

October 15, 2015

# VIA HAND DELIVERY & ELECTRONIC MAIL

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

## RE: Docket 4323 – Gas Earnings Sharing Mechanism Revised Final Earnings Report – Twelve Months Ended March 31, 2014 Revised Earnings Report – Twelve Months Ended March 31, 2015

Dear Ms. Massaro:

In accordance with the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (the PUC) in Order No. 21011 (April 11, 2013) in Docket No. 4323 (the Settlement) as reflected in National Grid's<sup>1</sup> gas tariff, RIPUC NG-Gas No. 101, Section 3, Schedule A, Sheet 13, subpart 5.0, enclosed are ten (10) copies of the following documents for the gas operations of the Company:

- 1. Revised final earnings report for the twelve-month period ended March 31, 2014 (2014 Report), which replaces the final earnings report for this period that was filed with the PUC on August 28, 2015; and
- 2. Revised earnings report for the twelve-month period ended March 31, 2015 (2015 Report), which replaces the earnings report for this period that was filed with the PUC on August 28, 2015.

The Company has revised the 2014 Report and the 2015 Report to reflect the correct level of other revenue for the twelve months ended March 31, 2014 and twelve months ended March 31, 2015, respectively. For a more detailed explanation, please see the Company's responses to the Rhode Island Division of Public Utilities and Carriers' Data Requests Division 1-2, Division 1-5, and Division 1-7 in this docket, which were filed with the PUC on October 7, 2015.

<sup>&</sup>lt;sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Luly E. Massaro, Commission Clerk Docket 4323 – Revised Gas Earnings Sharing Mechanism October 15, 2015 Page 2 of 2

Thank you for your attention to this filing. If you have any questions, please contact me directly at 781-907-2153.

Very truly yours,

Culia B. OBrien

Celia B. O'Brien

Enclosures

cc: Steve Scialabba, Division David Effron, Division Sharon Colby-Camara

### 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.

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 15, 2015 Date

## National Grid (NGrid) – Request for Change in Electric & Gas Distribution Rates Docket No. 4323 – Service List updated on 9/15/15

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# <u>National Grid - RI Gas</u> For the Twelve Months ended March 31,2014

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# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 1 of 13

# National Grid - RI Gas Earnings Sharing Calculation For the Twelve Months ended March 31,2014

1		¢	111 605 500
I	Average Rate Base	\$	411,635,528
2	Equity Component of Rate Base		49.14%
3	Average Common Equity	\$	202,277,699
4			
5	Net Income Available for Common Stock	\$	19,648,468
6	Return on Common Equity		9.71%
7			
8	Return on Equity $> 9.5\%$ and $< 10.5\%$		0.21%
9	Earnings to be Shared	\$	432,086
10	Earnings to Customers - 50%	\$	216,043
11			
12	Return on Equity > 10.5 %		0.00%
13	Earnings to be Shared	\$	-
14	Earnings to Customers - 75%	\$	-
15			
16	Total After tax Earnings Credited to Customers	\$	216,043
17			
18	Total Earnings Credited to DAC	\$	332,374

### Notes:

1 From Page 5 of 13 line 23(f)

- 2 From Page 4 of 13 line 8
- 3 Line 1 times line 2
- 5 From Page 2 of 13 line 47
- 6 Line 5 divided by line 3
- 8 Smaller of 10.5% or Line 6 minus 9.5%
- 9 Line 3 times line 8
- 10 Line 9 times 50%
- 12 If Line 6 is greater than 10.5%, line 6 minus 10.5%, if not, 0%
- 13 Line 3 times line 12
- 14 Line 13 times 75%
- 16 Line 10 plus line 14
- 18 Line 16 divided by 65%

#### National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 2 of 13

### National Grid - RI Gas Income Statement For the Twelve Months ended March 31,2014

1 <u>Operating Revenues</u>	
2 Total Firm Gas \$	434,925,021
3 Transportation \$	33,295,672
4 Other Revenues \$	(19,082,983)
5 FY13 Customer Portion of On System Non-Firm Margin not booked in FY13 \$	135,571
6 FY12 Customer Portion of On System Non-Firm Margin booked in FY13 \$	665,646
7 Total Operating Revenues \$	449,938,927
8	
9 Adjustment to Operating Revenue:	
10 Inventory Financing \$	(1,803,388)
11 Total Adjusted Operating Revenues	448,135,539
12	
13 Operating Expenses	
14 Production (Gas Costs) \$	243,134,254
15 Storage \$	1,906,091
16 Transmission \$	6,973
17 Distribution \$	18,272,649
18 Customer Accounts \$	37,270,605
19 Sales \$	-
20 Administrative and General \$	47,972,802
21 Total Operating Expenses \$	348,563,375
22	
23 Adjustments to Operating Expense:	
24 Savings Imputed in Base Rates \$	2,450,000
25 Total Adjusted Operating Expenses \$	351,013,375
26	
27 <u>Other Expenses</u>	
28 Depreciation and Amortization \$	27,716,281
29 Local and Other Taxes \$	18,280,897
30 Revenue Related Taxes (Gross Earnings Tax - GET) \$	11,916,927
31 Federal Income Taxes @ 35% \$	10,594,905
32 Total Other Expenses \$	68,509,011
33	
34 Income Before Interest Expense \$	28,613,153
35	
36 Interest Expense	
37 Short-Term Debt \$	9,072
38 Long-Term Debt \$	10,592,331
39 Other Interest Expense \$	-
40 AFUDC \$	(1,664,503)
41 Total Interest Expense \$	8,936,900
42	
43 Net Income / (Loss) \$	19,676,253
44	
45 Preferred Dividends \$	27,785
46	
47 Net Income / (Loss) Applicable to Common Equity \$	19,648,468

### Notes:

4 From Page 7 of 13 line 10
24 Docket No. 3943 (4/4/2008) Attachment NG-MDL-4 Page 1 of 6 Line 7
29 From Page 6 of 13 sum of line 3 through line 5
31 From Page 3 of 13 line 20
37 From Page 4 of 13 line 25(b)
38 From Page 4 of 13 line 17(b)
39 From Page 8 of 13 line 3

45 From Page 4 of 13 line 34(b)

# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 3 of 13

## National Grid - RI Gas Federal Income Tax Calculation For the Twelve Months ended March 31,2014

1	Operating Revenues	\$ 448,135,539
2		
3	Less:	
4		
5	Operating Expenses	351,013,375
6	Depreciation and Amortization	27,716,281
7	Local and Other Taxes	18,280,897
8	Revenue Related Taxes (GET)	11,916,927
9	Interest - Short-Term Debt	9,072
10	Interest - Long-Term Debt	10,592,331
11	Other Interest	0
12	AFUDC	(1,664,503)
13		
14	Total Deductions	\$ 417,864,380
15		
16	Taxable Income	\$ 30,271,159
17		
18	Federal Income Tax Rate	35%
19		
20	Federal Income Tax Expense	\$ 10,594,905

### Notes:

From Page 2 of 13 line 11
 From Page 2 of 13 line 25
 From Page 2 of 13 line 28
 From Page 2 of 13 line 29
 From Page 2 of 13 line 30
 From Page 2 of 13 line 37
 From Page 2 of 13 line 38
 From Page 2 of 13 line 39
 From Page 2 of 13 line 40
 Sum of Line 5 through Line 12
 Line 1 minus Line 14
 Line 16 times Line 18

