

Memorandum

TO: RHODE ISLAND PUBLIC UTILITIES COMMISSION

**FROM: DAVID EFFRON, BERKSHIRE CONSULTING SERVICES,
ON BEHALF OF THE DIVISION OF PUBLIC UTILITIES AND CARRIERS.**

**SUBJECT: THE NARRAGANSETT ELECTRIC COMPANY DISTRIBUTION
ADJUSTMENT CLAUSE FILING, RIPUC DOCKET NO. 4514**

DATE: OCTOBER 6, 2014

On August 1, 2014, National Grid - Gas ("the Company") submitted its 2014 Distribution Adjustment Clause Filing ("DAC"). That filing was supplemented on August 29, 2014. We have examined the Pension and Postretirement Benefits Reconciliation and ISR Revenue Requirement Reconciliation components of the DAC. In particular, we have reviewed the Company's testimony and exhibits, including the updates and supplements to the original filing, and we have analyzed the Company's reconciliations of those components. No exceptions were noted. However, due to difficulties in retrieving relevant financial data, pension and postretirement benefits expenses for the period February 1, 2013 through March 31, 2014 were estimated based on previous expense levels and will be trued up when actual amounts are available. We will review the true-up calculations at that time and any exceptions will be reported to the Commission at that time.

Regarding the Earnings Sharing Mechanism ("ESM"), due to issues with implementation of the SAP information system, the Company was not able to produce a calculation of the earned return on common equity for the purpose of determining the ESM factor. We will review the calculation of the earned return on equity, as we have in the past, when the necessary information is provided and report any exceptions to the Commission.