	Book Depreciation	\$1,165,054	\$2,330,109	\$2,330,109	\$2,330,109
29	Property taxes	\$0	\$0	\$0	\$0
30	Annual Revenue Requirement	\$3,510,017	\$6,926,706	\$6,741,543	\$6,419,105
30a	Annual Revenue Requirement as filed				
30b	Increase in revenue requirement				\$11,638
31	As Approved in RIPUC Docket No. 4540	\$3,541,285	\$6,988,713		
32	Work Order Write Off Adjustment	(\$31,268)	(\$62,007)		

1/ Actual FY 2015 retirements per Company's books
2/ Actual FY 2015 Cost of Removal per Company's books
3/ Property taxes calculated on Pages 17 through 19 of 25 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2015 Capital Investments

Line No.		Fiscal Year 2015 (a)	(b)	(c)	(d)
Capital Repairs Deduction					
1	Plant Additions	\$74,591,783			
2	Capital Repairs Deduction Rate	1/ 63.81%			
3	Capital Repairs Deduction	\$47,597,001			\$13,563,528
Bonus Depreciation					
4	Plant Additions	\$74,591,783	Line 1		\$508,632
5	Less Capital Repairs Deduction	\$47,597,001	Line 3		\$979,151
6	Plant Additions Net of Capital Repairs Deduction	\$26,994,782	Line 4 - Line 5		\$905,637
7	Percent of Plant Eligible for Bonus Depreciation	99.51%	Per Tax Department		\$837,819
8	Plant Eligible for Bonus Depreciation	\$26,862,508	Line 6 * Line 7		\$774,884
9	Bonus Depreciation Rate (April 2014 - December 2014)	37.50%	1 * 75% * 50%		\$716,832
10	Bonus Depreciation Rate (January 2015 - March 2015)	12.50%	1 * 25% * 50%		\$662,985
11	Total Bonus Depreciation Rate	50.00%	Line 9 + Line 10		\$613,343
12	Bonus Depreciation	\$13,431,254	Line 8 * Line 11		\$605,205
Remaining Tax Depreciation					
13	Plant Additions	\$74,591,783	Line 1		\$605,069
14	Less Capital Repairs Deduction	\$47,597,001	Line 3		\$605,205
15	Less Bonus Depreciation	\$13,431,254	Line 12		\$605,069
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$13,563,528	Line 13 - Line 14 - Line 15		\$605,205
17	20 YR MACRS Tax Depreciation Rates	3.750%	Per IRS Pub. 946		\$605,069
18	Remaining Tax Depreciation	\$508,632	Line 16 * Line 17		\$605,205
19	6481(a) FY09- FY14 adjustment for tax (gain)/loss on retirements	\$4,311,849	Per Tax Department		\$605,069
20	FY15 tax (gain)/loss on retirements	\$823,616	Per Tax Department		\$605,205
21	Cost of Removal	\$2,171,218	Per Page 8 of 25, Line 7 minus Line 7a		\$605,069
22	Total Tax Depreciation and Repairs Deduction	\$68,843,570	Sum of Lines 3, 12, 18, 19, 20 & 21		\$302,602

1/ Capital Repairs percentage is based on the actual results of the FY 2015 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

Fiscal Year	MACRS basis:	20 Year MACRS Depreciation
2015		3.750%
2016		7.219%
2017		6.677%
2018		6.177%
2019		5.713%
2020		5.285%
2021		4.888%
2022		4.522%
2023		4.462%
2024		4.461%
2025		4.462%
2026		4.461%
2027		4.462%
2028		4.461%
2029		4.462%
2030		4.461%
2031		4.462%
2032		4.461%
2033		4.462%
2034		4.461%
2035		2.231%
		100.000%

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2014 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2014 (a)	Cumulative EXISTEY16 (d)	Fiscal Year 2017 (e)	Fiscal Year 2018 (f)
1	Depreciable Net Capital Included in Rate Base				
2	Total Allowed Capital Included in Rate Base in Current Year Retirements	\$21,360,998		\$0	\$0
3	Net Depreciable Capital Included in Rate Base	1,615,155		\$0	\$0
4	Change in Net Capital Included in Rate Base	\$19,745,842	\$19,745,842	\$19,745,842	\$19,745,842
5	Capital Included in Rate Base	\$21,360,998		\$0	\$0
6	Depreciation expense	\$4,060,176		\$0	\$0
7	Incremental Capital Amount	\$17,300,822	\$17,300,822	\$17,300,822	\$17,300,822
8	Cost of Removal	(\$1,319,752)	(\$1,319,752)	(\$1,319,752)	(\$1,319,752)
9	Net Plant Amount	\$15,981,069	\$15,981,069	\$15,981,069	\$15,981,069
10	Deferred Tax Calculation:				
11	Composite Book Depreciation Rate	3.38%		3.38%	3.38%
12	Tax Depreciation	\$17,439,322		\$166,983	\$154,439
13	Cumulative Tax Depreciation	\$17,439,322	\$17,439,322	\$17,998,195	\$18,136,394
14	Book Depreciation	\$333,705	\$1,668,524	\$667,409	\$667,409
15	Cumulative Book/ Tax Timer	\$17,105,617	\$16,146,448	\$15,646,021	\$15,133,051
16	Effective Tax Rate	35.00%	35.00%	35.00%	21.00%
17	Deferred Tax Reserve	\$5,986,966	\$5,651,257	\$5,476,107	\$5,177,941
18	Less: FY 2014 Federal NOL	(\$5,986,966)	(\$5,651,257)	(\$5,476,107)	(\$5,177,941)
19	Provision Adjustment	\$0	\$0	\$0	\$0
20	Excess Deferred Tax	\$0	\$0	\$0	\$0
21	Net Deferred Tax Reserve	\$0	\$0	\$0	\$0
22	Rate Base Calculation:				
23	Cumulative Incremental Capital Included in Rate Base	\$15,981,069	\$15,981,069	\$15,981,069	\$15,981,069
24	Accumulated Depreciation	(\$333,705)	(\$1,668,524)	(\$2,335,933)	(\$3,003,343)
25	Deferred Tax Reserve	\$0	\$0	\$0	\$0
26	Year End Rate Base	\$15,647,365	\$14,312,546	\$13,645,136	\$12,977,727
27	Revenue Requirement Calculation:				
28	Average ISR Rate Base Prior to Provision Adjustment	\$4,914,753		\$13,978,841	\$13,311,432
29	Provision Adjustment	\$0		\$0	\$0
30	Average ISR Rate Base Adjusted for Provision of ADIT	\$4,914,753		\$13,978,841	\$13,311,432
31	Pre-Tax ROR	10.05%		10.05%	9.73%
32	Return and Taxes	\$493,933		\$1,404,874	\$1,295,202
33	Book Depreciation	\$333,705		\$667,409	\$667,409
34	Property Taxes	\$0		\$0	\$0
35	Annual Revenue Requirement on Incremental FY14 Investment	\$827,637	\$827,637	\$2,072,283	\$1,965,612
36	Remaining FY14 NOL attributable to embedded rate base in RIPUC Docket 4323	\$12,037,252		\$12,548,111	\$14,846,277
37	Average Rate Base	\$7,021,730		\$12,460,536	\$13,697,194
38	Pre-Tax ROR	10.05%		10.05%	9.73%
39	Return and Taxes	\$705,684		\$1,252,284	\$1,332,737
40	Annual Revenue Requirement adjustment to base rates related to NOL	\$705,684	\$705,684	\$1,252,284	\$1,332,737
41	Total Annual Revenue Requirement	\$1,533,321	\$1,533,321	\$3,324,567	\$3,298,349
42	As Approved in RIPUC Docket No. 4540	\$1,584,245			
43	Work Order Write Off Adjustment	(\$50,924)			
44	Actual Incremental Retirements				
45	Depreciation expense has been prorated for two months (February - March 2014).				
46	Actual Incremental Cost of Removal				
47	31.71% per Page 25 of 25				
48	Property taxes calculated on Pages 17 through 19 of 25 for all vintage years commencing with FY 14 and reflected in total on Page 1 at Line 10.				
49	58.33% per Docket No. 4474				