### National Grid - RI Gas Applicable Capital Structure, Interest Expense and Preferred Dividends For the Twelve Months ended March 31,2014

		<u>%</u> (a)		\$ (b)
1 2	Rate Base	Docket 4323	\$	411,635,528
3	Capital Structure	DOCKCI 4525		
4	-			
5	Short-Term Debt	0.76%	\$	3,128,430
6	Long-Term Debt	49.95%		205,611,946
7	Preferred Stock	0.15%		617,453
8	Common Equity	49.14%		202,277,699
9		100.0%	\$	411,635,528
10	Interest Expense			
11				
12				
13	Long-Term Debt Portion	49.95%	\$	205,611,946
14				5 150/
15	Cost of Long-Term Debt March 2013			5.15%
16 17	Proforma Long-Term Debt Interest for the Year Ended March 2013		\$	10,592,331
17	Floronna Long-Term Deor interest for the Tear Ended Match 2015		φ	10,392,331
18 19				
20				
20	Short-Term Debt Portion	0.76%	\$	3,128,430
22		017 070	Ŷ	0,120,100
23	Cost of Short-Term Debt March 2013			0.29%
24				
25	Proforma Short-Term Debt Interest for the Year Ended March 2013		\$	9,072
26				
27	Preferred Dividends			
28				
29				
30	Preferred Stock Portion	0.15%	\$	617,453
31				
32	Cost of Preferred Stock			4.50%
33				
34	Proforma Preferred Stock for the Year Ended March 2013		\$	27,785

Notes:

1(b) From Page 5 of 13 line 23(f)

5(a)-8(a) Imputed capital structure per Docket No. 4323, Attachment 6, Schedule MDL-3-GAS-S, Page 56 of 65 5(b)-8(b) Line 1(a) times Line 5(a) through Line 8(a)

13 Line 1(b) times Line 13(b)

15 From Page 10 of 13 line 11(e)

17 Line 13 (b) times line 15 (b)

21 Line 1(b) times Line 21(b)

23 From Page 11 of 13 line 14(b)

25 Line 21 (b) times line 23 (b)

30 Line 1(b) times Line 30(b)

32 Cost rate per Docket No. 4323, Attachment 6, Schedule MDL-3-GAS-S, Page 56 of 65

34 Line 30 (b) times line 32 (b)

#### National Grid - RI Gas Rate Base For the Twelve Months ended March 31,2014

			March 2013 (a)	 June 2013 (b)		September 2013 (c)		$\begin{array}{c} December & March \\ \hline 2013 & 2014 \\ \hline (d) & (e) \end{array}$		2014		Average March 2014 (f)
1	Gas Plant In Service	\$	756,260,958	\$ 758,141,996	\$	765,574,175	\$	788,020,987	\$	838,790,858	\$	781,357,795
2	CWIP		58,020,581	75,037,902		87,729,403		92,248,905		62,129,344		75,033,227
3	Less: Accumulated Depreciation		325,612,577	330,893,105		344,408,551		366,861,190		352,211,518		343,997,388
4	Less: Contribution in Aid of Construction		5,356,673	5,356,673		5,356,673		5,356,673		0		4,285,338
5		-										
6	Net Plant		483,312,289	 496,930,120		503,538,354		508,052,029		548,708,684		508,108,295
7												
8	Materials and Supplies		272,612	1,162,110		1,690,673		613,725		884,921		924,808
9	Prepaid Expenses, Excluding Taxes		380,418	(0)		0		0		540,543		184,192
10	Deferred Debits		3,537,994	3,301,571		3,065,148		2,828,726		2,592,303		3,065,148
11	Unamortized debt expense and Interest Rate Lock		2,828,465	2,768,883		2,709,302		2,649,720		2,590,140		2,709,302
12	Cash Working Capital		21,568,744	 22,320,968		22,320,968		22,320,968		22,320,968		22,170,523
13												
14	Subtotal		28,588,233	 29,553,532		29,786,092		28,413,139		28,928,876		29,053,974
15												
16	Accumulated Deferred FIT		98,340,687	92,864,136		94,520,976		100,956,554		87,681,682		94,872,807
17	Hold Harmless		25,674,670	25,526,229		25,377,788		25,229,347		25,064,987		25,374,604
18	Customer Deposits		4,718,048	4,718,025		4,718,081		4,717,936		4,730,981		4,720,614
19	Injuries and Damages Reserve		591,297	 530,224		364,162		472,582		835,316		558,716
20												
21	Subtotal		129,324,702	 123,638,614		124,981,006		131,376,418		118,312,966		125,526,741
22												
23	Rate Base	\$	382,575,819	\$ 402,845,039	\$	408,343,439	\$	405,088,750	\$	459,324,595	\$	411,635,528

Notes:

1(a)-4(e) From Company Financial Statements

1(f)-4(f) Average of Column (a) through Column (e)

6(a)-6(e) Line 1 plus line 2 minus line 3 minus line 4

6(f) Average of Column (a) through Column (e)

8(a)-11(e) From Company Financial Statements

8(f)-11(f) Average of Column (a) through Column (e)

10 Reflects the amortization of Y2K related costs per Docket No. 3401 and Advantage System amortization

12 From Page 6 of 13 Line 13

14 Sum of Line 8 through Line 12

16(a)-19(e) From Company Financial Statements

16(f)-19(f) Average of Column (a) through Column (e)

17 Hold Harmless rate base credit per Docket No. 3859

21 Sum of Line 16 through Line 19

23 Line 6 + Line 14 - Line 21

## National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 6 of 13

## National Grid - RI Gas Cash Working Capital Calculation For the Twelve Months ended March 31,2014

1	Gas Costs	\$ 243,134,254
2	Operating Expenses	105,429,120
3	Payroll Taxes	2,038,818
4	Property Taxes	15,624,099
5	State Taxes Other	617,980
6	Revenue Related Taxes (GET)	 11,916,927
7	Total	\$ 378,761,199
8		
9	Daily Cash Requirement	\$ 1,037,702
10		
11	Net Lag Days	21.51
12		 
13	Total Working Capital	\$ 22,320,968

### Notes:

1 From Page 2 of 13 Line 14

2 From Page 2 of 13 Lines 15 - 20

3-5 From Company Financial Statements

6 From Page 2 of 13 Line 30

7 Sum of Lines 1 through Line 6

9 Line 7 divided by 365 days

11 Per Docket No. 4323, Schedule MDL-4-GAS, (Page 2 of 20, Line 18 - Page 3 of 20, Line 4)

13 Line 9 times Line 11

# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 7 of 13

# National Grid - RI Gas Detail Other Revenue/(Expense) For the Twelve Months ended March 31,2014

1	Rent from Gas Property	\$ 286,608
2	Displacement Revenue	-
3	Recovery of Supervision & Administrative Costs	-
4	Other Revenue	(2,228,282)
5	RDM Revenue	(21,271,902)
6	LIEAP Revenue	3,474,385
7	Misc Revenue	-
8	Interest on Customer Arrears	656,208
9		
10	Total Other Revenue	\$ (19,082,983)

Notes:

1-8 From Company Financial Statements

10 Sum of line 1 through line 8

National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 8 of 13

# National Grid - RI Gas Detail Other Interest Expense For the Twelve Months ended March 31,2014

1	Interest on Customer Deposits	\$ -
2		
3	Total Other Interest Expense	\$ -

Notes:

1 From Company Financial Statements

3 Line 1

## National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 9 of 13

## National Grid - RI Gas Detail Non-Operating Income / (Expense) For the Twelve Months ended March 31,2014

1	Service Contract Revenue	\$	3,363
2	Share Awards		(528,152)
3	Interest on Over / (Under) Collections, primarily Deferred Gas Costs		234,133
4	Deferred Compensation - Life Insurance		(25,001)
5	Federal Income Taxes on Non-Operating Income		-
6	NGPMP per Docket 4038	(	(1,000,000)
7	Lobbying / Legal and Political Expense		(100,487)
8	Penalties		(2,248)
9	Other		502,363
10	Total Non-Operating Income/(Expense)	\$	(916,029)

Notes:

1-9 From Company Financial Statements

10 Sum of line 1 through line 9

### National Grid Calculation of Average Long-Term Debt Interest Rate For the Twelve Months ended March 31,2014

	Description	(a) erage Long-Term <u>Debt Balance</u>	(b) <u>Rate</u>	(c) Long-Term <u>Interest Expense</u>	(d) Annual Amortization <u>of DD&amp;E</u>		(e) Total <u>Expense</u>
1	Providence Gas FMB S	14,464,000	6.82%	986,445	7,00	)	993,445
2	Providence Gas FMB N	10,000,000	9.63%	963,000	4,10	)	967,100
3	Providence Gas FMB O	12,500,000	8.46%	1,057,500	4,30	)	1,061,800
4	Providence Gas FMB P (Annual sinking fund 9/30 \$625,000)	5,937,500	8.09%	480,344	3,50	)	483,844
5	Providence Gas FMB R (Annual sinking fund 12/15 \$750,000)	9,531,250	7.50%	714,844	4,10	)	718,944
6	Narragansett Senior Note \$250M due 3-15-2020	250,000,000	4.53%	11,325,000	664,60	)	11,989,600
7	Narragansett Senior Note \$300M due 3-15-2040	300,000,000	5.64%	16,920,000	279,30	)	17,199,300
8	Narragansett Senior Note \$300M due 12-10-2040 (Issued 12-10-12)	250,000,000	4.17%	10,425,000	75,00	)	10,500,000
9	Totals	\$ 852,432,750		\$ 42,872,132	\$ 1,041,90	) \$	43,914,032
10 11		Cost of	Debt - (Total	Evnense / Average	Long-Term Debt Baland	e)	5.15%
11		COSU OI	Debt = (10ta)	Expense / Average	Long-Term Debt Balan	()	5.15 /0

### Notes:

1-8 From Financial Statements

11(e) 9(e) divided by 9(a)

1(a)-8(a) \*Average amounts represent Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity.

# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 11 of 13

# National Grid - RI Gas Calculation of Average Short-Term Debt Interest Rate For the Twelve Months ended March 31,2014

		(a)	(b)	(c)
		Average Short-Term	Weighted	Short-Term
	<u>Month</u>	Debt Balance 1	Cost Rate	Interest Expense
1	Apr-13	10,632,604	0.48%	\$ 4,226
2	May-13	862,384	3.50%	\$ 2,596
3	Jun-13	16,457,548	0.32%	\$ 4,327
4	Jul-13	31,552,415	0.76%	\$ 20,651
5	Aug-13	27,998,440	0.87%	\$ 21,095
6	Sep-13	29,392,461	0.77%	\$ 18,809
7	Oct-13	55,807,306	0.78%	\$ 37,310
8	Nov-13	45,799,955	0.26%	\$ 10,045
9	Dec-13	89,097,958	0.00%	\$ -
10	Jan-14	63,764,052	0.00%	\$ -
11	Feb-14	60,747,086	0.00%	\$ -
12	Mar-14	63,574,952	0.00%	\$ -
13				
14	Average	\$ 41,307,263	0.29%	\$ 119,059

Notes:

- 1(a)-12(a) Average amounts represent Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity and participates in the National Grid money pool as a division of Narragansett Electric
  - 14(b) Average of Line 1 through Line 12

National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 12 of 13

### National Grid - RI Gas Merger Hold Harmless Rate Base Credit

### Attachment NG-MDL-1 Docket No. April 1, 2008 Page 30 of 33

### National Grid - RI Gas Rate Base Adjustments Merger Hold Harmless Rate Base Credit

### Line <u>No.</u>

1	Balance as of September 30, 200	17	\$34,139,677	1/
2				
3	Increase / (Decrease) 12 Months	Ended 9/30/08	(2,624,545)	
4				
5	Balance as of:	9/30/08	\$31,515,132	1/
6				
7				
8		10/31/08	31,283,677	
9		11/30/08	31,052,222	
10		12/31/08	30,820,767	1/
11		1/31/09	30,647,907	
12		2/28/09	30,475,046	
13		3/31/09	30,302,186	1/
14		4/30/09	30,129,326	
15		5/31/09	29,956,466	
16		6/30/09	29,783,606	1/
17		7/31/09	29,610,746	
18		8/31/09	29,437,886	
19		9/30/09	29,265,026	1/
20				
21	Rate Year Merger Hold Harmles	s - Five Quarter Average	\$30,337,343	

1/ Hold Harmless Rate Base Credit Per DJE-2 (Revised) from Docket No. 3859.

@ 12/31/06 per DJE-2 Revised	35,764,025
Imputed 3/31/07	35,222,576
Imputed 6/30/07	34,681,127
Imputed 9/30/07	34,139,677
@ 12/31/07 per DJE-2 Revised	33,598,228
Imputed 3/31/08	32,903,863
Imputed 6/30/08	32,209,497
Imputed 9/30/08	31,515,132
@ 12/31/08 per DJE-2 Revised	30,820,767
Imputed 3/31/09	30,302,186
Imputed 6/30/09	29,783,606
Imputed 9/30/09	29,265,026
@ 12/31/09 per DJE-2 Revised	28,746,445

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# Schedule DJE-2 Revised

# NATIONAL GRID MERGER ADJUSTMENT TO ADIT Projected Deferred Tax Schedule

(\$000)

As of <u>31-Dec</u>	Southern Union <u>ADIT</u>	National Grid <u>ADIT</u>	<u>Difference</u>	Southern Union <u>ADITC</u>	ADIT Merger <u>Adjustment</u>
2006	34,845	214	34,631	1,133	35,764
2007	33,908	1,238	32,670	928	33,598
2008	32,170	2,073	30,097	724	30,821
2009	30,086	1,859	28,227	519	28,746
2010	29,473	2,238	27,235	315	27,549
2011	29,632	3,184	26,448	110	26,558
2012	29,583	3,760	25,823		25,823
2013	29,515	4,286	25,229		25,229
2014	29,199	4,628	24,572		24,572
2015	29,095	5,530	23,566		23,566
2016	28,823	6,531	22,292		22,292
2017	28,342	7,568	20,774		20,774
2018	27,627	8,606	19,020		19,020
2019	26,847	9,842	17,005		17,005
2020	25,922	11,305	14,617		14,617
2021	24,732	12,797	11,934		11,934
2022	23,374	14,311	9,064		9,064

# <u>National Grid - RI Gas</u> For the Twelve Months ended March 31,2015

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# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 1 of 13

