Jennifer Brooks Hutchinson
Senior Counsel

August 1, 2014

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: National Grid's Gas Revenue Decoupling Adjustment Factor Filing
For the Fourteen Months Ending March 31, 2014
Docket No. _____

Dear Ms. Massaro:

On behalf of National Grid,[1] enclosed is the Company's annual Revenue Decoupling Adjustment ("RDA") factor filing for the 14-month period February 1, 2013 through March 31, 2014. This filing is submitted pursuant to the provisions of the Company's Distribution Adjustment Clause of the Company's gas tariff, R.I.P.U.C. NG-Gas No. 101, Section 3, Schedule A, Item 3.9, which were approved by the Rhode Island Public Utilities Commission in Docket No. 4323. Those tariff provisions allow for an annual reconciliation of the target revenue-per-customer and the actual revenue-per-customer through an RDA factor to be included in the annual Distribution Adjustment Charge ("DAC").

This filing consists of the pre-filed testimonies and schedules of Suhila Nouri Nutile and Melissa Little in support of the proposed RDA factor. In her testimony, Ms. Nutile provides an overview of the Company's Revenue Decoupling Mechanism ("RDM") reconciliation, and describes the actual RDM results for the 14-month period February 1, 2013 through March 31, 2014. Ms. Nutile also describes how the Company updated the target revenue-per-customer based on the Amended Settlement Agreement ("Settlement Agreement") in the 2012 general rate case in Docket No. 4323 ("2012 Rate Case") for both actual growth capital and actual number of customers reflected in the 2012 Rate Case.

Ms. Little's testimony presents the Company's proposed revenue requirement for the Rate Year on actual cumulative growth capital invested during the period from the end of the test year in the 2012 Rate Case (January 1, 2012) through the end of the Rate Year (January 31, 2014) pursuant to the Settlement Agreement in the 2012 Rate Case. She also describes how the Rate Year revenue

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

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requirement on actual growth capital investment was allocated among customer classes and factored into the target revenue-per-customer included in the Company's RDM reconciliation. Schedule MAL-1 to Ms. Little's testimony shows the calculation of this revenue requirement.

As a result of the Company's RDM reconciliation and reflecting the updated target revenue-per-customer presented in this filing, the Company over-recovered revenue under its RDM during the period February 1, 2013 through March 31, 2014 of approximately $9.0 million, predominantly due to the past year's colder-than-normal weather. The Company is requesting an RDA credit factor of ($0.0325) per therm for effect November 1, 2014 as part of the DAC, the filing of which is being submitted today under separate cover.

Thank you for your attention to this transmission. If you have any questions please feel free to contact me at (401) 784-7667.

Very truly yours,

Jennifer Brooks Hutchinson

Enclosures

cc: Leo Wold, Esq.
Steve Scialabba, Division

The Narragansett Electric Company d/b/a National Grid

Revenue Decoupling Adjustment Filing

Testimony and Schedules of
Suhila Nouri Nutile
and
Melissa A. Little

August 1, 2014

Submitted to:
Rhode Island Public Utilities Commission
R.I.P.U.C. Docket No. _____

Submitted by:

nationalgrid

Testimony of
Suhila Nouri Nutile

DIRECT TESTIMONY

OF

SUHILA NOURI NUTILE

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I. Introduction and Qualifications

Q. Please state your name and business address.

A. My name is Suhila Nouri Nutile and my business address is Reservoir Woods, 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. What is your position and responsibilities?

A. I am a Senior Analyst for New England Pricing in the Regulation and Pricing Department of National Grid USA Service Company, Inc. ("National Grid") supporting the gas pricing activities of The Narragansett Electric Company d/b/a National Grid (the "Company"). My responsibilities include the design, implementation, and administration of the Company's rates and tariffs for natural gas service.

Q. Have you previously testified before the Rhode Island Public Utilities Commission (the "PUC")?

A. No, I have not previously testified before the PUC.

Q. Please provide your educational background.

A. I received a Bachelor of Science in Mathematics with a concentration in Computer Science from the University of New Hampshire in Durham, NH and a

Master of Science in Financial Mathematics from Worcester Polytechnic Institute in Worcester, MA.

Q. Please provide your professional background.

A. I was employed by John Hancock in Boston from July 2006 through November 2012 as a Senior Analyst in the Pension Pricing Department. Beginning in November 2012, I was employed by Computer Science Corporation as a Lead Analyst in the Cloud Business Unit. In these roles, I designed and developed pricing strategies and provided cost analyses. In October 2014, I became a Senior Analyst at National Grid in Regulation and Pricing, the position I hold today.

II. <u>Purpose of Testimony</u>

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the Company's proposed Revenue Decoupling Adjustment ("RDA") factor – a product of the Company's Revenue Decoupling Mechanism ("RDM") – which is included in the annual Distribution Adjustment Charge ("DAC") that the Company is simultaneously filing on August 1. Specifically, I provide an overview of the Company's RDM reconciliation mechanism and explain the actual RDM results for the period

February 1, 2013 to March 31, 2014.[1] Additionally, I provide support for the calculation of the Company's RDA credit factor of ($0.0325) per therm proposed to be included in the DAC for effect November 1, 2014. This filing is submitted pursuant to the Company's RDM Provision contained in its currently effective tariff, R.I.P.U.C. NG-Gas No. 101, under Section 3, Schedule A, Revenue Decoupling Adjustment Factor ("RDM Provision"), initially approved by the PUC in Docket No. 4206 and subsequently approved in Docket No. 4323.

Q. Are you sponsoring any schedules with your testimony?

A. Yes. I am sponsoring the following schedules that accompany my testimony:

Schedule SLN-1	Proposed RDA Factor
Schedule SLN-2	Revenue Decoupling Mechanism Reconciliation by rate class by month for the period February 1, 2013 through March 31, 2014
Schedule SLN-3	Actual vs. Normal Billing Heating Degree Day Comparison for February 2013 through March 2014
Schedule SLN-4	Revenue-Per-Customer ("RPC") Targets
Schedule SLN-5	Illustrative Example showing impact on the RDA resulting from the retroactive transfer of 3,000 Residential Non Heating customers to the Residential Heating rate
Schedule SLN-6	Illustrative Example showing impact on the RDA resulting from the retroactive transfer of 3,000 Residential Non

[1] Pursuant to the RDM Provision, Sheet item 3.9, which the PUC approved in Docket No. 4323, the current RDM reconciliation period is the 14-month period from February 1, 2013 through March 31, 2014.

Heating customers to the Residential Heating rate with no adjustment to Benchmark

III. RDM Reconciliation

Q. Please provide an overview of the Company's RDM reconciliation.

A. In Docket No. 4206, the PUC approved a Revenue-Per-Customer RDM that provides for an annual reconciliation, by customer class, of the actual Revenue-Per-Customer with the target Revenue-Per-Customer. The reconciliation is performed on a monthly basis and normally covers the Company's fiscal year (the period April 1 through March 31 of the following year) for all residential and small and medium Commercial and Industrial ("C&I") firm rate classes. Under the mechanism, customers subject to the RDM receive any over-recovery of target revenue and are surcharged for any under-recovery of target revenue through the RDA factor as part of the DAC, effective November 1 each year.

Q. Please describe the reconciliation period in this filing?

A. In accordance with the Company's RDM Provision, the Company's reconciliation period for determining the over- or under-recovery of target revenue that will be reflected in rates effective November 1, 2014 is the 14-month period February 2013 through March 2014. In the Company's RDM reconciliation filing submitted on July 1, 2013 in Docket No. 4431, the Company provided a RDM reconciliation for the 10-month period April 2012 through January 2013. The

Company reconciled over a shorter period as new base distribution rates went into effect on February 1, 2013 as a result of the Company's general rate case in Docket No. 4323 ("2012 Rate Case"). In addition, Article III, Section C.4 of the Settlement Agreement in the 2012 Rate Case contemplated that the new Revenue-Per-Customer beginning in February 2013 would not be finalized until the Company updated the actual average number of customers during the rate year and the revenue requirement associated with actual growth capital through the end of the rate year (January 2014), both of which were forecasted in the 2012 Rate Case. To avoid having to reconcile this two-month period (February 2013 and March 2013) twice (once at an estimated Revenue-Per-Customer and again at the final Revenue-Per-Customer), the Company filed a 10-month RDM reconciliation that resulted in a RDA factor that went into effect on November 1, 2013. The 14-month RDM reconciliation in this filing puts the Company back on a fiscal year schedule for its RDM reconciliation period. All subsequent RDM reconciliation filings will be based on a 12-month period ending March 31 of each year.