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2014 Capital Investments

Line No.		Fiscal Year 2014 (a)	(b)	(c)	(d)
<u>Capital Repairs Deduction</u>					
1	Plant Additions	\$21,360,998			
2	Capital Repairs Deduction Rate	74.94%			
3	Capital Repairs Deduction	\$16,007,932			\$2,703,298
<u>Bonus Depreciation</u>					
4	Plant Additions	\$21,360,998	Line 1	3.750%	\$101,374
5	Less Capital Repairs Deduction	\$16,007,932	Line 3	7.219%	\$195,151
6	Plant Additions Net of Capital Repairs Deduction	\$5,353,066	Line 4 - Line 5	6.677%	\$180,499
7	Percent of Plant Eligible for Bonus Depreciation	99.00%	Per Tax Department	6.177%	\$166,983
8	Plant Eligible for Bonus Depreciation	\$5,299,535	Line 6 * Line 7	5.713%	\$154,439
9	Bonus Depreciation Rate (April 2013 - December 2013)	37.50%	1 * 75% * 50%	5.285%	\$142,869
10	Bonus Depreciation Rate (January 2014 - March 2014)	12.50%	1 * 25% * 50%	4.888%	\$132,137
11	Total Bonus Depreciation Rate	50.00%	Line 9 + Line 10	4.522%	\$122,243
12	Bonus Depreciation	\$2,649,768	Line 8 * Line 11	4.462%	\$120,621
<u>Remaining Tax Depreciation</u>					
13	Plant Additions	\$21,360,998	Line 1	4.462%	\$120,621
14	Less Capital Repairs Deduction	\$16,007,932	Line 3	4.461%	\$120,594
15	Less Bonus Depreciation	\$2,649,768	Line 12	4.462%	\$120,594
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$2,703,298	Line 13 - 14 - 15	4.462%	\$120,621
17	20 YR MACRS Tax Depreciation Rates	3.750%	Per IRS Pub. 946	4.461%	\$120,594
18	Remaining Tax Depreciation	\$101,374	Line 16 * Line 17	4.462%	\$120,621
19	Cost of Removal	(\$1,319,752)	Per Page 10 of 25, Line 7	4.461%	\$120,594
20	Total Tax Depreciation and Repairs Deduction	\$17,439,322	Sum of Lines 3, 12, 18, 19	4.461%	\$120,594
				100.000%	\$2,703,298

1/ Capital Repairs percentage is based on the actual results of the FY 2014 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY2013 Actual Incremental Capital Investment

Line No.	Description	Fiscal Year 2013 (b)	Cumulative FY 04-FY 16 (c)	Fiscal Year 2017 (f)	Fiscal Year 2018 (g)
Depreciable Net Capital Included in Rate Base					
1	Total Allowed Capital Included in Rate Base in Current Year (Includes Work Order Write Off Adjustment)	(\$1,197,129)		(\$1,197,129)	(\$1,197,129)
2	Retirements	3,276,842		3,276,842	3,276,842
3	Net Depreciable Capital Included in Rate Base Column (b) = Line 1 - Line 2; Column (b) through (g) = Prior Year Line 3	(\$4,473,971)		(\$4,473,971)	(\$4,473,971)
Changes in Net Capital Included in Rate Base					
4	Capital Included in Rate Base	(\$1,197,129)			
5	Cost of Removal	(\$1,701,046)			
6	Net Plant Amount	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)
Deferred Tax Calculation:					
7	Composite Book Depreciation Rate	3.38%		3.38%	3.38%
8	Tax Depreciation	(\$2,724,002)		(\$10,338)	(\$9,564)
9	Cumulative Tax Depreciation	(\$2,724,002)	(\$2,760,326)	(\$2,770,664)	(\$2,780,228)
10	Book Depreciation	(\$75,610)		(\$151,220)	(\$151,220)
11	Cumulative Book Depreciation	(\$75,610)	(\$529,271)	(\$680,491)	(\$831,711)
12	Cumulative Book / Tax Timer	(\$2,648,392)	(\$3,289,597)	(\$2,090,173)	(\$1,948,516)
13	Effective Tax Rate	35.000%		35.000%	21.00%
14	Deferred Tax Reserve	(\$26,937)	(\$151,359)	(\$731,561)	(\$409,188)
15	Less: FY 2013 Federal NOL	\$0	\$0	\$0	\$0
16	Excess Deferred Tax	(\$26,937)	(\$151,359)	(\$731,561)	(\$409,188)
17	Net Deferred Tax Reserve	(\$26,937)	(\$151,359)	(\$731,561)	(\$409,188)
Rate Base Calculation:					
19	Cumulative Incremental Capital Included in Rate Base	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)	(\$2,898,175)
20	Accumulated Depreciation	\$75,610	\$529,271	\$680,491	\$831,711
21	Deferred Tax Reserve	\$26,937	\$151,359	\$731,561	\$409,188
22	Year End Rate Base	(\$1,895,627)	(\$1,217,548)	(\$1,486,123)	(\$1,379,525)
Revenue Requirement Calculation:					
23	Average ISR Rate Base Prior to Promotion Adjustment	(\$947,814)		(\$1,537,079)	(\$1,432,824)
23a	Promotion Adjustment	\$0		\$0	\$2,114
23b	Average ISR Rate Base Adjusted for Promotion of ADIT	(\$947,814)		(\$1,537,079)	(\$1,430,710)
24	Pre-Tax ROR	11.18%		10.05%	9.73%
25	Return and Taxes	(\$105,966)		(\$154,476)	(\$139,208)
26	Book Depreciation	(\$75,610)		(\$151,220)	(\$151,220)
27	Property Taxes	\$0		(\$73,060)	(\$64,568)
Annual Revenue Requirement on Incremental FY 2013 Investment					
28	Sum of Lines 25 through 27	(\$181,576)		(\$378,763)	(\$354,996)
29	Remaining FY13 NOI, attributable to embedded rate base in RIPUC Docket 4223	\$6,136,520		\$6,136,520	\$6,136,520
30	Average Rate Base	(\$1,068,260)		\$6,136,520	\$6,136,520
31	Pre-Tax ROR	11.18%		10.05%	9.73%
32	Return and Taxes	\$343,031		\$616,720	\$597,083
Annual Revenue Requirement adjustment to base rates related to NOI					
33	Line 32	\$343,031		\$616,720	\$597,083
34	Total Annual Revenue Requirement	\$161,456		\$237,938	\$243,087
34a	Annual Revenue Requirement as filed				\$243,183
34b	Increase in revenue requirement				(\$1,096)
35	As Approved in RIPUC Docket No. 4540	\$190,784			
36	Work Order Write off Adjustment	(\$29,258)			