# National Grid - RI Gas Earnings Sharing Calculation For the Twelve Months ended March 31,2015

1	Average Rate Base	\$	481,554,946
2	Equity Component of Rate Base	_	49.14%
3	Average Common Equity	\$	236,636,100
4			
5	Net Income Available for Common Stock	\$	18,403,161
6	Return on Common Equity		7.78%
7			
8	Return on Equity $> 9.5\%$ and $< 10.5\%$		0.00%
9	Earnings to be Shared	\$	-
10	Earnings to Customers - 50%	\$	-
11			
12	Return on Equity > 10.5 %		0.00%
13	Earnings to be Shared	\$	-
14	Earnings to Customers - 75%	\$	-
15			
16	Total After tax Earnings Credited to Customers	\$	-
17			
18	Total Earnings Credited to DAC	\$	

Notes: 1 From Page 5 of 13 line 23(f) 2 From Page 4 of 13 line 8 3 Line 1 times line 2 5 From Page 2 of 13 line 47 6 Line 5 divided by line 3 8 Smaller of 10.5% or Line 6 minus 9.5% 9 Line 3 times line 8 10 Line 9 times 50% 12 If Line 6 is greater than 10.5%, line 6 minus 10.5%, if not, 0% 13 Line 3 times line 12 14 Line 13 times 75% 16 Line 10 plus line 14 18 Line 16 divided by 65%