Q. Has the Company updated the target Revenue-Per-Customer based on the Settlement Agreement approved in the 2012 Rate Case?

A. Yes, the Company has updated the target Revenue-Per-Customer based on the Settlement Agreement approved in the 2012 Rate Case.

Q. Please describe the Settlement Agreement in the 2012 Rate Case.

A. Pursuant to Article III, Section C.4 of the Settlement Agreement, the actual average rate year customer count and actual growth capital investment from the end of the test year to the end of the rate year will be used for purposes of establishing the Revenue-Per-Customer targets used in the calculation of the Company's annual RDM for periods commencing February 1, 2013, which was the effective date for the new base distribution rates in the 2012 Rate Case. The Company was required to calculate the difference between the forecasted growth capital revenue requirement and the actual growth capital revenue requirement for the rate year. This difference would then be allocated across all of the Company's customer classes, and for the RDM classes, their proportion is to be added to or subtracted from the total RDM class revenue requirement used to establish base distribution rates for those classes in the 2012 Rate Case. The Company is then required to divide this adjusted total class revenue requirement by the actual average number of customers for each RDM class during the rate year to arrive at the class Revenue-Per-Customer to be used in the calculation of RDM adjustments for all periods commencing February 1, 2013, and until new base distribution rates are established for gas service.

Q. Please describe specifically how the Company updated the target Revenue-Per-Customer contained in this filing.

A. The target Revenue-Per-Customer for each RDM rate class was calculated by dividing the monthly base revenues[2] by each month's actual number of customers for the period February 2013 through January 2014. As described in the pre-filed testimony of Company Witness Melissa Little included in this filing, the Company also updated the revenue requirement approved in the 2012 Rate Case to reflect actual growth capital for the RDM rate classes, from the end of the test year through the end of the rate year, or from January 2012 through January 2014. The Company allocated the adjusted rate class revenue requirement, which is calculated on an annual basis, to the months in the rate year using a class specific distribution revenue allocator based on projected rate year revenues. Finally, the Company calculated the actual Revenue-Per-Customer each month by dividing the revised base revenues for the residential, small and medium C&I rate classes by the month's actual number of customers in each rate class. For the Low-Income Residential Non-Heating and Low-Income Residential Heating classes, the actual base revenues are adjusted to reflect the equivalent non-discounted base revenue. Detailed calculations of the derivation of the target Revenue-Per-Customer are provided in Schedule SNL-4.

[2] The term "base revenues" is used throughout this testimony to refer to the sum of customer charges, variable distribution charges, and demand charges from firm sales and transportation customers. It does not include revenue associated with items such as Gas Cost Recovery, Gross Earnings Tax, Energy Efficiency, or the DAC.

Q. Please describe how the Company calculated the RDM deferral balance for the period February 2013 to March 2014.

A. The Company is using the updated target Revenue-Per-Customer, calculated as described above, in accordance with Settlement Agreement in the 2012 Rate Case. Pursuant to the Company's RDM Provision, the Company is using the target Revenue-Per-Customer base revenue for the non-discounted Residential Non-Heating and Residential Heating classes for the respective low-income classes.

On a monthly basis and for each rate class, the Company calculated the difference between the target revenue and actual revenue by multiplying the difference between the target Revenue-Per-Customer and the actual Revenue-Per-Customer by the actual number of customers in each month. For each month, any monthly revenue surplus or shortfall accumulates and the balance accrues interest, which is also reflected in the final monthly balance.[3] At the end of March 2014, the Company totals the monthly deferral balances for all RDM rate classes and calculates a single RDA factor for the cumulative over-recovery (for this reconciliation period), including interest.

[3] Interest on the average monthly deferred balance is calculated at the same interest rate that is used to calculate interest on the Company's other deferred DAC balances, which is the Bank of America Prime Rate less 200 basis points.

IV. Results of the RDM Reconciliation

Q. Please provide the results for this period's RDM reconciliation.

A. For the period February 2013 through March 2014, the Company has calculated a net over-recovery of target revenue of approximately $9.0 million. The breakdown per RDM rate class is set forth in the table below.

Table 3-1: February 2013 - March 2014 RDM Reconciliation

Rate Class	March 31, 2014 Ending Balance
Res. Heating (inc. Low Income)	($6,937,478)
Res Non-Heating (inc. Low Income)	($2,420,483)
Small C & I	($413,698)
Medium C & I	$782,658
Total	**($8,989,002)**

The detailed accumulation of the net over-recovery by RDM rate class is shown in Schedule SLN-2.

Q. Please state the driver(s) for this net over-recovery.

A. The over-recovery for the period February 2013 through March 2014 is generated by a higher level of revenue which is mostly due to colder than normal weather experienced during this reconciliation period. The difference between actual billing heating degree days ("HDD") and normal billing heating degree days used to determine the Revenue-Per-Customer show the weather to be 4.9% colder than normal for this reconciliation period while the over-recovery equates to 4.7% of

total revenue. Schedule SLN-3 shows the HDD comparison for this reconciliation period.

V. Proposed RDA Factor

Q. Please describe how the proposed RDA factor was calculated.

A. To calculate the single RDA factor, the Company accumulates the deferral balances of all RDM rate classes over the reconciliation period and divides this amount by the most recent forecasted throughput for the months of November 2014 through October 2015 for the RDM rate classes. This calculation results in a RDA credit factor of ($0.0325) per therm as shown in Schedule SLN-1.

Q. Did the Company calculate bill impacts from the RDA factor?

A. Not at this time. Because the RDA factor is only one of several items included in the DAC, the bill impact of the RDA factor on a stand-alone basis provides limited information as to the overall impact of the change in the DAC factors. Rather, the Company will submit bill impacts for the cumulative impact of all of its proposed DAC factors, including the RDA factor, with its September 1, 2014 Supplemental DAC filing.

VI. Residential Non-Heating Customers

Q. In the Company's Gas Cost Recovery ("GCR") proceeding, Docket No. 4346, the consultant for the Division of Public Utilities and Carriers (the "Division") inquired as to the reason for the increase in usage for the Residential Non-Heating rate class during this past winter. Did the Company identify the reason for this increase?

A. Yes it has. The Company performed extensive data analysis on the historical usage for the Residential Non-Heating rate class. In addition, the Company compared a list of current Residential Non-Heating customers with a list of customers who have participated in the Company's Marketing and Energy Efficiency programs over the past few years. As a result of this work, the Company identified that slightly more than 2,000 Residential Non-Heating customers have converted their heating systems to natural gas, but have yet to be transferred to the Residential Heating rate. The Company intends to transfer these customers before the upcoming winter heating season to the Residential Heating rate. The Company also reviewed the annual consumption of the remaining Residential Non-Heating customers (excluding the 2,000 customers identified above) and further identified over 1,000 additional customers who are using more than 1,000 therms per year and have annual load factors[4] greater than 60%. The Company believes that customers with this load profile are most likely using gas for heating purposes and likely converted their heating systems to natural gas over

[4] Load factor equals winter usage (November through April) divided by total annual usage.

the years but never contacted the Company about converting. The Company is in the process of notifying these customers that they will be transferred to the Residential Heating rate during the next few months.

Q. If these customers had been on the Residential Heating rate at the beginning of the RDM reconciliation period covered in this filing, would the RDM deferral balance been different than the $9.0 million balance presented in this filing?