1/ Actual Incremental Retirements
2/ Annual Incremental Cost of Removal
3/ FY 2018 effective property tax rate of 2.91% per Line 76(b).

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2013 Capital Investments

Line No.		Fiscal Year 2013 (a)	(b)	(c)	(d)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions				
2	Capital Repairs Deduction Rate	1/ (\$1,197,129) 67.95%			
3	Capital Repairs Deduction	Line 1 * Line 2 (\$813,449)			(\$180,958)
	<u>Bonus Depreciation</u>				
4	Plant Additions				
5	Less Capital Repairs Deduction	Line 1 (\$1,197,129)		3.750%	(\$6,786)
6	Plant Additions Net of Capital Repairs Deduction	Line 3 (\$813,449)		7.219%	(\$13,063)
7	Percent of Plant Eligible for 100% Bonus Depreciation	Line 4 - Line 5 (\$383,680)		6.677%	(\$12,083)
8	Plant Eligible for 100% Bonus Depreciation	Per Tax Department Line 6 * Line 7 5.67%		6.177%	(\$11,178)
9	Bonus Depreciation Rate (April 2012 - December 2012)	Line 6 * Line 7 1 * 75% * 100%		5.713%	(\$10,338)
10	Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 100%		4.888%	(\$9,564)
11	Total Bonus Depreciation Rate	100.00%		4.522%	(\$8,183)
12	100% Bonus Depreciation	Line 8 * Line 11 (\$21,763)		4.462%	(\$8,074)
13	Plant Additions Net of Capital Repairs Deduction and 100% Bonus Depreciation	Line 6 - Line 12 (\$361,917)		4.461%	(\$8,073)
14	Plant Eligible for 50% Bonus Depreciation	Per Tax Department Line 6 * Line 12 100.00%		4.461%	(\$8,074)
15	Bonus Depreciation Rate (April 2012 - December 2012)	1 * 75% * 50%		4.462%	(\$8,074)
16	Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 50%		4.461%	(\$8,073)
17	Total Bonus Depreciation Rate	50.00%		4.462%	(\$8,074)
18	50% Bonus Depreciation	Line 9 + Line 10 Line 13 * Line 17 (\$180,958)		4.462%	(\$8,074)
	<u>Remaining Tax Depreciation</u>				
19	Plant Additions				
20	Less Capital Repairs Deduction	Line 1 (\$1,197,129)		4.461%	(\$8,073)
21	Less Bonus Depreciation	Line 3 (\$813,449)		4.462%	(\$8,073)
22	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 19 - 20 - 21 (\$202,721)		2.231%	(\$4,037)
23	20 YR MACRS Tax Depreciation Rates	Per IRS Pub. 946 Line 22 * Line 23 3.750%		100.000%	(\$180,958)
24	Remaining Tax Depreciation	(\$6,786)			
25	Cost of Removal				
26	Total Tax Depreciation and Repairs Deduction	Per Page 12 of 25, Line 5 (\$1,701,046)			
		Sum of Lines 3, 12, 18, 24, & 25 (\$2,724,002)			

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

2/ Long period production assets qualifying for 100% bonus depreciation in FY 2013 totaled \$3.2 million, taken over total FY 13 ISR-eligible capital investment of \$56.4 million equals 5.67%.

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Computation of Revenue Requirement on FY 2012 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2012 (a)	Cumulative FY13-FY16 (f)	Fiscal Year 2017 (b)	Fiscal Year 2018 (c)
1	Depreciable Net Capital Included in Rate Base				
2	Total Allowed Capital Included in Rate Base in Current Year Retirements	\$6,721,626		\$0	\$0
3	Net Depreciable Capital Included in Rate Base	2,292,446		\$0	\$0
4	Change in Net Capital Included in Rate Base	\$4,429,180		\$4,429,180	\$4,429,180
5	Capital Included in Rate Base	\$6,721,626		\$6,721,626	\$6,721,626
6	Cost of Removal	(\$3,180,470)		(\$3,180,470)	(\$3,180,470)
7	Net Plant Amount	\$3,541,156	\$3,541,156	\$3,541,156	\$3,541,156
8	Deferred Tax Calculation:				
9	Composite Book Depreciation Rate	3.38%		3.38%	3.38%
10	Tax Depreciation	\$3,001,202		\$29,648	\$27,421
11	Cumulative Tax Depreciation	\$3,001,202	\$3,145,859	\$3,175,507	\$3,202,929
12	Book Depreciation	\$74,853		\$149,706	\$149,706
13	Cumulative Book Depreciation	\$74,853	\$673,678	\$823,385	\$973,091
14	Cumulative Book / Tax Timer	\$2,926,349	\$2,472,181	\$2,352,123	\$2,229,838
15	Effective Tax Rate	35.000%	35.000%	35.000%	21.000%
16	Deferred Tax Reserve	\$1,024,222	\$865,263	\$823,243	\$468,266
17	Less: FY 2012 Federal NOL	(\$1,024,222)	(\$865,263)	(\$823,243)	(\$468,266)
18	Proration Adjustment			\$0	\$0
19	Excess Deferred Tax			\$0	\$0
20	Net Deferred Tax Reserve			\$0	\$0
21	Rate Base Calculation:				
22	Cumulative Incremental Capital Included in Rate Base	\$3,541,156		\$3,541,156	\$3,541,156
23	Accumulated Depreciation	(\$74,853)	(\$673,678)	(\$823,385)	(\$973,091)
24	Deferred Tax Reserve	\$0	\$0	\$0	\$0
25	Year End Rate Base	\$3,466,303	\$2,867,477	\$2,717,771	\$2,568,065
26	Revenue Requirement Calculation:				
27	Average ISR Rate Base Prior to Proration Adjustment	\$1,733,151		\$2,792,624	\$2,642,918
28	Proration Adjustment	\$0		\$0	\$0
29	Average ISR Rate Base Adjusted for Proration of ADIT	\$1,733,151		\$2,792,624	\$2,642,918
30	Pre-Tax ROR	11.41%		10.05%	9.73%
31	Return and Taxes	\$197,753		\$280,659	\$257,156
32	Book Depreciation	\$74,853		\$149,706	\$149,706
33	Property Taxes	\$0		\$88,444	\$79,128
34	Annual Revenue Requirement	\$272,606		\$518,809	\$485,991
35	Remaining FY12 NOL attributable to embedded rate base in RIPUC Docket 4323			\$5,243,839	\$5,799,795
36	Col (a) = Line 28 * 50%, Col (b) through (e) = (Prior Year Line 28 + Current Year Line 28) * 2	\$2,621,920		\$5,423,808	\$5,622,307
37	Pre-Tax ROR	11.41%		10.05%	9.73%
38	Return and Taxes	\$299,161		\$545,093	\$547,050
39	Annual Revenue Requirement adjustment to base rates related to NOL	\$299,161		\$545,093	\$547,050
40	Total Annual Revenue Requirement	\$571,767		\$1,063,902	\$1,033,040
41	As Approved in RIPUC Docket No. 4540	\$571,767		\$1,063,902	\$1,033,040
42	Work Order Write off Adjustment	\$57,327			
43	Actual Incremental Retirements				
44	Actual Incremental Cost of Removal				
45	FY 2018 effective property tax rate of 2.91% per at Line 76(b).				