### National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 2 of 13

#### National Grid - RI Gas Income Statement For the Twelve Months ended March 31,2015

Operating RevenuesS389,488,241Transportation\$37,960,009Other Revenues\$ $(9,251,325)$ FY15 Customer Portion of On System Non-Firm Margin not booked in FY15\$ $(135,571)$ Total Operating Revenues\$ $(14,45,272)$ Adjustment to Operating Revenues\$ $(14,45,272)$ Total Adjusted Operating Revenues\$ $(14,45,272)$ Total Adjusted Operating Revenues\$ $(14,45,272)$ Production (Gas Costs)\$\$ $(2,567,71)$ Production (Gas Costs)\$\$ $(2,567,77)$ Total Operating Expenses\$ $(2,567,77)$ Customer Accounts\$ $(2,567,77)$ Total Operating Expenses\$ $(2,567,77)$ Customer Accounts\$ $(2,567,77)$ Customer Accounts\$ $(2,567,77)$ Sales\$ $(2,567,77)$ Customer Accounts\$ $(2,567,77)$ Sales\$ $(2,567,77)$ Customer Accounts\$ $(2,567,77)$ Customer Accounts\$ $(2,567,77)$ Customer Accounts\$ </th <th>1</th> <th></th> <th></th> <th><u>2015</u></th>	1			<u>2015</u>
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6       FY14 Customer Portion of On System Non-Firm Margin booked in FY15       s       (135,571)         7       Total Operating Revenues       \$       418,195,238         9       Adjustment to Operating Revenue:           10       Inventory Financing       \$       (1,445,272)         11       Total Adjusted Operating Revenues       \$       416,749,966         12       Operating Expenses       \$       203,973,656         13       Operating Expenses       \$       203,973,656         14       Production (Gas Costs)       \$       203,973,656         15       Storage       \$       2,567,771         16       Transmission       \$       29,485,230         17       Distribution       \$       29,485,230         18       Customer Accounts       \$       37,747,825         19       Sales       \$       312,538,636         20       Administrative and General       \$       38,754,657         21       Total Operating Expenses       \$       312,538,636         22       Adjustments to Operating Expenses       \$       312,538,636         24       Savings Imputed in Base Rates       \$       2,450,000				
7Total Operating Revenues§4418.195,2388		• •		
8       Adjustment to Operating Revenue:         9       Adjustment to Operating Revenues         11       Total Adjusted Operating Revenues         12       9         13       Operating Expenses         14       Production (Gas Costs)       \$         15       Storage       \$       2.267.71         16       Transmission       \$       9.496         17       Distribution       \$       2.9485.230         18       Customer Accounts       \$       3.7747.85         20       Administrative and General       \$       3.8754.657         21       Total Operating Expenses       \$       3.12,538.636         22       Adjustments to Operating Expenses       \$       3.12,538.636         23       Adjustments to Operating Expenses       \$       3.14,988.636         24       Savings Imputed in Base Rates       \$       2.450.000         25       Total Adjusted Operating Expenses       \$       3.14,988.636         26       Depreciation and Amortization       \$       3.0,569,106         27       Distret Expenses       \$       9.926.897         28       Depreciation and Amortization       \$       9.926.897 <t< td=""><td></td><td></td><td></td><td></td></t<>				
9Adjustment to Operating Revenue:10Inventory Financing\$11Total Adjusted Operating Revenues\$12Operating Expenses\$13Operating Expenses\$14Production (Gas Costs)\$15Storage\$16Transmission\$17Distribution\$18Customer Accounts\$19Sales\$20Administrative and General\$21Total Operating Expenses\$22Adjustments to Operating Expenses\$23Adjustments to Operating Expenses\$24Savings Imputed in Base Rates\$25Total Adjusted Operating Expenses\$26Other Expenses\$27Otal Operating Expenses\$28Depreciation and Amortization\$29Total Other Taxes\$30Revenue Related Taxes (Gross Earnings Tax - GET)\$31Income Before Interest Expense\$32Johnt-Term Debt\$ $22,325$ 33Long-Term Debt\$ $22,325$ 34Long-Term Debt\$ $22,325$ 35Long-Term Debt\$ $22,325$ 36Long-Term Debt\$ $12,30,305$ 39Other Interest Expense\$ $32,305$ 30Other Interest Expense\$ $32,305$ 31Federal Income / Loss)\$ $18,435,666$ 34Ferere		Total Operating Revenues	\$	418,195,238
10Inventory Financing\$ $(1.445,272)$ 11Total Adjusted Operating Revenues\$\$ $416,749,966$ 1211Production (Gas Costs)\$ $203,973,656$ 15Storage\$ $2,03,973,656$ \$ $2,03,973,656$ 16Transmission\$ $2,9496$ $9,4966$ 17Distribution\$ $2,9485,230$ \$ $3,774,825$ 18Customer Accounts\$ $3,774,825$ \$ $3,774,825$ 20Administrative and General\$ $3,8754,657$ \$ $3,8754,657$ 21Total Operating Expenses\$ $3,12,538,636$ \$\$22Adjustments to Operating Expenses\$ $3,14,988,636$ \$23Adjustments to Operating Expenses\$ $3,14,988,636$ 24Savings Imputed in Base Rates\$ $2,450,000$ 25Total Adjusted Operating Expenses\$ $3,14,988,636$ 26Depreciation and Amortization\$ $30,569,106$ 27Other Expenses\$ $3,14,988,636$ 28Depreciation and Amortization\$ $30,369,106$ 29Total Other Taxes\$ $8,605,283$ 30Revenue Related Taxes (Gross Earnings Tax - GET)\$ $11,820,703$ 31Federal Income Taxes (@ 35%)\$ $9,926,897$ 32Total Other Expense\$ $30,339,340$ 34Income Before Interest Expense\$ $32,235$ 39Other Interest Expense\$ $32,235$		A l'action of the Design of th		
11       Total Adjusted Operating Revenues $\frac{1}{3}$ $\frac{1}{3}$ 12       Image: Construction (Gas Costs) $\frac{1}{3}$ $\frac{1}{3}$ $\frac{1}{3}$ 13       Operating Expenses $\frac{1}{3}$ $\frac{1}{2}$ $\frac{1}{3}$ 14       Production (Gas Costs) $\frac{1}{3}$ $\frac{203,973,656}{2}$ $\frac{1}{3}$ 15       Storage $\frac{1}{3}$ $\frac{203,973,656}{2}$ $\frac{1}{3}$ $\frac{203,973,656}{2}$ 16       Transmission $\frac{1}{3}$ $\frac{29,485,230}{2}$ $\frac{9,946}{2}$ $\frac{2}{3}$ $\frac{9,946}{2}$ $\frac{2}{3}$ $\frac{9,946}{2}$ $\frac{2}{3}$ $\frac{9,948}{2}$ $\frac{3}{3}$ $\frac{7,94,825}{2}$ $\frac{9,948}{2}$ $\frac{3}{3}$ $\frac{7,74,825}{2}$ $\frac{3}{3}$ $\frac{7,54,825}{2}$ $\frac{3}{3}$ $\frac{3,754,657}{2}$ $\frac{3}{3}$ $\frac{3,659,106}{2}$ $\frac{3,747,825}{2}$ $3,747$			¢	(1 445 272)
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13       Operating Expenses         14       Production (Gas Costs)       \$ 203,973,656         15       Storage       \$ 2,567,771         16       Transmission       \$ 9,496         17       Distribution       \$ 29,485,230         18       Customer Accounts       \$ 37,747,825         19       Sales       \$ 37,747,825         20       Administrative and General       \$ 38,754,657         21       Total Operating Expenses       \$ 312,538,636         22       -       -         23       Adjustments to Operating Expenses:       \$ 2,450,000         24       Savings Imputed in Base Rates       \$ 2,450,000         25       Total Adjusted Operating Expenses:       \$ 314,988,636         24       Savings Imputed in Base Rates       \$ 314,988,636         25       Total Adjusted Operating Expenses       \$ 30,569,106         26       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 30,893,340         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expense       \$ 30,839,340         34       Income Edvent Interest Expense       \$ 30,839,340         39		Total Adjusted Operating Revenues	\$	410,749,900
14       Production (Gas Costs)       \$ 203,973,656         15       Storage       \$ 2,567,771         16       Transmission       \$ 9,496         17       Distribution       \$ 29,485,230         18       Customer Accounts       \$ 37,747,825         19       Sales       \$ $37,747,825$ 20       Administrative and General       \$ $38,754,657$ 21       Total Operating Expenses       \$ $312,538,636$ 22       Adjustments to Operating Expenses       \$ $312,538,636$ 23       Adjustments to Operating Expenses       \$ $312,538,636$ 24       Savings Imputed in Base Rates       \$ $2,450,000$ 25       Total Adjusted Operating Expenses       \$ $314,988,636$ 26           27 <b>Other Expenses</b> \$ $30,569,106$ 28       Depreciation and Amortization       \$ $30,569,106$ 29       Local and Other Taxes       \$ $30,869,300$ 30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ $11,820,703$ 31       Federal Income Taxes @ $35\%$ \$ $20,225$ 30       Income Before Interest Expense       \$ $30,839,340$ 39       Other Interest Expense </td <td></td> <td>On anothing European</td> <td></td> <td></td>		On anothing European		
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16       Transmission       \$       9,496         17       Distribution       \$       29,485,230         18       Customer Accounts       \$       37,747,825         19       Sales       \$       37,747,825         20       Administrative and General       \$       38,754,657         21       Total Operating Expenses       \$       312,538,636         22				
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18       Customer Accounts       \$       37,747,825         19       Sales       \$       37,747,825         19       Sales       \$       38,754,657         21       Total Operating Expenses       \$       312,538,636         22       Adjustments to Operating Expense:       \$       312,538,636         23       Adjustments to Operating Expense:       \$       \$       312,538,636         24       Savings Imputed in Base Rates       \$       \$       2450,000         25       Total Adjusted Operating Expenses       \$       314,988,636         26        \$       30,569,106         26         \$       30,569,106         27       Other Expenses       \$       11,820,703         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$       11,820,703         31       Federal Income Taxes @ 35%       \$       9,926,897         32       Total Other Expense       \$       70,921,990         33       Income Before Interest Expense       \$       30,839,340         34       Income Jong Term Debt       \$       12,381,350         39       Other Interest Expense       \$       -				
19Sales\$-20Administrative and General\$ $3.8,754,657$ 21Total Operating Expenses\$ $3.12,538,636$ 2222223Adjustments to Operating Expense:224Savings Imputed in Base Rates\$ $2,450,000$ 25Total Adjusted Operating Expenses\$ $3.14,988,636$ 267 <b>Other Expenses</b> \$ $3.0,569,106$ 28Depreciation and Amortization\$ $3.0,569,106$ 29Local and Other Taxes\$ $1.8,80,703$ 30Federal Income Taxes @ 35%\$ $9.926,897$ 31Federal Income Taxes @ 35%\$ $9.926,897$ 32Total Other Expenses\$ $7.0,921,990$ 33Income Before Interest Expense\$ $3.0,839,340$ 34Income Before Interest Expense\$ $3.0,839,340$ 35Interest Expense\$ $2.2,325$ 38Long-Term Debt\$ $2.2,325$ 38Long-Term Debt\$ $2.2,325$ 39Other Interest Expense\$-41Total Interest Expense\$-43Net Income / (Loss)\$ $12.403,675$ 4445Preferred Dividends\$ $32,505$				