A. If the 3,000-plus customers had been on the Residential Heating rate at the beginning of the RDM reconciliation period (February 2013), there would have been virtually no impact on the $9.0 million credit balance presented in this filing. As described earlier in my testimony, the Company was required to update the target Revenue-Per-Customer as stipulated in the Settlement Agreement in the 2012 Rate Case. Therefore, any difference in how these customers were classified during the RDM reconciliation period would have impacted both the target Revenue-Per-Customer as well as the actual Revenue-Per-Customer. Although the Revenue-Per-Customer balances for the Residential Non-Heating class and Residential Heating class would be different than what is reflected in Schedule SLN-2, the class differences would be offsetting and, therefore, result in minimal impact to the total Company deferral balance and ultimately the proposed RDA factor. Schedule SLN-5 provides an illustrative example showing

the annual impact on the Residential Non-Heating and Residential Heating classes if the 3,000-plus customers and their associated base revenue are transferred from the Residential Non-Heating class to Residential Heating class at the beginning of the RDM reconciliation period.[5] In this analysis, the Company assumed that the usage and revenue profile of the 3,000-plus customers mirrored the average Residential Heating customer during the period February 2013 through January 2014. The Company calculated the revenue loss to the Residential Non-Heating class by multiplying the reduction in number of customer and their associated usage by the corresponding customer charge and the flat volumetric rate. The Company determined the incremental revenue to the Residential Heating class by multiplying the 3,000-plus customers by the average Residential Heating Revenue-Per-Customer.[6] Overall, this illustration demonstrates that treating the 3,000-plus residential customers as if they had been on the Residential Heating rate has minimal impact on the overall balance. Although the Company's analysis only covers 12 months of the 14-month RDM reconciliation period, and the $9.0 million credit balance includes the balances for the small and medium C&I rate classes, the illustration is intended to demonstrate that a change to both

[5] In this illustrative example, the revenue includes the adjustment for changes in revenue requirement associated with actual growth capital.
[6] Since the Residential Heating rate structure is a step rate with headbock and tailblock component, the Company calculated the associate revenue by multiplying number of incremental customers by average revenue per customer instead of multiplying associate volume by rate component.

the updated target Revenue-Per-Customer and actual Revenue-Per-Customer would limit any change to the deferral credit balance.

Q. Why isn't the Company proposing to normalize the rate year customer and base revenue data for this classification?

A. The Company is still finalizing its work on identifying how many customers who are on the Residential Non-Heating rate have converted to heating with natural gas. Therefore, since not all of the data is available, the Company cannot reasonably determine the impact to the customer counts and base revenues to show these customers as having been served on the Residential Heating rate since February 2013.

In addition, as discussed above, by changing the updated Revenue-Per-Customer targets and actual Revenue-Per-Customer, there would virtually be no impact on the total Revenue-Per-Customer deferral balance which the Company proposes to credit to customers in the RDM classes.

Q. Is there a need to address these 3,000-plus customers with respect to the RDM?

A. The Company believes it is prudent to address these customers as part of its RDM, because not to do so will have an unintended financial benefit to the

Company if the 3,000-plus customers are transferred to the Residential Heating rate later this year, but the target Revenue-Per-Customer does not reflect this transfer. Schedule SLN-6 provides an illustrative example of this scenario. In Schedule SLN-6, the Company used the same baseline information shown in Schedule SLN-5, calculated the actual Revenue-Per-Customer as if these customers had been on the Residential Heating rate during 12 months of the 14-month reconciliation, but did not further revise the target Revenue-Per-Customer to reflect the placement of the 3,000-plus customers on this rate. The target Revenue-Per-Customer remains at the updated level described above pursuant to the Settlement Agreement in the 2012 Rate Case. In this analysis, the Company calculated the deferral balance based on the updated target Revenue-Per-Customer and the actual Revenue-Per-Customer reflecting the 3,000-plus customers on the Residential Heating rate and their associated base revenue. This analysis demonstrates that any transfer of customers between the Residential Non-Heating rate and Residential Heating rate subsequent to the establishment of the updated target Revenue-Per-Customer would result in a reduction in the credit balance, equating to an unintended financial benefit to the Company.

Q. What is the Company's plan for proposing a solution that will ensure that the Company is neither benefitting nor being harmed by the classification of

these customers and their impending transfer to the Residential Heating rate?

A. The Company is proposing to further update the Revenue-Per-Customer targets for the Residential Non-Heating and Residential Heating rate classes in its next RDM reconciliation filing by reflecting the number of customers actually transferred to the Residential Heating class from the Residential Non-Heating class in the calculation of the final target Revenue-Per-Customer. The Company would adjust the actual customer counts and actual base revenue for those months in the April 2014 through March 2015 RDM reconciliation period prior to the time that the customers were transferred to the Residential Heating rate to treat these customers as if they had been on the Residential Heating rate during the entire 12 months of the April 2014 through March 2015 RDM reconciliation period. This should ensure that the comparison between target Revenue-Per-Customer and actual Revenue-Per-Customer is performed on the same basis. The Company would not make any changes to the small and medium C&I Revenue-Per-Customer targets.

Q. Does the Settlement Agreement in the 2012 Rate Case provide for this additional "true up"?

A. No, the Settlement Agreement in the 2012 Rate Case did not contemplate the need for this additional true up, nor is an additional true up required to be a part of that

Settlement. However, the Company has uncovered a situation that, if not addressed, will have the unintended result of financially benefitting the Company. The Company believes it is in the PUC's authority and discretion to allow for a further adjustment to the target Revenue-Per-Customer to ensure the equitable operation of the Company's RDM.

Q. Does this conclude your testimony?

A. Yes, it does.

Schedules of
Suhila Nouri Nutile

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Schedule SLN-1	Proposed RDA Factor
Schedule SLN-2	Revenue Decoupling Mechanism Reconciliation by rate class by month for the period February 1, 2013 through March 31, 2014
Schedule SLN-3	Actual vs. Normal Billing Heating Degree Day Comparison for February 2013 through March 2014
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Schedule
SLN-1

Gas Revenue Decoupling Adjustment (RDA) Factor

Line No.	Under / (Over) Collection Based on 14 mths ended March 31, 2014	
1	Residential Non-Heat (incl Low Income)	($2,420,483)
2	Residential Heat (incl Low Income)	($6,937,478)
3	Small C&I	($413,698)
4	Medium C&I	$782,658
5		($8,989,002)
6	Firm Throughput Forecast for RDM Rate Classes (Nov 2014-Oct 2015)	27,589,595
7	RDA Factor per decatherm	($0.3258)
8	RDA Factor per therm	($0.0325)

1 Schedule SLN-2, Page 1, Column (n), Line 38
2 Schedule SLN-2, Page 2, Column (n), Line 77
3 Schedule SLN-2, Page 3, Column (n), Line 90
4 Schedule SLN-2, Page 3, Column (n), Line 103
5 Sum of lines 1-4
6 Firm throughput for Residential Heat and Non-Heat, Small and Medium C&I rate classes.
7 Line 5 / Line 6
8 Line 7 / 10