1/ Actual Incremental Retirements
2/ Actual Incremental Cost of Removal
3/ FY 2018 effective property tax rate of 2.91% per at Line 76(b).

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2012 Capital Investments

Line No.		Fiscal Year 2012 (a)	(b)	(c)	(d)
<u>Capital Repairs Deduction</u>					
1	Plant Additions	\$6,721,626			
2	Capital Repairs Deduction Rate	67.43%			
3	Capital Repairs Deduction	\$4,532,392	20 Year MACRS Depreciation		\$560,991
<u>Bonus Depreciation</u>					
4	Plant Additions	\$6,721,626	Fiscal Year		
5	Less Capital Repairs Deduction	\$4,532,392	2012	3.750%	\$21,037
6	Plant Additions Net of Capital Repairs Deduction	\$2,189,234	2013	7.219%	\$40,498
7	Percent of Plant Eligible for Bonus Depreciation	85.00%	2014	6.677%	\$37,457
8	Plant Eligible for Bonus Depreciation	\$1,860,849	2015	6.177%	\$34,652
9	Bonus Depreciation Rate (April 2011 - December 2011)	75.00%	2016	5.713%	\$32,049
10	Bonus Depreciation Rate (January 2012 - March 2012)	12.50%	2017	5.285%	\$29,648
11	Total Bonus Depreciation Rate	87.50%	2018	4.888%	\$27,421
12	Bonus Depreciation	\$1,628,243	2019	4.522%	\$25,368
			2020	4.462%	\$25,031
			2021	4.461%	\$25,026
			2022	4.462%	\$25,031
			2023	4.461%	\$25,026
			2024	4.462%	\$25,031
			2025	4.461%	\$25,026
			2026	4.462%	\$25,031
			2027	4.461%	\$25,026
			2028	4.462%	\$25,031
			2029	4.461%	\$25,026
			2030	4.462%	\$25,031
			2031	4.461%	\$25,026
			2032	2.231%	\$12,516
				100.000%	\$560,991
<u>Remaining Tax Depreciation</u>					
13	Plant Additions	\$6,721,626			
14	Less Capital Repairs Deduction	\$4,532,392			
15	Less Bonus Depreciation	\$1,628,243			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$560,991			
17	20 YR MACRS Tax Depreciation Rates	3.750%			
18	Remaining Tax Depreciation	\$21,037			
19	Cost of Removal				
20	Total Tax Depreciation and Repairs Deduction	(\$3,180,470)			
		\$3,001,202			

1/ Capital Repairs percentage is based on the actual results of the FY 2012 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as

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

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
FY 2012 - FY 2014 Incremental Capital Investment Summary

Line No.		Actual Fiscal Year 2012 (a)	Actual Fiscal Year 2013 (b)	Actual Fiscal Year 2014 (c)
<u>Capital Investment</u>				
1	ISR-eligible Capital Investment	\$ 54,477,445	\$56,416,101	\$70,137,361
Col (a) Docket No. 4219 FY 2012 ISR Reconciliation Filing less audit adjustment of \$203,902; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation Filing less audit adjustment of \$44,855; Col (c) Docket No. 4380 FY 2014 ISR Reconciliation Filing less audit adjustment of \$266,685				
1a	Work Order Write Off Adjustment	\$0	\$393,288	\$771,673
1b	Growth (per Informal Request Division 1-2)	\$95,103	\$35,750	\$351,197
2	ISR-eligible Capital Additions included in Rate Base per R.I.P.U.C. Docket No. 4323	\$47,660,716	\$57,184,191	\$47,653,493
Docket No. 4323 Schedule MDL-3-Gas Page 51, Line Notes 1(a), 2(b) and 3(e)				
3	Incremental ISR Capital Investment	\$6,721,626	(\$1,197,129)	\$21,360,998
Line 1 - Line 1a - Line 1b - Line 2				
<u>Cost of Removal</u>				
4	ISR-eligible Cost of Removal	\$2,583,612	\$3,152,565	\$2,707,824
Col (a) Docket No. 4219 FY 2012 ISR Reconciliation Filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation Filing; Col (c) Actual FY 2014 ISR Gas Cost of Removal per Company's Books				
4a	Work Order Write Off Adjustment	\$0	\$141,414	105,654,38
4b	Growth (per Informal Request Division 1-2)	\$8,994	\$10,801	4,092
5	ISR-eligible Cost of Removal in Rate Base per R.I.P.U.C. Docket No. 4323	\$5,755,088	\$4,701,396	\$3,917,830
Docket No. 4323, Workpaper MDL-19-GAS, Page 3				
6	Incremental Cost of Removal	(\$3,180,470)	(\$1,701,046)	(\$1,319,752)
Line 4 - Line 4a - Line 4b - Line 5				
<u>Retirements</u>				
7	ISR-eligible Retirements	\$5,366,562	5,775,791	\$5,274,944
Col (a) Docket No. 4219 FY 2012 ISR Reconciliation filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation filing; Col (c) Actual FY 2014 ISR Gas Retirements				
8	ISR-eligible Retirements per R.I.P.U.C. Docket No. 4323	\$3,074,116	\$2,498,949	\$3,659,788
Col (a) Docket No. 4219 Supplemental Testimony 2-17-2011; Col (b) Docket No. 4306 FY 2013 ISR Proposal Filing; Col (c) Line 2(c) * 7.68% Retirement rate per Docket No. 4323 (Workpaper MDL-19-GAS p 4)				
9	Incremental Retirements	\$2,292,446	\$3,276,842	\$1,615,155
Line 7 - Line 8				