20       Administrative and General       \$ 38,754,657         21       Total Operating Expenses       \$ 312,538,636         23       Adjustments to Operating Expense:       \$ 312,538,636         24       Savings Imputed in Base Rates       \$ 2,450,000         25       Total Adjusted Operating Expenses       \$ 314,988,636         26        \$ 314,988,636         27       Other Expenses       \$ 314,988,636         28       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 11,820,703         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         34       Income Before Interest Expense       \$ 12,381,350         35       Long-Term Debt       \$ 12,381,350         36       Other Interest Expense       \$ 12,403,675         37       Short-Term Debt       \$ 12,403,675         38       Long-Term Debt       \$ 12,403,675         40       AFUDC       \$ 12,403,675         41       Total Interest Expense				37,747,825
21       Total Operating Expenses       \$ 312,538,636         22       312,538,636         23       Adjustments to Operating Expense:         24       Savings Imputed in Base Rates       \$ 2,450,000         25       Total Adjusted Operating Expenses       \$ 314,988,636         26       7       Other Expenses       \$ 314,988,636         27       Other Expenses       \$ 314,988,636         28       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 11,820,703         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         34       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 12,331,350         36       Interest Expense       \$ 12,331,350         37       Short-Term Debt       \$ 12,403,675         38       Long-Term Debt       \$ 12,403,675         43       Net Income / (Loss)       \$ 18,435,666         44       44       44 <td></td> <td></td> <td></td> <td>-</td>				-
22       Adjustments to Operating Expense:         23       Adjustments to Operating Expense:         24       Savings Imputed in Base Rates       \$ 2,450,000         25       Total Adjusted Operating Expenses       \$ 314,988,636         26       7       Other Expenses       \$ 314,988,636         26       7       Other Expenses       \$ 314,988,636         28       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 11,820,703         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         34       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 12,381,350         36       Interest Expense       \$ 12,381,350         37       Short-Term Debt       \$ 12,403,675         38       Long-Term Debt       \$ 12,403,675         40       AFUDC       \$ 12,403,675         41       Total Interest Expense       \$ 12,403,675         43       Net Income / (Loss)				
23       Adjustments to Operating Expense:         24       Savings Imputed in Base Rates       \$ 2,450,000         25       Total Adjusted Operating Expenses       \$ 314,988,636         26       Pereciation and Amortization       \$ 30,569,106         28       Depreciation and Amortization       \$ 11,820,703         29       Local and Other Taxes       \$ 11,820,703         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         36       Interest Expense       \$ 30,839,340         37       Short-Term Debt       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ 12,403,675         41       Total Interest Expense       \$ 12,403,675         42       Total Interest Expense       \$ 12,403,675         43       Net Income / (Loss)       \$ 18,435,666         44       Freferred Dividends       \$ 32,505		Total Operating Expenses	\$	312,538,030
24       Savings Imputed in Base Rates       \$ 2,450,000         25       Total Adjusted Operating Expenses       \$ 314,988,636         26       Pepreciation and Amortization       \$ 30,569,106         28       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 18,605,283         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Interest Expense       \$ 30,839,340         36       Interest Expense       \$ 30,839,340         37       Short-Term Debt       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ 12,340,675         41       Total Interest Expense       \$ 12,403,675         42           43       Net Income / (Loss)       \$ 18,435,666         44           45       Preferred Dividends       \$ 32,505		A directments to Operating Expanses		
25       Total Adjusted Operating Expenses       \$ 314,988,636         26       27       Other Expenses         28       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 18,605,283         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 12,381,350         39       Other Interest Expense       \$ 12,403,675         39       Other Interest Expense       \$ -4         41       Total Interest Expense       \$ -4         43       Net Income / (Loss)       \$ 18,435,666         44       Preferred Dividends       \$ 32,505			¢	2 450 000
26       1				
27       Other Expenses         28       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 18,605,283         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 30,839,340         36       Interest Expense       \$ 30,839,340         37       Short-Term Debt       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ 12,403,675         41       Total Interest Expense       \$ 12,403,675         42       Interest Expense       \$ 12,403,675         43       Net Income / (Loss)       \$ 18,435,666         44       Interest Dividends       \$ 32,505         45       Preferred Dividends       \$ 32,505		Total Aujusted Operating Expenses	<u>\$</u>	514,988,050
28       Depreciation and Amortization       \$ 30,569,106         29       Local and Other Taxes       \$ 18,605,283         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 30,839,340         36       Interest Expense       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ 12,403,675         41       Total Interest Expense       \$ 12,403,675         42		Other Evnenses		
29       Local and Other Taxes       \$ 18,605,283         30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 30,839,340         36       Interest Expense       \$ 30,839,340         37       Short-Term Debt       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ -40         41       Total Interest Expense       \$ 12,403,675         42       -       -         43       Net Income / (Loss)       \$ 18,435,666         44       -       -         45       Preferred Dividends       \$ 32,505			¢	20 560 106
30       Revenue Related Taxes (Gross Earnings Tax - GET)       \$ 11,820,703         31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 30,839,340         36       Interest Expense       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ -40         41       Total Interest Expense       \$ -40         43       Net Income / (Loss)       \$ 18,435,666         44       -45       Preferred Dividends       \$ 32,505				
31       Federal Income Taxes @ 35%       \$ 9,926,897         32       Total Other Expenses       \$ 70,921,990         33				
32       Total Other Expenses       \$ 70,921,990         33		e ,		
33       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 22,325         36       Interest Expense       \$ 12,381,350         39       Other Interest Expense       \$ -40         40       AFUDC       \$ -41         41       Total Interest Expense       \$ 12,403,675         42       -       -         43       Net Income / (Loss)       \$ 18,435,666         44       -       -         45       Preferred Dividends       \$ 32,505				
34       Income Before Interest Expense       \$ 30,839,340         35       Interest Expense       \$ 22,325         37       Short-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ 12,381,350         40       AFUDC       \$ -40         41       Total Interest Expense       \$ 12,403,675         42       -       -         43       Net Income / (Loss)       \$ 18,435,666         44       -       -         45       Preferred Dividends       \$ 32,505		Total Other Expenses	φ	70,921,990
35       Interest Expense         36       Interest Expense         37       Short-Term Debt         38       Long-Term Debt         39       Other Interest Expense         40       AFUDC         41       Total Interest Expense         43       Net Income / (Loss)         44       \$ 18,435,666         44       \$ 32,505		Incomo Roforo Intorost Evnonso	\$	20 820 240
36       Interest Expense         37       Short-Term Debt       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ 12,381,350         40       AFUDC       \$ -         41       Total Interest Expense       \$ 12,403,675         42       -       -         43       Net Income / (Loss)       \$ 18,435,666         44       -       -         45       Preferred Dividends       \$ 32,505		Income before interest Expense	φ	30,839,340
37       Short-Term Debt       \$ 22,325         38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ -40         40       AFUDC       \$ -200         41       Total Interest Expense       \$ 12,403,675         42		Interest Expense		
38       Long-Term Debt       \$ 12,381,350         39       Other Interest Expense       \$ -40         40       AFUDC       \$ -2         41       Total Interest Expense       \$ 12,403,675         42			\$	22 325
39       Other Interest Expense       \$       -         40       AFUDC       \$       -         41       Total Interest Expense       \$       12,403,675         42       -       -       -         43       Net Income / (Loss)       \$       18,435,666         44       -       -       -         45       Preferred Dividends       \$       32,505         46       -       -       -				
40     AFUDC     \$     -       41     Total Interest Expense     \$     12,403,675       42     -     -     -       43     Net Income / (Loss)     \$     18,435,666       44     -     -     -       45     Preferred Dividends     \$     32,505       46     -     -     -		6		12,301,330
41       Total Interest Expense       \$ 12,403,675         42				_
42     \$ 18,435,666       44     \$ 18,435,666       45     Preferred Dividends       46     \$ 32,505				12 403 675
43       Net Income / (Loss)       \$ 18,435,666         44		rour increst Expense	φ	12,405,075
44           45         Preferred Dividends           46         \$ 32,505		Net Income / (Loss)	8	18 435 666
45         Preferred Dividends         \$ 32,505           46			ψ	10,435,000
46		Preferred Dividends	\$	32 505
		Listened Diridelide	Ψ	52,505
		Net Income / (Loss) Applicable to Common Equity	\$	18,403 161
	••			10,100,101