Schedule
SLN-2

Line No.		Feb-13 28 (a)	Mar-13 31 (b)	Apr-13 30 (c)	May-13 31 (d)	Jun-13 30 (e)	Jul-13 31 (f)	Aug-13 31 (g)	Sep-13 30 (h)	Oct-13 31 (i)	Nov-13 30 (j)	Dec-13 31 (k)	Jan-14 31 (l)	Feb-14 28 (m)	Mar-14 31 (n)	Total Per Rate Class (o)
	Residential Non-Heat															
1	Benchmark Revenue Per Customer (RPC)	$ 23.60	$ 23.01	$ 21.04	$ 18.38	$ 16.89	$ 16.22	$ 15.58	$ 15.84	$ 16.38	$ 17.97	$ 20.83	$ 23.30	$ 23.60	$ 23.01	
2	RPC Factor Acct Beg. Bal.	$0	($128,274)	($309,033)	($479,594)	($581,689)	($639,065)	($685,521)	($738,935)	($789,031)	($838,582)	($943,589)	($1,196,463)	($1,555,379)	($1,908,093)	
3	Actual Number of Customers	25,856	25,885	25,836	25,744	25,678	25,516	25,456	25,479	25,503	25,593	25,648	25,669	25,669	25,619	
4	Actual Base Revenue	$738,296	$776,072	$713,708	$574,771	$490,500	$459,617	$449,167	$452,818	$466,464	$563,870	$785,915	$955,539	$956,725	$944,003	
5	Actual Base Revenue Per Customer	$28.55	$29.98	$27.62	$22.33	$19.10	$18.01	$17.64	$17.77	$18.29	$22.03	$30.64	$37.23	$37.27	$36.85	
6	RPC Variance (Benchmark- Actual)	($4.96)	($6.97)	($6.59)	($3.94)	($2.21)	($1.79)	($2.07)	($1.94)	($1.91)	($4.07)	($9.82)	($13.93)	($13.68)	($13.84)	
7	Monthly Variance	($128,213)	($180,527)	($170,156)	($101,532)	($56,749)	($45,753)	($52,659)	($49,311)	($48,688)	($104,091)	($251,739)	($357,456)	($351,055)	($354,577)	
8	Preliminary End Balance	($128,213)	($308,801)	($479,189)	($581,126)	($638,439)	($684,818)	($738,180)	($788,246)	($837,719)	($942,674)	($1,195,328)	($1,553,919)	($1,906,433)	($2,262,670)	
9	Average Balance	($64,106)	($218,538)	($394,111)	($530,360)	($610,064)	($661,942)	($711,850)	($763,591)	($813,375)	($890,628)	($1,069,458)	($1,375,191)	($1,730,906)	($2,085,382)	
10	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
11	Interest Applied	($61)	($232)	($405)	($563)	($627)	($703)	($756)	($785)	($864)	($915)	($1,135)	($1,460)	($1,660)	($2,214)	
12	RPC Factor Account End Balance	($128,274)	($309,033)	($479,594)	($581,689)	($639,065)	($685,521)	($738,935)	($789,031)	($838,582)	($943,589)	($1,196,463)	($1,555,379)	($1,908,093)	($2,264,884)	
13	Under/(Over) Recovery	($128,274)	($180,759)	($170,561)	($102,095)	($57,376)	($46,455)	($53,415)	($50,095)	($49,552)	($105,006)	($252,874)	($358,916)	($352,714)	($356,791)	(2,264,884)
	Residential Non-Heat Low Income															
14	Benchmark Revenue Per Customer (RPC)	$23.60	$23.01	$21.04	$18.38	$16.89	$16.22	$15.58	$15.84	$16.38	$17.97	$20.83	$23.30	$23.60	$23.01	
15	RPC Factor Acct Beg. Bal.	$0	($15,802)	($29,589)	($39,578)	($43,107)	($45,668)	($47,707)	($50,143)	($52,951)	($56,379)	($64,774)	($84,199)	($109,734)	($133,786)	
16	Actual Number of Customers	378	370	361	396	407	499	508	490	477	465	459	456	454	505	
17	Actual Base Revenue (w/o discount)	$24,713	$22,276	$17,549	$10,765	$9,391	$10,083	$10,296	$10,516	$11,184	$16,686	$28,906	$36,057	$34,647	$33,279	
18	Actual Base Revenue Per Customer	$65.38	$60.20	$48.61	$27.18	$23.07	$20.21	$20.27	$21.46	$23.45	$35.88	$62.98	$79.07	$76.32	$65.90	
19	RPC Variance (Benchmark- Actual)	($41.78)	($37.20)	($27.57)	($8.80)	($6.18)	($3.99)	($4.69)	($5.62)	($7.06)	($17.92)	($42.15)	($55.77)	($52.72)	($42.89)	
20	Monthly Variance	($15,794)	($13,763)	($9,954)	($3,485)	($2,516)	($1,989)	($2,384)	($2,756)	($3,370)	($8,333)	($19,346)	($25,432)	($23,935)	($21,660)	
21	Preliminary End Balance	($15,794)	($29,565)	($39,543)	($43,063)	($45,623)	($47,658)	($50,091)	($52,898)	($56,321)	($64,711)	($84,120)	($109,631)	($133,669)	($155,445)	
22	Average Balance	($7,897)	($22,683)	($34,566)	($41,321)	($44,365)	($46,663)	($48,899)	($51,520)	($54,636)	($60,545)	($74,447)	($96,915)	($121,701)	($144,616)	
23	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
24	Interest Applied	($8)	($24)	($36)	($44)	($46)	($50)	($52)	($53)	($58)	($62)	($79)	($103)	($117)	($154)	
25	RPC Factor Account End Balance	($15,802)	($29,589)	($39,578)	($43,107)	($45,668)	($47,707)	($50,143)	($52,951)	($56,379)	($64,774)	($84,199)	($109,734)	($133,786)	($155,599)	
26	Under/(Over) Recovery	($15,802)	($13,787)	($9,989)	($3,529)	($2,561)	($2,039)	($2,435)	($2,809)	($3,428)	($8,395)	($19,425)	($25,535)	($24,052)	($21,813)	(155,599)
	Residential Non-Heat (incl Low Income)															
27	Benchmark Revenue Per Customer (RPC)	$23.60	$23.01	$21.04	$18.38	$16.89	$16.22	$15.58	$15.84	$16.38	$17.97	$20.83	$23.30	$23.60	$23.01	
28	RPC Factor Acct Beg. Bal.	$0	($144,076)	($338,622)	($519,172)	($624,796)	($684,734)	($733,228)	($789,078)	($841,982)	($894,961)	($1,008,362)	($1,280,662)	($1,665,113)	($2,041,879)	
29	Actual Number of Customers	26,234	26,255	26,197	26,140	26,085	26,015	25,964	25,969	25,980	26,058	26,107	26,125	26,123	26,124	
30	Actual Base Revenue (w/o discount)	$763,009	$798,348	$731,257	$585,535	$499,891	$469,700	$459,464	$463,334	$477,647	$580,556	$814,821	$991,596	$991,373	$977,282	
31	Actual Base Revenue Per Customer	$29.08	$30.41	$27.91	$22.40	$19.16	$18.05	$17.70	$17.84	$18.39	$22.28	$31.21	$37.96	$37.95	$37.41	
32	RPC Variance (Benchmark- Actual)	($5.49)	($7.40)	($6.88)	($4.02)	($2.27)	($1.84)	($2.12)	($2.00)	($2.00)	($4.31)	($10.38)	($14.66)	($14.35)	($14.40)	
33	Monthly Variance	($144,007)	($194,290)	($180,110)	($105,017)	($59,265)	($47,742)	($55,042)	($52,066)	($52,058)	($112,424)	($271,085)	($382,888)	($374,990)	($376,237)	
34	Preliminary End Balance	($144,007)	($338,366)	($518,732)	($624,189)	($684,061)	($732,476)	($788,270)	($841,144)	($894,040)	($1,007,385)	($1,279,447)	($1,663,550)	($2,040,102)	($2,418,116)	
35	Average Balance	($72,003)	($241,221)	($428,677)	($571,681)	($654,429)	($708,605)	($760,749)	($815,111)	($868,011)	($951,173)	($1,143,905)	($1,472,106)	($1,852,607)	($2,229,997)	
36	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
37	Interest Applied	($69)	($256)	($440)	($607)	($672)	($752)	($808)	($837)	($922)	($977)	($1,214)	($1,563)	($1,776)	($2,367)	
38	RPC Factor Account End Balance	($144,076)	($338,622)	($519,172)	($624,796)	($684,734)	($733,228)	($789,078)	($841,982)	($894,961)	($1,008,362)	($1,280,662)	($1,665,113)	($2,041,879)	($2,420,483)	
39	Under/(Over) Recovery	($144,076)	($194,546)	($180,550)	($105,624)	($59,937)	($48,494)	($55,850)	($52,904)	($52,979)	($113,401)	($272,299)	($384,451)	($376,766)	($378,605)	(2,420,483)