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Forecasted FY 2018 Property Tax Recovery Adjustment
(\$900ks)

Line	Effective Tax Rate Calculation	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		RY End	ISR Additions	Non-ISR Adds	Total Adds	Bk Depr	Retirements	COR	End of FY16 As filed
1	Plant In Service	\$805,721	\$11,502	\$994	\$12,496				\$817,337
2	Accumulated Depr	\$347,664					(\$879)		\$351,041
3	Net Plant	\$458,057				\$4,690	(\$879)	(\$434)	\$466,296
4	Property Tax Expense	\$13,995							\$15,624
5	Effective Prop tax Rate	3.06%							3.35%
6									
7									
8									
9									
10									
11									
12									
13									
14	Plant In Service	\$817,569	\$74,505	\$22,014	\$96,519		(\$7,969)		\$906,119
15	Accumulated Depr	\$351,041				\$30,019	(\$2,164)		\$370,926
16	Net Plant	\$466,528							\$535,192
17	Property Tax Expense	\$15,624							\$16,221
18	Effective Prop tax Rate	3.35%							3.03%
19									
20									
21									
22									
23									
24									
25									
26									
27	Plant In Service	\$906,119	\$89,323	\$27,286	\$116,610		(\$3,178)		\$1,019,550
28	Accumulated Depr	\$370,926				\$33,433	(\$3,178)	(\$3,684)	\$397,497
29	Net Plant	\$535,192							\$622,053
30	Property Tax Expense	\$16,221							\$19,316
31	Effective Prop tax Rate	3.03%							3.11%
32									
33									
34									
35									
36									
37									
38	Property Tax Recovery Calculation								
39									
40									
41	ISR Additions		\$11,502				\$74,505		\$89,323
42	Book Depreciation: base allowance on ISR eligible plant		(\$4,000)				(\$24,356)		(\$24,356)
43	Book Depreciation: current year ISR additions		(\$631)				(\$1,165)		(\$1,450)
44	COR		\$144				\$2,164		\$3,684
45	Net Plant Additions		\$7,245				\$51,148		\$67,195
46	Rate Year Effective Tax Rate		3.06%				3.06%		3.06%
47	Property Tax Recovery on 2 mos FY 14 vintage investment			\$221				\$218	\$218
48	Property Tax Recovery on FY 15 vintage investment							\$1,494	\$1,494
49	Property Tax Recovery on FY 16 vintage investment							\$2,053	\$2,053
50	RY Net Plant times Tax Rate differential for 2 months FY 2014								
51	RY Net Plant times Tax Rate differential								
52	ISR Year Effective Tax Rate		3.35%						3.11%
53	RY Effective Tax Rate & differential		3.06%				-0.03%		3.06%
54	RY Net Plant times Tax Rate differential								
55	FY15 Net Adds times ISR Year Effective Tax rate		\$458,057 * 0.05%	\$225				(\$16)	\$229
56	FY16 Net Adds times ISR Year Effective Tax rate		\$7,245 * 0.05%	\$21				(\$2)	\$4
57	Total Property Tax related to rate differential			\$246				(\$13)	\$24
58	Total ISR Property Tax Recovery			\$468					\$4,061
59	As Approved in RIPUC Docket No. 4540			\$475					\$4,061
60	True up made in FY 17 Reconciliation Docket No. 4590			(\$2)					(\$10)
61	Adjusted Property Tax			\$473					\$4,061
62	True up required in this filing			(\$5)					(\$6)

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Forecasted FY 2018 Property Tax Recovery Adjustment
(\$900s)

	(a) End of FY16	(b) ISR Additions	(c) Non-ISR Add's	(d) Total Add's	(e) Bk Depr.	(f) Retirements	(g) COR	(h) End of FY17
67 Plant In Service	\$1,019,550	\$81,161	\$22,407	\$103,568		\$20,507	(\$6,100)	\$1,143,625
68 Accumulated Depr	\$397,497				\$37,446	\$20,507	(\$6,100)	\$449,350
69 Net Plant	\$622,053							\$694,276
70 Property Tax Expense	\$19,316							\$21,414
71 Effective Prop tax Rate	3.11%							3.08%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	End of FY17	ISR	Non-ISR	Total Add's	Bk Depr.	Retirements	COR	End of FY18
72 Plant In Service	\$1,143,625	\$97,810	\$19,341	\$117,151		(\$24,057)	(\$8,603)	\$1,236,719
73 Accumulated Depr	\$449,350				\$41,117	(\$24,057)	(\$8,603)	\$457,806
74 Net Plant	\$694,276							\$778,913
75 Property Tax Expense	\$21,414							\$22,678
76 Effective Prop tax Rate	3.08%							2.91%
Property Tax Recovery Calculation								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Cumulative Incremental ISR Property Tax for FY17	Cumulative Incremental ISR Property Tax for FY18						
77 ISR Additions	\$81,161	\$97,810						
78 Book Depreciation: base allowances on ISR eligible plant	(\$24,356)	(\$24,356)						
79 Book Depreciation: current year ISR additions	(\$1,215)	(\$1,246)						
80 COR	\$6,100	\$8,603						
81								
82 Net Plant Additions	\$61,691	\$80,810						
83								
84 Rate Year Effective Tax Rate	3.06%	3.06%						
85 Property Tax Recovery on 2 mos FY14 vintage investment	\$206	\$194						
86 Property Tax Recovery on FY15 vintage investment	\$1,403	\$1,311						
87 Property Tax Recovery on FY16 investment	\$1,936	\$1,819						
88 Property Tax Recovery on FY17 investment	\$1,885	\$1,757						
89 Property Tax Recovery on FY18 investment		\$2,469						
90 ISR Year Effective Tax Rate	3.08%	2.91%						
91 RY Effective Tax Rate & differential	3.06%	3.06%						
92 RY Net Plant times Tax Rate differential	\$458,057	\$458,057						
93 FY15 Net Add's times ISR Year Effective Tax rate	\$6,735	\$6,343						
94 FY15 Net Add's times ISR Year Effective Tax rate	\$45,906	\$42,913						
95 FY16 Net Add's times ISR Year Effective Tax rate	\$65,361	\$59,527						
96 FY17 Net Add's times ISR Year Effective Tax rate	\$61,691	\$57,497						
97 FY18 Net Add's times ISR Year Effective Tax rate		\$80,810						
98 Total Property Tax related to rate differential		(\$185)						
99								
100 Total ISR Property Tax Recovery		\$5,614						\$6,535