### Notes:

4 From Page 7 of 13 line 10

24 Docket No. 3943 (4/4/2008) Attachment NG-MDL-4 Page 1 of 6 Line 7

29 From Page 6 of 13 sum of line 3 through line 5

31 From Page 3 of 13 line 20

37 From Page 4 of 13 line 25(b)

38 From Page 4 of 13 line 17(b)

39 From Page 8 of 13 line 3

45 From Page 4 of 13 line 34(b)

National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 3 of 13

## National Grid - RI Gas Federal Income Tax Calculation For the Twelve Months ended March 31,2015

1	Operating Revenues	\$ 416,749,966
2		
3	Less:	
4		
5	Operating Expenses	314,988,636
6	Depreciation and Amortization	30,569,106
7	Local and Other Taxes	18,605,283
8	Revenue Related Taxes (GET)	11,820,703
9	Interest - Short-Term Debt	22,325
10	Interest - Long-Term Debt	12,381,350
11	Other Interest	0
12	AFUDC	0
13		
14	Total Deductions	\$ 388,387,404
15		
16	Taxable Income	\$ 28,362,562
17		
18	Federal Income Tax Rate	35%
19		
20	Federal Income Tax Expense	\$ 9,926,897

## Notes:

From Page 2 of 13 line 11
 From Page 2 of 13 line 25
 From Page 2 of 13 line 28
 From Page 2 of 13 line 29
 From Page 2 of 13 line 30
 From Page 2 of 13 line 37
 From Page 2 of 13 line 38
 From Page 2 of 13 line 39
 From Page 2 of 13 line 40
 Sum of Line 5 through Line 12
 Line 1 minus Line 14
 Line 16 times Line 18

### National Grid - RI Gas Applicable Capital Structure, Interest Expense and Preferred Dividends For the Twelve Months ended March 31,2015

		%		\$
		(a)		(b)
1	Rate Base		\$	481,554,946
2		Docket 4323		
3	Capital Structure			
4				
5	Short-Term Debt	0.76%	\$	3,659,818
6	Long-Term Debt	49.95%		240,536,695
7	Preferred Stock	0.15%		722,332
8	Common Equity	49.14%		236,636,100
9		100.0%	\$	481,554,946
10	Interest Expense			
11				
12				
13	Long-Term Debt Portion	49.95%	\$	240,536,695
14				5 150/
15	Cost of Long-Term Debt March 2013			5.15%
16 17	Proforma Long-Term Debt Interest for the Year Ended March 2013		\$	12,381,350
18	Floronna Long-Term Debt interest for the Tear Ended Match 2015		φ	12,381,330
18				
20				
20	Short-Term Debt Portion	0.76%	\$	3,659,818
22		0.7070	Ψ	5,057,010
23	Cost of Short-Term Debt March 2013			0.61%
24				010170
25	Proforma Short-Term Debt Interest for the Year Ended March 2013		\$	22,325
26				
27	Preferred Dividends			
28				
29				
30	Preferred Stock Portion	0.15%	\$	722,332
31				
32	Cost of Preferred Stock			4.50%
33				
34	Proforma Preferred Stock for the Year Ended March 2013		\$	32,505

Notes:

1(b) From Page 5 of 13 line 23(f)

5(a)-8(a) Imputed capital structure per Docket No. 4323, Attachment 6, Schedule MDL-3-GAS-S, Page 56 of 65 5(b)-8(b) Line 1(a) times Line 5(a) through Line 8(a)

13 Line 1(b) times Line 13(b)

15 From Page 10 of 13 line 11(e)

17 Line 13 (b) times line 15 (b)

21 Line 1(b) times Line 21(b)

23 From Page 11 of 13 line 14(b)

25 Line 21 (b) times line 23 (b)

30 Line 1(b) times Line 30(b)

32 Cost rate per Docket No. 4323, Attachment 6, Schedule MDL-3-GAS-S, Page 56 of 65

34 Line 30 (b) times line 32 (b)

#### National Grid - RI Gas Rate Base For the Twelve Months ended March 31,2015

		 March 2014 (a)	 June 2014 (b)	 September 2014 (c)	 December 2014 (d)	 March 2015 (e)	 Average March 2015 (f)
1	Gas Plant In Service	\$ 838,790,858	\$ 856,153,153	\$ 860,807,779	\$ 912,477,596	\$ 933,915,029	\$ 880,428,883
2	CWIP	62,129,344	84,224,966	61,828,826	47,061,385	44,660,113	59,980,927
3	Less: Accumulated Depreciation	352,211,518	359,783,855	348,106,985	356,480,166	359,573,935	355,231,292
4	Less: Contribution in Aid of Construction	 0	 0	 38	 38	 38	 23
5							
6	Net Plant	 548,708,684	 580,594,264	 574,529,582	 603,058,777	 619,001,169	 585,178,495
7							
8	Materials and Supplies	884,921	771,241	794,711	806,035	950,475	841,477
9	Prepaid Expenses, Excluding Taxes	540,543	50,000	66,661	914,879	457,440	405,905
10	Deferred Debits	2,592,303	2,355,880	2,119,457	1,883,035	1,646,612	2,119,457
11	Unamortized debt expense and Interest Rate Lock	2,590,140	2,530,559	2,470,978	2,411,397	2,351,816	2,470,978
12	Cash Working Capital	 22,320,968	 20,496,017	 20,496,017	 20,496,017	 20,496,017	 20,861,007
13							
14	Subtotal	 28,928,876	 26,203,697	 25,947,825	 26,511,363	 25,902,360	 26,698,824
15			 				
16	Accumulated Deferred FIT	87,681,682	109,564,917	113,393,238	105,187,129	87,476,577	100,660,709
17	Hold Harmless	25,064,987	24,900,627	24,736,267	24,571,907	24,320,306	24,718,819
18	Customer Deposits	4,730,981	4,730,911	4,745,181	4,740,159	2,793,393	4,348,125
19	Injuries and Damages Reserve	835,316	992,816	463,950	349,234	332,291	594,721
20		 ·	 · · · · · ·	 · · · · ·	 · · · · ·	 · · · · · · · · · · · · · · · · · · ·	 · · · · ·
21	Subtotal	118,312,966	140,189,270	143,338,636	134,848,429	114,922,567	130,322,374
22		 - ,- ,- /*	 -,, ,*	 - , , - , - , - , - , - , - , - ,	 	 ,. ,	 
23	Rate Base	\$ 459,324,595	\$ 466,608,691	\$ 457,138,770	\$ 494,721,711	\$ 529,980,962	\$ 481,554,946

Notes:

1(a)-4(e) From Company Financial Statements

1(f)-4(f) Average of Column (a) through Column (e)

6(a)-6(e) Line 1 plus line 2 minus line 3 minus line 4

6(f) Average of Column (a) through Column (e)

8(a)-11(e) From Company Financial Statements

8(f)-11(f) Average of Column (a) through Column (e)

10 Reflects the amortization of Y2K related costs per Docket No. 3401 and Advantage System amortization

12 From Page 6 of 13 Line 13

14 Sum of Line 8 through Line 12

16(a)-19(e) From Company Financial Statements

16(f)-19(f) Average of Column (a) through Column (e)

17 Hold Harmless rate base credit per Docket No. 3859

21 Sum of Line 16 through Line 19

23 Line 6 + Line 14 - Line 21

### National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 6 of 13

## National Grid - RI Gas Cash Working Capital Calculation For the Twelve Months ended March 31,2015

1	Gas Costs	\$ 203,973,656
2	Operating Expenses	108,564,980
3	Payroll Taxes	2,264,423
4	Property Taxes	16,220,709
5	State Taxes Other	4,949,400
6	Revenue Related Taxes (GET)	 11,820,703
7	Total	\$ 347,793,871
8		
9	Daily Cash Requirement	\$ 952,860
10		
11	Net Lag Days	21.51
12		
13	Total Working Capital	\$ 20,496,017

### Notes:

1 From Page 2 of 13 Line 14

2 From Page 2 of 13 Lines 15 - 20

3-5 From Company Financial Statements

6 From Page 2 of 13 Line 30

7 Sum of Lines 1 through Line 6

9 Line 7 divided by 365 days

11 Per Docket No. 4323, Schedule MDL-4-GAS, (Page 2 of 20, Line 18 - Page 3 of 20, Line 4)

13 Line 9 times Line 11

# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 7 of 13

# National Grid - RI Gas Detail Other Revenue/(Expense) For the Twelve Months ended March 31,2015

1	Rent from Gas Property	\$ 303,327
2	Displacement Revenue	(1)
3	Recovery of Supervision & Administrative Costs	-
4	Other Revenue	(6,451,859)
5	RDM Revenue	(9,954,327)
6	LIEAP Revenue	6,049,944
7	Misc Revenue	-
8	Interest on Customer Arrears	 801,391
9		
10	Total Other Revenue	\$ (9,251,525)