Line No.		Feb-13 28 (a)	Mar-13 31 (b)	Apr-13 30 (c)	May-13 31 (d)	Jun-13 30 (e)	Jul-13 31 (f)	Aug-13 31 (g)	Sep-13 30 (h)	Oct-13 31 (i)	Nov-13 30 (j)	Dec-13 31 (k)	Jan-14 31 (l)	Feb-14 28 (m)	Mar-14 31 (n)	Total Per Rate Class (o)
	Residential Heating															
40	Benchmark Revenue Per Customer (RPC)	$ 75.31	$ 70.00	$ 54.03	$ 35.04	$ 24.88	$ 22.05	$ 20.80	$ 21.12	$ 22.90	$ 34.10	$ 55.57	$ 71.38	$ 75.31	$ 70.00	
41	RPC Factor Acct Beg. Bal.	$0	$1,170,500	$1,274,334	$260,093	($63,842)	($79,062)	($63,645)	($204,055)	($293,771)	($254,989)	($304,129)	($1,774,020)	($3,558,483)	($4,502,239)	
42	Actual Number of Customers	188,346	188,723	188,583	187,023	186,352	184,049	183,765	184,505	185,940	188,130	189,559	190,600	191,238	190,140	
43	Actual Base Revenue	$13,013,626	$13,107,453	$11,203,246	$6,877,129	$4,651,866	$4,042,406	$3,962,573	$3,986,113	$4,218,581	$6,464,477	$12,002,641	$15,386,183	$15,341,243	$15,061,274	
44	Actual Base Revenue Per Customer	$69.09	$69.45	$59.41	$36.77	$24.96	$21.96	$21.56	$21.60	$22.69	$34.36	$63.32	$80.72	$80.22	$79.21	
45	RPC Variance (Benchmark- Actual)	$6.21	$0.54	($5.38)	($1.73)	($0.08)	$0.08	($0.76)	($0.48)	$0.21	($0.26)	($7.75)	($9.35)	($4.91)	($9.21)	
46	Monthly Variance	$1,169,939	$102,537	($1,015,029)	($324,039)	($15,147)	$15,493	($140,269)	($89,460)	$39,073	($48,852)	($1,468,789)	($1,781,634)	($939,893)	($1,752,098)	
47	Preliminary End Balance	$1,169,939	$1,273,037	$259,305	($63,946)	($78,989)	($63,569)	($203,913)	($293,516)	($254,698)	($303,841)	($1,772,918)	($3,555,654)	($4,498,376)	($6,254,338)	
48	Average Balance	$584,969	$1,221,768	$766,820	$98,073	($71,415)	($71,315)	($133,779)	($248,786)	($274,235)	($279,415)	($1,038,523)	($2,664,837)	($4,028,430)	($5,378,288)	
49	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
50	Interest Applied	$561	$1,297	$788	$104	($73)	($76)	($142)	($256)	($291)	($287)	($1,103)	($2,829)	($3,863)	($5,710)	
51	RPC Factor Account End Balance	$1,170,500	$1,274,334	$260,093	($63,842)	($79,062)	($63,645)	($204,055)	($293,771)	($254,989)	($304,129)	($1,774,020)	($3,558,483)	($4,502,239)	($6,260,047)	
52	Under/(Over) Recovery	$1,170,500	$103,834	($1,014,241)	($323,935)	($15,220)	$15,417	($140,411)	($89,716)	$38,782	($49,139)	($1,469,892)	($1,784,463)	($943,756)	($1,757,808)	(6,260,047)
	Residential Heating - Low Income															
53	Benchmark Revenue Per Customer (RPC)	$ 75.31	$ 70.00	$ 54.03	$ 35.04	$ 24.88	$ 22.05	$ 20.80	$ 21.12	$ 22.90	$ 34.10	$ 55.57	$ 71.38	$ 75.31	$ 70.00	
54	RPC Factor Acct Beg. Bal.	$0	$94,041	$95,552	($11,114)	($18,017)	($30,685)	($33,275)	($65,017)	($96,166)	($115,366)	($144,307)	($322,864)	($514,303)	($602,874)	
55	Actual Number of Customers	18,178	18,011	17,943	18,537	18,501	20,169	19,948	19,413	18,989	18,649	18,477	18,264	18,119	19,422	
56	Actual Base Revenue (w/o discount)	$1,274,915	$1,259,300	$1,076,082	$656,404	$472,976	$447,241	$446,607	$441,059	$453,898	$664,777	$1,205,082	$1,494,634	$1,452,503	$1,433,353	
57	Actual Base Revenue Per Customer	$70.14	$69.92	$59.97	$35.41	$25.56	$22.17	$22.39	$22.72	$23.90	$35.65	$65.22	$81.83	$80.16	$73.80	
58	RPC Variance (Benchmark- Actual)	$5.17	$0.08	($5.95)	($0.37)	($0.68)	($0.13)	($1.59)	($1.60)	($1.01)	($1.54)	($9.65)	($10.46)	($4.86)	($3.80)	
59	Monthly Variance	$93,996	$1,410	($106,710)	($6,887)	($12,643)	($2,556)	($31,689)	($31,066)	($19,088)	($28,807)	($178,309)	($190,995)	($88,035)	($73,877)	
60	Preliminary End Balance	$93,996	$95,451	($11,158)	($18,001)	($30,660)	($33,241)	($64,965)	($96,083)	($115,254)	($144,173)	($322,616)	($513,859)	($602,339)	($676,751)	
61	Average Balance	$46,998	$94,746	$42,197	($14,558)	($24,338)	($31,963)	($49,120)	($80,550)	($105,710)	($129,770)	($233,461)	($418,361)	($558,321)	($639,813)	
62	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
63	Interest Applied	$45	$101	$43	($15)	($25)	($34)	($52)	($83)	($112)	($133)	($248)	($444)	($535)	($679)	
64	RPC Factor Account End Balance	$94,041	$95,552	($11,114)	($18,017)	($30,685)	($33,275)	($65,017)	($96,166)	($115,366)	($144,307)	($322,864)	($514,303)	($602,874)	($677,430)	
65	Under/(Over) Recovery	$94,041	$1,511	($106,666)	($6,902)	($12,668)	($2,590)	($31,741)	($31,149)	($19,200)	($28,941)	($178,557)	($191,439)	($88,571)	($74,556)	(677,430)
	Residential Heat (incl Low Income)															
66	Benchmark Revenue Per Customer (RPC)	$75.31	$70.00	$54.03	$35.04	$24.88	$22.05	$20.80	$21.12	$22.90	$34.10	$55.57	$71.38	$75.31	$70.00	
67	RPC Factor Acct Beg. Bal.	$0	$1,264,541	$1,369,886	$248,979	($81,859)	($109,747)	($96,920)	($269,072)	($389,937)	($370,355)	($448,435)	($2,096,884)	($4,072,786)	($5,105,113)	
68	Actual Number of Customers	206,524	206,734	206,526	205,560	204,853	204,218	203,713	203,918	204,929	206,779	208,036	208,864	209,357	209,562	
69	Actual Base Revenue (w/o discount)	$14,288,540	$14,366,754	$12,279,328	$7,533,533	$5,124,842	$4,489,647	$4,409,179	$4,427,172	$4,672,479	$7,129,254	$13,207,723	$16,880,816	$16,793,746	$16,494,627	
70	Actual Base Revenue Per Customer	$69.19	$69.49	$59.46	$36.65	$25.02	$21.98	$21.64	$21.71	$22.80	$34.48	$63.49	$80.82	$80.22	$78.71	
71	RPC Variance (Benchmark- Actual)	$6.12	$0.50	($5.43)	($1.61)	($0.14)	$0.06	($0.84)	($0.59)	$0.10	($0.38)	($7.92)	($9.44)	($4.91)	($8.71)	
72	Monthly Variance	$1,263,935	$103,947	($1,121,738)	($330,926)	($27,790)	$12,937	($171,958)	($120,527)	$19,985	($77,659)	($1,647,099)	($1,972,629)	($1,027,929)	($1,825,975)	
73	Preliminary End Balance	$1,263,935	$1,368,488	$248,147	($81,947)	($109,648)	($96,810)	($268,878)	($389,599)	($369,952)	($448,015)	($2,095,534)	($4,069,513)	($5,100,715)	($6,931,089)	
74	Average Balance	$631,967	$1,316,515	$809,017	$83,516	($95,754)	($103,279)	($182,899)	($329,335)	($379,945)	($409,185)	($1,271,985)	($3,083,199)	($4,586,751)	($6,018,101)	
75	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
76	Interest Applied	$606	$1,398	$831	$89	($98)	($110)	($194)	($338)	($403)	($420)	($1,350)	($3,273)	($4,398)	($6,389)	
77	RPC Factor Account End Balance	$1,264,541	$1,369,886	$248,979	($81,859)	($109,747)	($96,920)	($269,072)	($389,937)	($370,355)	($448,435)	($2,096,884)	($4,072,786)	($5,105,113)	($6,937,478)	
78	Under/(Over) Recovery	$1,264,541	$105,345	($1,120,907)	($330,837)	($27,888)	$12,827	($172,152)	($120,865)	$19,582	($78,080)	($1,648,449)	($1,975,902)	($1,032,327)	($1,832,364)	(6,937,478)