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Forecasted FY 2018 Property Tax Recovery Adjustment
(\$900k)

Line Notes	Line Notes
1(c) - 9(c) Per Rate Year cost of service per Compliance filing Attachment 6 at Docket No. 4323.	77(a) - 100(e) Per Docket 4590 FY 2017 Gas ISR Plan Proposal Compliance filing at Page 16 of 20
10(b) - 9(b) Per Docket 4380 FY 2014 Gas ISR Plan Reconciliation filing at Page 10 of 13	77(f) Line 72(b)
14(a)-22(b) Per Docket 4474 FY 2015 Gas ISR Plan Reconciliation filing at Page 12 of 18	78(f) Per Page 2 of 25, Line 5
27(a)-35(b) Per Docket 4540 FY 2016 Gas ISR Plan Reconciliation filing at Page 14 of 19	79(f) Per Page 2 of 25, Line 12
41(a) - 62(c) Per Docket 4380 FY 2014 Gas ISR Plan Reconciliation filing at Page 10 of 13	80(f) Per Line 73(g)
41(f)-62(g) Per Docket 4474 FY 2015 Gas ISR Plan Reconciliation filing at Page 12 of 17	82(f) Sum of Lines 77 through 80
41(f)-62(k) Per Docket 4540 FY 2016 Gas ISR Plan Reconciliation filing at Page 14 of 19	84(f) Line 9(a)
63(a)-63(k) As Approved in RIPUC Docket No. 4540	85(g) Line 84(f) * Line 93(e)
64(a)-64(k) True-up made in Docket 4540 FY17 Reconciliation filing	86(g) Line 84(f) * Line 94(e)
65(a)-65(k) Line 63 + Line 64	87(g) Line 84(f) * Line 95(e)
67(a) - 71(b) Per Docket 4590 FY 2017 Gas ISR Plan Proposal Compliance filing at Page 16 of 20	88(g) Line 84(f) * Line 96(e)
72(a) Per Line 67(h)	89 Line 82 * Line 84
72(b) Per Page 2 of 25, Line 1	90(e) Line 76(b)
72(c) Per Company's book	91(e) Line 9(a)
72(d) Line 72(b) + Line 72(c)	91(f) Line 90(e) - Line 91(e)
72(f) Per Page 2 of 25, Line 2	92(e) Line 5(a)
73(a) Line 72(a) + Line 72(d) + Line 72(f)	93(e) Line 93(e) - ((Line 1(d))+Line 1(f))*3.38%
73(b) Per Line 68(h)	94(e) Line 94(e) - ((Line 14(d))+Line 14(f))*3.38%
73(c) Rate Year depra allowance of \$28,130k + (Line 1(d))+Line 1(f)* composite depra rate of 3.38% + ((Line 14(d))+Line 14(f))*3.38%+(Line 27(d))+Line 27(f)* 3.38%	95(e) Line 95(e) - ((Line 27(d))+Line 27(f))*3.38%
73(d) - (Line 72(d))+Line 72(f)*3.38%+(Line 67(d))+Line 67(f)*3.38%	96(e) Line 96(e) - ((Line 63(d))+Line 63(f))*3.38%
73(e) Line 72(f)	97(e) Line 82(f)
74(a) Line 72(f)	97(f)-97(i) Line 91(f)
74(b) Per Page 2 of 25, Line 7	92(g)-97(g) Lines 92(e) through 97(e), Col (e) * Col (f)
74(b) Line 73(a) + Line 73(e) + Line 73(f) + Line 73(g)	98(g) Sum of Lines 92(g) through 97(g)
75(a) Line 70(b)	100(g) Sum of Lines 85(g) through 89(g) + Line 98(g)
75(b) Per Company's book	
76(a) Line 71(b)	
76(b) Line 71(b)	

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
1 Total Base Rate Plant DIT Provision	\$ 1,121,846	\$ 345,985	\$ 6,792,564	\$ 29,585,715	\$ 57,469,108	\$ 82,305,122	\$ 65,683,599	\$ 18,315,487	\$ 17,533,880	\$ 18,024,218	\$ 22,793,151	\$ 27,883,393	\$ 24,836,014	\$ (16,621,523)
2 Total Base Rate Plant DIT Provision	\$ 1,121,846	\$ 1,080,717	\$ 1,038,476	\$ 906,443	\$ 865,263	\$ 823,243	\$ 468,266	\$ 17,193,641	\$ 18,309,741	\$ 11,577,639	\$ 0	\$ 0	\$ 0	\$ 0
3 Incremental FY 12	\$ 0	\$ (734,732)	\$ (690,174)	\$ (829,884)	\$ (780,869)	\$ (731,561)	\$ (409,188)	\$ (41,129)	\$ (41,129)	\$ (42,241)	\$ (132,033)	\$ (41,180)	\$ (42,020)	\$ (354,977)
4 Incremental FY 13	\$ 0	\$ 0	\$ 0	\$ 5,821,675	\$ 5,651,257	\$ 5,476,107	\$ 3,177,941	\$ 0	\$ (734,732)	\$ 44,558	\$ (139,710)	\$ 49,015	\$ 49,309	\$ 322,372
5 Incremental FY 14	\$ 0	\$ 0	\$ 0	\$ 23,687,481	\$ 23,214,645	\$ 22,716,080	\$ 13,316,267	\$ 0	\$ 0	\$ 6,444,262	\$ (622,587)	\$ (170,419)	\$ (175,149)	\$ (82,298,167)
6 FY 2015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
7 FY 2016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
8 FY 2017	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
9 FY 2018	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
10 TOTAL Plant DIT Provision	\$ 1,121,846	\$ 345,985	\$ 6,792,564	\$ 29,585,715	\$ 57,469,108	\$ 82,305,122	\$ 65,683,599	\$ 18,315,487	\$ 17,533,880	\$ 18,024,218	\$ 22,793,151	\$ 27,883,393	\$ 24,836,014	\$ (16,621,523)
11 NOL	\$ 6,268,061	\$ 6,136,520	\$ 23,775,494	\$ 19,205,538	\$ 11,594,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 Lesser of NOL or DIT Provision	\$ 6,268,061	\$ 6,136,520	\$ 18,024,218	\$ 19,205,538	\$ 11,594,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,621,523)

Line Notes:

- 1(b) Per Dkt 4322 Compliance filing Attachment 6, Page 59 of 65, Line 18(c) less Line 18(a)
- 1(i)-(k) Per Dkt 4322 Compliance filing Attachment 6, Page 64 of 65, Lines 32, 38, and 44
- 2 Col (b) = Line 1(i) * 75% + Line 1(g) * 25%; Col (f) = Line 1(i) * 75% + Line 1(h) + Line 1(j) * 212hs; Col (j) = Line 1(i) * 1012hs
- 3(a)-7(g) Cumulative DIT per vintage year ISR revenue requirement calculations (Page 10, Line 14; Page 8, Line 14; Page 6, Line 16; Page 4, Line 16; Page 2, Line 16)
- 3(b)-7(n) Year over year change in cumulative DIT shown in Cols (a) through (g)
- 10 Sum of Lines 2 through 9
- 11 Per Tax Dept
- 12 Lesser of Line 10 or Line 11