Notes:

1-8 From Company Financial Statements

10 Sum of line 1 through line 8

National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 8 of 13

# National Grid - RI Gas Detail Other Interest Expense For the Twelve Months ended March 31,2015

1	Interest on Customer Deposits	\$ -
2		
3	Total Other Interest Expense	\$ _

Notes:

1 From Company Financial Statements

3 Line 1

## National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 9 of 13

## National Grid - RI Gas Detail Non-Operating Income / (Expense) For the Twelve Months ended March 31,2015

1	Service Contract Revenue	\$ 432,447
2	Share Awards	(386,514)
3	Interest on Over / (Under) Collections, primarily Deferred Gas Costs	236,013
4	Deferred Compensation - Life Insurance	-
5	Federal Income Taxes on Non-Operating Income	-
6	NGPMP per Docket 4038	(1,000,000)
7	Lobbying / Legal and Political Expense	(164,854)
8	Penalties	(128,400)
9	Other	 (27,812)
10	Total Non-Operating Income/(Expense)	\$ (1,039,120)
		\$ (27,812

Notes:

## 1-9 From Company Financial Statements

10 Sum of line 1 through line 9

### National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 10 of 13

### National Grid Calculation of Average Long-Term Debt Interest Rate For the Twelve Months ended March 31,2015

	Description		(a) rage Long-Term <u>Debt Balance</u>	(b) <u>Rate</u>	(c) Long-Term <u>Interest Expense</u>	(d) Annual Amortization <u>of DD&amp;E</u>		(e) Total <u>Expense</u>
1	Providence Gas FMB S		14,464,000	6.82%	986,445	7,000		993,445
2	Providence Gas FMB N		10,000,000	9.63%	963,000	4,100		967,100
3	Providence Gas FMB O		12,500,000	8.46%	1,057,500	4,300		1,061,800
4	Providence Gas FMB P (Annual sinking fund 9/30 \$625,000)		5,312,500	8.09%	429,781	3,500		433,281
5	Providence Gas FMB R (Annual sinking fund 12/15 \$750,000)		8,781,250	7.50%	658,594	4,100		662,694
6	Narragansett Senior Note \$250M due 3-15-2020		250,000,000	4.53%	11,325,000	664,600		11,989,600
7	Narragansett Senior Note \$300M due 3-15-2040		300,000,000	5.64%	16,920,000	279,300		17,199,300
8	Narragansett Senior Note \$300M due 12-10-2040 (Issued 12-10-12)		250,000,000	4.17%	10,425,000	75,000		10,500,000
9	Totals	\$	851,057,750		\$ 42,765,320	\$ 1,041,900	\$	43,807,220
10								
11	Cost of Debt = (Total Expense / Average Long-Term Debt Balance)					5.15%		

Notes:

1-8 From Financial Statements

11(e) 9(e) divided by 9(a)

1(a)-8(a) \*Average amounts represent Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity.

# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 11 of 13

# National Grid - RI Gas Calculation of Average Short-Term Debt Interest Rate For the Twelve Months ended March 31,2015

		(a)	(b)	(c)
		Average Short-Term	Weighted	Short-Term
	Month	Debt Balance 1	Cost Rate	Interest Expense
1	Apr-14		0.00%	\$ -
2	-	-		\$ - \$ -
-	May-14	-	0.00%	•
3	Jun-14	-	0.00%	\$ -
4	Jul-14	-	0.00%	\$ -
5	Aug-14	-	0.00%	\$ -
6	Sep-14	-	0.00%	\$ -
7	Oct-14	-	0.00%	\$ -
8	Nov-14	-	0.00%	\$ -
9	Dec-14	-	0.00%	\$ -
10	Jan-15	51,501,330	0.46%	\$ 17,731
11	Feb-15	165,059,020	0.67%	\$ 83,529
12	Mar-15	199,535,870	0.67%	\$ 110,289
13				
14	Average	\$ 34,674,685	0.61%	\$ 211,549

## Notes:

- 1(a)-12(a) Average amounts represent Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity and participates in the National Grid money pool as a division of Narragansett Electric
  - 14(b) Average of Line 1 through Line 12

National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 12 of 13

### National Grid - RI Gas Merger Hold Harmless Rate Base Credit

### Attachment NG-MDL-1 Docket No. April 1, 2008 Page 30 of 33

### National Grid - RI Gas Rate Base Adjustments Merger Hold Harmless Rate Base Credit

### Line <u>No.</u>

1	Balance as of September 30, 2007			1/	
2					
3	Increase / (Decrease) 12 Months	(2,624,545)			
4					
5	Balance as of:	9/30/08	\$31,515,132	1/	
6					
7					
8		10/31/08	31,283,677		
9		11/30/08	31,052,222		
10		12/31/08	30,820,767	1/	
11		1/31/09	30,647,907		
12		2/28/09	30,475,046		
13		3/31/09	30,302,186	1/	
14		4/30/09	30,129,326		
15		5/31/09	29,956,466		
16		6/30/09	29,783,606	1/	
17		7/31/09	29,610,746		
18		8/31/09	29,437,886		
19		9/30/09	29,265,026	1/	
20					
21	Rate Year Merger Hold Harmles	s - Five Quarter Average	\$30,337,343		

1/ Hold Harmless Rate Base Credit Per DJE-2 (Revised) from Docket No. 3859.

@ 12/31/06 per DJE-2 Revised	35,764,025
Imputed 3/31/07	35,222,576
Imputed 6/30/07	34,681,127
Imputed 9/30/07	34,139,677
@ 12/31/07 per DJE-2 Revised	33,598,228
Imputed 3/31/08	32,903,863
Imputed 6/30/08	32,209,497
Imputed 9/30/08	31,515,132
@ 12/31/08 per DJE-2 Revised	30,820,767
Imputed 3/31/09	30,302,186
Imputed 6/30/09	29,783,606
Imputed 9/30/09	29,265,026
@ 12/31/09 per DJE-2 Revised	28,746,445

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# National Grid Revised Gas Earnings Sharing Mechanism Docket No. 4323 Page 13 of 13

# Schedule DJE-2 Revised

# NATIONAL GRID MERGER ADJUSTMENT TO ADIT

# Projected Deferred Tax Schedule

(\$000)

As of <u>31-Dec</u>	Southern Union <u>ADIT</u>	National Grid <u>ADIT</u>	Difference	Southern Union <u>ADITC</u>	ADIT Merger <u>Adjustment</u>
2006	34,845	214	34,631	1,133	35,764
2007	33,908	1,238	32,670	928	33,598
2008	32,170	2,073	30,097	724	30,821
2009	30,086	1,859	28,227	519	28,746
2010	29,473	2,238	27,235	315	27,549
2011	29,632	3,184	26,448	110	26,558
2012	29,583	3,760	25,823		25,823
2013	29,515	4,286	25,229		25,229
2014	29,199	4,628	24,572		24,572
2015	29,095	5,530	23,566		23,566
2016	28,823	6,531	22,292		22,292
2017	28,342	7,568	20,774		20,774
2018	27,627	8,606	19,020		19,020
2019	26,847	9,842	17,005		17,005
2020	25,922	11,305	14,617		14,617
2021	24,732	12,797	11,934		11,934
2022	23,374	14,311	9,064		9,064