Line No.		Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total Per Rate Class
		28	31	30	31	30	31	31	30	31	30	31	31	28	31	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
	Small C&I															
79	Benchmark Revenue Per Customer (RPC)	$ 101.17	$ 104.13	$ 77.93	$ 50.14	$ 33.47	$ 31.72	$ 29.56	$ 29.40	$ 32.02	$ 46.85	$ 78.12	$ 116.16	$ 101.17	$ 104.13	
80	RPC Factor Acct Beg. Bal.	$0	($39,047)	$79,067	$5,831	$13,980	$60,812	$106,081	$107,578	$116,567	$152,981	$201,036	$33,264	$46,474	($243,199)	
81	Actual Number of Customers	18,800	18,800	18,697	18,524	18,381	18,270	18,221	18,243	18,367	18,680	18,856	18,995	19,020	19,027	
82	Actual Base Revenue	1,940,940	1,839,520	1,530,397	920,712	568,493	534,435	537,170	527,556	551,844	827,328	1,640,896	2,193,198	2,213,747	2,151,400	
83	Actual Base Revenue Per Customer	$103.24	$97.85	$81.85	$49.70	$30.93	$29.25	$29.48	$28.92	$30.05	$44.29	$87.02	$115.46	$116.39	$113.07	
84	RPC Variance (Benchmark- Actual)	($2.08)	$6.28	($3.92)	$0.44	$2.55	$2.47	$0.08	$0.49	$1.97	$2.56	($8.90)	$0.69	($15.22)	($8.94)	
85	Monthly Variance	($39,028)	$118,093	($73,280)	$8,139	$46,793	$45,181	$1,384	$8,873	$36,271	$47,873	($167,897)	$13,168	($289,578)	($170,151)	
86	Preliminary End Balance	($39,028)	$79,046	$5,787	$13,970	$60,774	$105,993	$107,465	$116,452	$152,838	$200,854	$33,139	$46,432	($243,104)	($413,350)	
87	Average Balance	($19,514)	$20,000	$42,427	$9,900	$37,377	$83,402	$106,773	$112,015	$134,702	$176,918	$117,088	$39,848	($98,315)	($328,274)	
88	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
89	Interest Applied	($19)	$21	$44	$11	$38	$89	$113	$115	$143	$182	$124	$42	($94)	($349)	
90	RPC Factor Account End Balance	($39,047)	$79,067	$5,831	$13,980	$60,812	$106,081	$107,578	$116,567	$152,981	$201,036	$33,264	$46,474	($243,199)	($413,698)	
91	Under/(Over) Recovery	($39,047)	$118,114	($73,237)	$8,150	$46,832	$45,269	$1,497	$8,988	$36,414	$48,055	($167,773)	$13,210	($289,673)	($170,499)	(413,698)
	Medium C&I															
92	Benchmark Revenue Per Customer (RPC)	$ 518.03	$ 496.12	$ 390.91	$ 306.74	$ 258.99	$ 228.10	$ 215.25	$ 227.59	$ 250.75	$ 319.05	$ 401.46	$ 503.80	$ 518.03	$ 496.12	
93	RPC Factor Acct Beg. Bal.	$0	$293,140	$470,060	$537,003	$689,503	$892,756	$1,013,886	$1,046,918	$1,141,536	$1,281,977	$1,472,040	$1,307,021	$1,062,665	$930,040	
94	Actual Number of Customers	4,696	4,705	4,702	4,691	4,694	4,684	4,665	4,678	4,700	4,734	4,758	4,773	4,780	4,784	
95	Actual Base Revenue	$2,139,687	$2,157,723	1,771,631	1,287,051	1,013,244	948,317	972,226	971,160	1,039,382	1,321,738	2,076,641	2,650,229	2,609,782	2,521,722	
96	Actual Base Revenue Per Customer	$455.64	$458.60	$376.78	$274	$216	$202	$208	$208	$221	$279	$436	$555	$546	$527	
97	RPC Variance (Benchmark- Actual)	$62.39	$37.52	$14.13	$32	$43	$26	$7	$20	$30	$40	($35)	($51)	($28)	($31)	
98	Monthly Variance	$293,000	$176,514	$66,426	$151,849	$202,441	$120,119	$31,938	$93,494	$139,155	$188,649	($166,493)	($245,614)	($133,579)	($148,291)	
99	Preliminary End Balance	$293,000	$469,655	$536,486	$688,852	$891,944	$1,012,875	$1,045,825	$1,140,412	$1,280,691	$1,470,626	$1,305,547	$1,061,407	$929,085	$781,749	
100	Average Balance	$146,500	$381,398	$503,273	$612,928	$790,723	$952,816	$1,029,856	$1,093,665	$1,211,113	$1,376,301	$1,388,793	$1,184,214	$995,875	$855,895	
101	Bk America Rate less 200 Basis Points	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
102	Interest Applied	$140	$405	$517	$651	$812	$1,012	$1,093	$1,124	$1,286	$1,414	$1,474	$1,257	$955	$909	
103	RPC Factor Account End Balance	$293,140	$470,060	$537,003	$689,503	$892,756	$1,013,886	$1,046,918	$1,141,536	$1,281,977	$1,472,040	$1,307,021	$1,062,665	$930,040	$782,658	
104	Under/(Over) Recovery	$293,140	$176,919	$66,943	$152,500	$203,253	$121,130	$33,032	$94,618	$140,441	$190,063	($165,019)	($244,356)	($132,624)	($147,383)	782,658

Schedule
SLN-3

Actual vs. Normal Billing Degree Day Comparison for February 2013 - March 2014

Line No.	Month/Year	Actual Billing Degree Days (a)	Normal Billing Degree Days (b)
1	Feb-13	1,026	1,033
2	Mar-13	861	886
3	Apr-13	670	642
4	May-13	343	364
5	Jun-13	103	119
6	Jul-13	7	15
7	Aug-13	0	0
8	Sep-13	33	18
9	Oct-13	148	146
10	Nov-13	460	436
11	Dec-13	870	771
12	Jan-14	1,123	1,029
13	Feb-14	1,097	1,046
14	Mar-14	1,036	904
15	**Total**	7,776	7,410
16	**Degree Day Difference**	366	
17	**Degree Day Difference (%)**	4.9%	

Source: Normal Heating Degree Day Report
Line 15: Sum of Lines 1 through 14
Line 16: Abs(Line 15 Column (b) - Line 15 Column (a))
Line 17: (Line 15 Column (a) / Line 15 Column (b)) - 1

Schedule
SLN-4

Gas Revenue Decoupling Targets[1]

Line No.		Feb-13 (a)	Mar-13 (b)	Apr-13 (c)	May-13 (d)	Jun-13 (e)	Jul-13 (f)	Aug-13 (g)	Sep-13 (h)	Oct-13 (i)	Nov-13 (j)	Dec-13 (k)	Jan-14 (l)	Total Feb 13 - Jan 14 (m)
	Residential Non-Heat													
1	Residential Non-Heat (incl Low-Income)													
2	Number of Customers	26,234	26,255	26,197	26,140	26,085	26,015	25,964	25,969	25,980	26,058	26,107	26,125	
3	Actual Revenue	$ 619,002	$ 604,058	$ 551,147	$ 480,518	$ 440,626	$ 421,958	$ 404,421	$ 411,267	$ 425,590	$ 468,132	$ 543,736	$ 608,707	$ 5,979,163
4	**RPC**	$ 23.60	$ 23.01	$ 21.04	$ 18.38	$ 16.89	$ 16.22	$ 15.58	$ 15.84	$ 16.38	$ 17.97	$ 20.83	$ 23.30	
5	Residential Heating (incl Low-Income)													
6	Number of Customers	206,524	206,734	206,526	205,560	204,853	204,218	203,713	203,918	204,929	206,779	208,036	208,864	
7	Actual Revenue	$ 15,552,475	$ 14,470,701	$ 11,157,590	$ 7,202,607	$ 5,097,052	$ 4,502,584	$ 4,237,221	$ 4,306,645	$ 4,692,464	$ 7,051,595	$ 11,560,624	$ 14,908,187	$ 104,739,746
8	**RPC**	$ 75.31	$ 70.00	$ 54.03	$ 35.04	$ 24.88	$ 22.05	$ 20.80	$ 21.12	$ 22.90	$ 34.10	$ 55.57	$ 71.38	
9	Small													
10	Number of Customers	18,800	18,800	18,697	18,524	18,381	18,270	18,221	18,243	18,367	18,680	18,856	18,995	
11	Actual Revenue	$ 1,901,912	$ 1,957,612	$ 1,457,117	$ 928,852	$ 615,286	$ 579,616	$ 538,554	$ 536,429	$ 588,115	$ 875,201	$ 1,472,999	$ 2,206,366	$ 13,658,058
12	**RPC**	$ 101.17	$ 104.13	$ 77.93	$ 50.14	$ 33.47	$ 31.72	$ 29.56	$ 29.40	$ 32.02	$ 46.85	$ 78.12	$ 116.16	
13	Medium C&I													
14	Number of Customers	4,696	4,705	4,702	4,691	4,694	4,684	4,665	4,678	4,700	4,734	4,758	4,773	
15	Actual Revenue	$ 2,432,687	$ 2,334,238	$ 1,838,057	$ 1,438,900	$ 1,215,685	$ 1,068,436	$ 1,004,164	$ 1,064,655	$ 1,178,537	$ 1,510,387	$ 1,910,148	$ 2,404,616	$ 19,400,509
16	**RPC**	$ 518.03	$ 496.12	$ 390.91	$ 306.74	$ 258.99	$ 228.10	$ 215.25	$ 227.59	$ 250.75	$ 319.05	$ 401.46	$ 503.80	