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement
Calculation of FY 2018 Net Deferred Tax Reserve Proration

Line No.	Deferred Tax Subject to Proration	(a) - Sum of (b) through (f)	(b) Vintage Year 2018	(c) Vintage Year 2017	(d) Vintage Year 2016	(e) Vintage Year 2015	(f) Vintage Year 2014	(g) Vintage Year 2013	(h) Vintage Year 2012
1	Book Depreciation	\$10,032,984	\$1,519,105	\$2,381,784	\$2,916,853	\$2,333,053	\$679,280	(\$150,012)	\$152,921
2	Bonus Depreciation	(\$13,764,576)	(\$13,764,576)	\$0	\$0	\$0	\$0	\$0	\$0
3	Remaining MACRS Tax Depreciation								
4	FY18 tax (gain)/loss on retirements	(\$3,366,917)	(\$570,505)	(\$890,217)	(\$892,846)	(\$837,819)	(\$156,979)	\$9,278	(\$27,809)
5	Cumulative Book/ Tax Timer	(\$7,337,137)	(\$13,064,604)	\$1,691,547	\$2,024,007	\$1,495,234	\$522,201	(\$140,734)	\$125,112
6	Effective Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
7	Deferred Tax Reserve	(\$2,587,998)	(\$4,369,111)	\$92,041	\$708,402	\$523,332	\$182,805	(\$49,257)	\$43,789
8	Deferred Tax Not Subject to Proration								
9	Capital Repairs Deduction	(\$64,198,946)	(\$64,198,946)						
10	Cost of Removal	(\$8,008,000)	(\$8,008,000)						
11	Book/Tax Depreciation Timing Difference at 3/31/2017	\$0	\$0						
12	Cumulative Book/ Tax Timer	(\$72,206,946)	(\$72,206,946)						
13	Effective Tax Rate	35.00%	35.00%						
14	Deferred Tax Reserve	(\$25,272,431)	(\$25,272,431)						
15	Total Deferred Tax Reserve	(\$27,840,429)	(\$29,841,543)	\$92,041	\$708,402	\$523,332	\$182,805	(\$49,257)	\$43,789
16	Net Operating Loss	\$0	\$0						
17	Net Deferred Tax Reserve	(\$27,840,429)	(\$29,841,543)	\$92,041	\$708,402	\$523,332	\$182,805	(\$49,257)	\$43,789
18	Allocation of FY 2018 Estimated Federal NOL								
19	Cumulative Book/ Tax Timer Subject to Proration	(\$13,054,604)	(\$13,054,604)						
20	Cumulative Book/ Tax Timer Not Subject to Proration	(\$72,206,946)	(\$72,206,946)						
21	Total Cumulative Book/ Tax Timer	(\$85,261,550)	(\$85,261,550)						
22	Total FY 2018 Federal NOL	\$0	\$0						
23	Allocated FY 2018 Federal NOL Not Subject to Proration	\$0	\$0						
24	Allocated FY 2018 Federal NOL Subject to Proration	\$0	\$0						
25	Effective Tax Rate	35.00%	35.00%						
26	Deferred Tax Benefit subject to proration	\$0	\$0						
27	Net Deferred Tax Reserve subject to proration	(\$2,587,998)	(\$4,369,111)	\$92,041	\$708,402	\$523,332	\$182,805	(\$49,257)	\$43,789
28	Proration Calculation								
29	April 2017	91.78%	(\$196,411)	\$45,282	\$54,181	\$40,027	\$13,982	(\$3,767)	\$3,349
30	May 2017	83.29%	(\$178,235)	\$41,091	\$49,168	\$36,223	\$12,688	(\$3,419)	\$3,059
31	June 2017	75.07%	(\$160,646)	\$37,036	\$44,316	\$32,738	\$11,436	(\$3,081)	\$2,739
32	July 2017	66.89%	(\$142,471)	\$32,846	\$39,302	\$29,034	\$10,142	(\$2,733)	\$2,429
33	August 2017	58.08%	(\$124,296)	\$28,656	\$34,288	\$25,330	\$8,848	(\$2,384)	\$2,119
34	September 2017	49.86%	(\$106,707)	\$24,601	\$29,436	\$21,746	\$7,596	(\$2,047)	\$1,820
35	October 2017	41.37%	(\$88,531)	\$20,411	\$24,422	\$18,442	\$6,302	(\$1,698)	\$1,510
36	November 2017	33.15%	(\$70,942)	\$16,355	\$19,570	\$14,457	\$5,050	(\$1,361)	\$1,210
37	December 2017	24.66%	(\$52,767)	\$12,165	\$14,556	\$10,753	\$3,756	(\$1,012)	\$900
38	January 2018	16.16%	(\$34,592)	\$8,147	\$9,542	\$7,049	\$2,462	(\$664)	\$590
39	February 2018	8.49%	(\$18,175)	\$4,190	\$5,014	\$3,704	\$1,294	(\$349)	\$310
40	March 2018	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41	Total		(\$1,173,774)	\$270,609	\$323,795	\$229,203	\$83,556	(\$22,514)	\$20,015
42	Deferred Tax Without Proration		(\$4,369,111)	\$92,041	\$708,402	\$523,332	\$182,805	(\$49,257)	\$43,789
43	Average Deferred Tax without Proration		(\$2,284,556)	\$296,021	\$354,201	\$261,666	\$91,403	(\$24,628)	\$21,895
44	Proration Adjustment		\$110,225	(\$25,412)	(\$30,406)	(\$22,463)	(\$7,846)	\$2,114	(\$1,880)

Column Notes:
(i) Sum of remaining days in the year (Col (f)) divided by 365
(ii) through (i) - Current Year Line 25 * Current Month Col (i)

**The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Weighted ISR Additions FY 2014**

<u>Line No.</u>	<u>Month No.</u>	<u>Month</u>	<u>FY 2014 ISR Additions</u> (a)	<u>In Rates</u> (b)	<u>Not In Rates</u> (c) = (a) - (b)	<u>Weight</u> (d)	<u>Weighted Average</u> (e) = (d) * (c)
1				\$57,184,191			
2	1	Apr-13	\$5,751,208	4,765,349	\$985,858	0.958	\$944,781
3	2	May-13	5,751,208	4,765,349	985,858	0.875	862,626
4	3	Jun-13	5,751,208	4,765,349	985,858	0.792	780,471
5	4	Jul-13	5,751,208	4,765,349	985,858	0.708	698,316
6	5	Aug-13	5,751,208	4,765,349	985,858	0.625	616,161
7	6	Sep-13	5,751,208	4,765,349	985,858	0.542	534,007
8	7	Oct-13	5,751,208	4,765,349	985,858	0.458	451,852
9	8	Nov-13	5,751,208	4,765,349	985,858	0.375	369,697
10	9	Dec-13	5,751,208	4,765,349	985,858	0.292	287,542
11	10	Jan-14	5,751,208	4,765,349	985,858	0.208	205,387
12	11	Feb-14	5,751,208	-	5,751,208	0.125	718,901
13	12	Mar-14	5,751,208	-	5,751,208	0.042	239,634
14	Total FY 2014		\$69,014,490	\$47,653,493	\$21,360,998		\$6,709,374
15	Total Additions February & March 2014				\$11,502,415		
16	FY 2014 Weighted Average Incremental Rate Base Percentage						31.41%

Column (a) = Page 16 of 25, Line 1(c)
Column (b) = Page 16 of 25, Line 2(c)
Column (d) = (12.5 - Month No.) ÷ 12
Line 15 = Line 12(c) + Line 13(c)
Line 16 = Line 14(e)/Line 14(c)

**The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Weighted Average Cost of Capital**

Line No.

1	Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 3943				
2	(a)	(b)	(c)	(d)	(e)
			Weighted		
3	Ratio	Rate	Rate	Taxes	Return
4	Long Term Debt	40.63%	7.99%	3.25%	3.25%
5	Short Term Debt	11.66%	3.91%	0.45%	0.45%
6	Preferred Stock	0.00%	0.00%	0.00%	0.00%
7	Common Equity	47.71%	10.50%	5.01%	2.70%
8		100.00%		8.71%	2.70%
9					11.41%

10 (d) - Column (c) x 35% divided by (1 - 35%)

11
12 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 35% income tax rate

13	(a)	(b)	(c)	(d)	(e)
			Weighted		
14	Ratio	Rate	Rate	Taxes	Return
15	Long Term Debt	49.95%	5.70%	2.85%	2.85%
16	Short Term Debt	0.76%	0.80%	0.01%	0.01%
17	Preferred Stock	0.15%	4.50%	0.01%	0.01%
18	Common Equity	49.14%	9.50%	4.67%	2.51%
19		100.00%		7.54%	2.51%
20					10.05%

21 (d) - Column (c) x 35% divided by (1 - 35%)

22
23
24 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 21% income tax rate

25	(a)	(b)	(c)	(d)	(e)
			Weighted		
26	Ratio	Rate	Rate	Taxes	Return
27	Long Term Debt	49.95%	5.70%	2.85%	2.85%
28	Short Term Debt	0.76%	0.80%	0.01%	0.01%
29	Preferred Stock	0.15%	4.50%	0.01%	0.01%
30	Common Equity	49.14%	9.50%	4.67%	1.24%
31		100.00%		7.54%	1.24%
					8.78%

32 (d) - Column (c) x 21% divided by (1 - 21%)

FY18 Blended Rate

34 Line 19(e) x 75% + Line 31(e) x 25% 9.73%

**The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
Calculation of Excess Deferred Taxes at 12/31/17**

<u>Line No</u>		(a)	(b)	(c) = (b) - (a)	(d)	(e) = (a) + (d)	(g)
		Cumulative Book/Tax Difference at FY17 35%	Projected Book/Tax Difference at FY18	Difference	Prorated Change as of 12/31/17	Cumulative Timing Difference through 12/31/17	Excess Deferred Taxes at 12/31/17
1							
2	Vintage Year						
3	2012	\$2,352,123	\$2,229,838	(\$122,285)	(\$91,714)	\$2,260,409	\$316,457
4	2013	(\$2,090,173)	(\$1,948,516)	\$141,657	\$106,242	(\$1,983,931)	(\$277,750)
5	2014	\$15,646,021	\$15,133,051	(\$512,970)	(\$384,728)	\$15,261,294	\$2,136,581
6	2015	\$64,903,087	\$63,410,797	(\$1,492,290)	(\$1,119,217)	\$63,783,870	\$8,929,742
7	2016	\$79,357,069	\$77,172,768	(\$2,184,301)	(\$1,638,226)	\$77,718,843	\$10,880,638
8	2017	\$74,989,365	\$73,334,553	(\$1,654,812)	(\$1,241,109)	\$73,748,256	\$10,324,756
9	2018	0	\$83,446,551	\$83,446,551	\$62,584,913	\$62,584,913	\$8,761,888

The Narragansett Electric Company
d/b/a National Grid
FY 2018 Gas ISR Plan Revenue Requirement Reconciliation
True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment

	(a)	(b)	(c)	(d)
	<u>Vintage Capital Investment Year</u>			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
1 Total Net Plant in Service		\$15,981,069	\$52,312,921	\$68,651,094
2 Total Net Plant in Service (as previously filed)	(\$2,898,175)	\$17,213,686	\$52,983,817	\$69,512,731
3 Work Order Write Off Adjustment	(\$581,253)	(\$1,232,617)	(\$670,896)	(\$861,637)
<u>Revenue Requirement Decrease due to Work Order Write Off</u>				
	<u>Revenue Requirement Year</u>			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
4 Vintage Capital Investment Year	\$0	\$0	\$0	(\$12,065)
5 FY 2013	(\$29,328)	(\$72,867)	(\$69,485)	(\$68,486)
6 FY 2014	\$0	(\$50,924)	(\$120,625)	(\$117,798)
7 FY 2015	\$0	\$0	(\$31,268)	(\$62,007)
8 FY 2016	\$0	\$0	\$0	(\$86,975)
9 TOTAL	(\$29,328)	(\$123,791)	(\$221,378)	(\$347,332)
10 Total FY 2013 through FY 2016 revenue requirement impact				(\$721,829)

Line Notes:

- Col (a) = Page 12 of 25, Line 6; Col (b) = Page 10 of 25, Line 8;
Col (c) = Page 8 of 25, Line 8; Col (d) = Page 6 of 25, Line 8;
1 Col (e) = Page 4 of 25; Col (f) = Page 2 of 25, Line 8
2 Col (a) through Col (d) = As approved in RIPUC Docket No. 4540
3 Col (a) through Col (d) = Line 1 - Line 2
4 Col (a) through Col (d) = Page 14 of 28, Line 35
5 Col (a) through Col (d) = Page 12 of 28, Line 36
6 Col (a) through Col (d) = Page 10 of 28, Line 38
7 Col (a) through Col (d) = Page 8 of 28, Line 32
8 Col (a) through Col (d) = Page 6 of 28, Line 33
9 Col (a) through Col (d) = Sum of Lines 4 through 8
10 Sum of Col (a) through Col (d)