1 Actual revenue allocations from Schedule SLN-4 pg. 2

Base Revenue Requirement and Revenue Allocator

Line No.		Reference	Feb-13 (a)	Mar-13 (b)	Apr-13 (c)	May-13 (d)	Jun-13 (e)	Jul-13 (f)	Aug-13 (g)	Sep-13 (h)	Oct-13 (i)	Nov-13 (j)	Dec-13 (k)	Jan-14 (l)	Total Feb 13 - Jan 14 (m)	Docket No. 4323[1] Feb 13 - Jan 14 (n)
1	Residential Non-Heat															
2	Base Revenue		$ 603,913	$ 588,968	$ 538,932	$ 470,726	$ 433,857	$ 415,672	$ 398,638	$ 405,354	$ 419,298	$ 459,766	$ 531,921	$ 595,623	$ 5,862,669	Line 58, Col (U)
3	Allocator	(2) / (2, Col m)	10%	10%	9%	8%	7%	7%	7%	7%	7%	8%	9%	10%	100%	
4	Low Income Residential Non-Heat															
5	Base Revenue		$ 13,947	$ 13,940	$ 11,320	$ 9,098	$ 6,354	$ 5,908	$ 5,445	$ 5,566	$ 5,915	$ 7,808	$ 10,956	$ 12,137	$ 108,393	Line 59, Col (U)
6	Adjusted Base Revenue[2]	(5) / .9	$ 15,497	$ 15,489	$ 12,578	$ 10,109	$ 7,060	$ 6,564	$ 6,050	$ 6,184	$ 6,572	$ 8,675	$ 12,173	$ 13,486	$ 120,436	
7	Allocator	(6) / (6, Col m)	13%	13%	10%	8%	6%	5%	5%	5%	5%	7%	10%	11%	100%	
8	Residential Non-Heat (incl Low-Income)															
9	Base Revenue		$ 617,861	$ 602,908	$ 550,252	$ 479,824	$ 440,210	$ 421,580	$ 404,083	$ 410,920	$ 425,213	$ 467,574	$ 542,877	$ 607,760	$ 5,971,062	Line 58 + Line 59
10	Allocator	(2)+(6) / (2+6, Col m)	10%	10%	9%	8%	7%	7%	7%	7%	7%	8%	9%	10%	100%	
11	Residential Heating															
12	Base Revenue		$ 14,020,146	$ 12,954,125	$ 9,943,653	$ 6,404,239	$ 4,506,389	$ 3,987,699	$ 3,769,512	$ 3,829,208	$ 4,180,136	$ 6,300,411	$ 10,350,245	$ 13,468,008	$ 93,713,771	Line 64, Col (U)
13	Allocator	(12) / (12, Col m)	15%	14%	11%	7%	5%	4%	4%	4%	4%	7%	11%	14%	100%	
14	Low Income Residential Heating															
15	Base Revenue		$ 1,408,471	$ 1,392,249	$ 1,113,617	$ 732,135	$ 541,223	$ 471,900	$ 428,941	$ 437,828	$ 469,958	$ 689,384	$ 1,111,176	$ 1,324,319	$ 10,121,201	Line 68, Col (U)
16	Adjusted Base Revenue[2]	(15) / .9	$ 1,564,968	$ 1,546,944	$ 1,237,352	$ 813,484	$ 601,359	$ 524,333	$ 476,601	$ 486,475	$ 522,176	$ 765,982	$ 1,234,640	$ 1,471,465	$ 11,245,779	
17	Allocator	(16) / (16, Col m)	14%	14%	11%	7%	5%	5%	4%	4%	5%	7%	11%	13%	100%	
18	Residential Heating (incl Low-Income)															
19	Base Revenue		$ 15,428,617	$ 14,346,375	$ 11,057,270	$ 7,136,374	$ 5,047,612	$ 4,459,599	$ 4,198,453	$ 4,267,036	$ 4,650,094	$ 6,989,795	$ 11,461,421	$ 14,792,327	$ 103,834,972	Line 64 + Line 68
20	Allocator	(12)+(16) / (12+16, Col m)	15%	14%	11%	7%	5%	4%	4%	4%	4%	7%	11%	14%	100%	
21	Small															
22	Base Revenue		$ 1,905,339	$ 1,961,140	$ 1,459,743	$ 930,525	$ 616,395	$ 580,660	$ 539,524	$ 537,396	$ 589,175	$ 876,778	$ 1,475,654	$ 2,210,342	$ 13,682,672	Line 72, Col (U)
23	Allocator	(22) / (22, Col m)	14%	14%	11%	7%	5%	4%	4%	4%	4%	6%	11%	16%	100%	
24	Medium C&I															
25	Base Revenue		$ 2,434,281	$ 2,335,767	$ 1,839,262	$ 1,439,843	$ 1,216,481	$ 1,069,136	$ 1,004,822	$ 1,065,352	$ 1,179,309	$ 1,511,377	$ 1,911,399	$ 2,406,191	$ 19,413,220	Line 77, Col (U)
26	Allocator	(25) / (25, Col m)	13%	12%	9%	7%	6%	6%	5%	5%	6%	8%	10%	12%	100%	

Allocated Actual Revenue

		Reference	Feb-13 (a)	Mar-13 (b)	Apr-13 (c)	May-13 (d)	Jun-13 (e)	Jul-13 (f)	Aug-13 (g)	Sep-13 (h)	Oct-13 (i)	Nov-13 (j)	Dec-13 (k)	Jan-14 (l)	Total Feb 13 - Jan 14 (m)	Actual Revenue Requirement[3] (n)
27	Residential Non-Heat (incl Low-Income)															
28	Actual Revenue Requirement	(28, Col n) * (10)	$ 619,002	$ 604,058	$ 551,147	$ 480,518	$ 440,626	$ 421,958	$ 404,421	$ 411,267	$ 425,590	$ 468,132	$ 543,736	$ 608,707	$ 5,979,163	$5,979,163
29	Residential Heating (incl Low-Income)															
30	Actual Revenue Requirement	(30, Col n) * (20)	$ 15,552,475	$ 14,470,701	$ 11,157,590	$ 7,202,607	$ 5,097,052	$ 4,502,584	$ 4,237,221	$ 4,306,645	$ 4,692,464	$ 7,051,595	$ 11,560,624	$ 14,908,187	$ 104,739,746	$104,739,746
31	Small															
32	Actual Revenue Requirement	(32, Col n) * (23)	$ 1,901,912	$ 1,957,612	$ 1,457,117	$ 928,852	$ 615,286	$ 579,616	$ 538,554	$ 536,429	$ 588,115	$ 875,201	$ 1,472,999	$ 2,206,366	$ 13,658,058	$13,658,058
33	Medium C&I															
34	Actual Revenue Requirement	(34, Col n) * (26)	$ 2,432,687	$ 2,334,238	$ 1,838,057	$ 1,438,900	$ 1,215,685	$ 1,068,436	$ 1,004,164	$ 1,064,655	$ 1,178,537	$ 1,510,387	$ 1,910,148	$ 2,404,616	$ 19,400,509	$19,400,509

1 Base revenue requirement from Docket 4323 ("2012 Rate Case"), Book 2, Compliance Attachment 8C, Schedule PMN-7, page 4 of 5.
2 Low Income Residential Heat and Low Income Residential Non Heat revenues are adjusted to remove the 10% discount.
3 Actual Revenue Requirement Feb'13-Jan'14, source: Schedule MAL-1.

Schedule
SLN-5

Summary RI Residential Non Heating and Heating RDM Adjustment
Annual Period ONLY- Feb 13-Jan 14
Schedule SLN-5

			Reflecting 3,000 Customers as Originally Billed on Non Heating Rate				Retroactive Transfer of 3,000 to Residential Heating Rate				Difference			
			No. Cust [1]	Annual Approved Margin [2]	Benchmark Rev/cust		No. Cust	Annual Approved Margin [2]	Benchmark Rev/cust		No. Cust	Annual Approved Margin	Benchmark Rev/cust	
			(a)	(b)	c=b/a	(d)= a*(b-c)	(e)	(f)	(g)= f/e	(h)= e*(f-g)	(i)= e-a	(j)= f-b	(k) = g-c	(l)=h-d
1	Benchmark RPC	Res Non HT	26,094	$5,979,163	$229.14		23,094	$5,979,163	$258.90		-3,000	$0	$29.77	
2		Res Ht.	205,888	$104,739,746	$508.72		208,888	$104,739,746	$501.42		3,000	$0	($7.31)	
3		Total Margin	231,982	$110,718,909			231,982	$110,718,909			0	$0		
			No. Cust [1]	Annual Actual Margin [3]	Actual Rev/cust		No. Cust	Annual Actual Margin [4]	Actual Rev/cust		No. Cust	Annual Actual Margin	Actual Rev/cust	
4	Actual RPC	Res Non HT	26,094	$7,635,158	$292.60		23,094	$6,054,355	$262.16		-3,000	($1,580,803)	($30.44)	
5		Res Ht.	205,888	$108,809,268	$528.49		208,888	$110,362,238	$528.33		3,000	$1,552,970	($0.16)	
6		Total Margin		$116,444,426				$116,416,593				($27,833)		
			No. Cust	Benchmark Rev/Cust	Actual Rev/Cust	RDM Adj	No. Cust	Benchmark Rev/Cust	Actual Rev/Cust	RDM Adj	No. Cust	Benchmark Rev/Cust	Actual Rev/Cust	RDM Adj
7	RDM Adj	Res Non Ht	26,094	$229.14	$292.60	($1,655,994)	23,094	$258.90	$262.16	($75,191)	-3,000	$29.77	($30.44)	$1,580,803
8		Res HT.	205,888	$508.72	$528.49	($4,069,522)	208,888	$501.42	$528.33	($5,622,492)	3,000	($7.31)	($0.16)	($1,552,970)
9		**Total RDM Adj**				**($5,725,516)**				**($5,697,683)**				**$27,833**

Footnotes

1 Actual average number of customers during the period February 2013-January 2014
2 Annual Margin approved in Docket No. 4323. Includes revenue adjustment for actual growth capital.
3 Actual Margin for the period February 2013-January 2014
4 Actual Margin for the period February 2013-January 2014 based on retroactive transfer of 3,000 to the Residential Heating Rate.

Schedule
SLN-6

Summary RI Residential Non Heating and Heating RDM Adjustment
Annual Period ONLY- Feb 13-Jan 14
Schedule SLN-6

			Reflecting 3,000 Customers as Originally Billed on Non Heating Rate				Retroactive Transfer of 3,000 to Residential Heating Rate for Actual Revenues only. No Adjustment to Benchmark				Difference			
			No. Cust [1] (a)	Annual Approved Margin [2] (b)	Benchmark Rev/cust c=b/a	(d)= a*(b-c)	No. Cust (e)	Annual Approved Margin [2] (f)	Benchmark Rev/cust (g)= f/e	(h)= e*(f-g)	No. Cust (i)= e-a	Annual Approved Margin (j)= f-b	Benchmark Rev/cust (k) = g-c	(l)=h-d
1	Benchmark RPC	Res Non HT	26,094	$5,979,163	$229.14		26,094	$5,979,163	$229.14		0	$0	$0.00	
2		Res Ht.	205,888	$104,739,746	$508.72		205,888	$104,739,746	$508.72		0	$0	$0.00	
3		Total Margin	231,982	$110,718,909			231,982	$110,718,909			0	$0		
			No. Cust [1]	Annual Actual Margin [3]	Actual Rev/cust		No. Cust	Annual Actual Margin [4]	Actual Rev/cust		No. Cust	Annual Actual Margin	Actual Rev/cust	
4	Actual RPC	Res Non HT	26,094	$7,635,158	$292.60		23,094	$6,054,355	$262.16		-3,000	($1,580,803)	($30.44)	
5		Res Ht.	205,888	$108,809,268	$528.49		208,888	$110,362,238	$528.33		3,000	$1,552,970	($0.16)	
6		Total Margin		$116,444,426				$116,416,593				($27,833)		
			No. Cust	Benchmark Rev/Cust	Actual Rev/Cust	RDM Adj	No. Cust	Benchmark Rev/Cust	Actual Rev/Cust	RDM Adj	No. Cust	Benchmark Rev/Cust	Actual Rev/Cust	RDM Adj
7	RDM Adj	Res Non Ht	26,094	$229.14	$292.60	($1,655,994)	23,094	$229.14	$262.16	($762,607)	-3,000	$0.00	($30.44)	$893,387
8		Res HT.	205,888	$508.72	$528.49	($4,069,522)	208,888	$508.72	$528.33	($4,096,325)	3,000	$0.00	($0.16)	($26,803)
9		**Total RDM Adj**				**($5,725,516)**				**($4,858,932)**				**$866,584**

Footnotes

1 Actual average number of customers during the period February 2013-January 2014
2 Annual Margin approved in Docket No. 4323. Includes revenue adjustment for actual growth capital.
3 Actual Margin for the period February 2013-January 2014
4 Actual Margin for the period February 2013-January 2014 with retroactive transfer of 3,000 to the Residential Heating Rate with no change to Benchmark.

Testimony of
Melissa A. Little

DIRECT TESTIMONY

OF

MELISSA A. LITTLE

August 1, 2014

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I. Introduction and Qualifications

Q. Please state your full name and business address.

A. My name is Melissa A. Little, and my business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. By whom are you employed and in what position?

A. I am a Lead Specialist for New England Revenue Requirements in the Regulation and Pricing department of National Grid USA Service Company, Inc. ("Service Company"). Service Company provides engineering, financial, administrative, and other technical support to subsidiary companies of National Grid USA. My current duties include revenue requirements responsibilities for National Grid's electric and gas distribution activities in New England, including the gas operations of The Narragansett Electric Company, d/b/a National Grid ("Narragansett" or the "Company").

Q. Please describe your education and professional experience.

A. In 2000, I earned a Bachelor of Science degree in Accounting Information Systems from Bentley College (now Bentley University) in Waltham, Massachusetts. In September 2000, I joined PricewaterhouseCoopers LLP in Boston, Massachusetts where I worked as an associate and senior associate in the

Assurance practice. In November 2004, I joined National Grid in the Service Company as an analyst and then senior analyst in the general accounting group. After the merger of National Grid and KeySpan, I joined the Regulation and Pricing department as a senior analyst in the Regulatory Accounting function, also supporting the Niagara Mohawk Power Corporation revenue requirement team. After moving to the New England revenue requirement team, I was promoted to my current position in July 2011.

Q. Have you previously filed testimony or testified before the Rhode Island Public Utilities Commission ("PUC")?

A. No, I have not previously testified before the PUC. However, I have submitted pre-filed testimony before the Massachusetts Department of Public Utilities.

II. <u>Purpose of Testimony</u>

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present the Company's proposed revenue requirement for the rate year ending January 31, 2014 ("Rate Year" or "RY 2014") on actual cumulative growth capital invested during the period from the end of the test year in the Company's general rate case in Docket No. 4323 ("2012 Rate Case"), or January 1, 2012, through the end of the Rate Year, or

January 31, 2014, pursuant to Article III, Section C.4 of the Amended Settlement Agreement ("Settlement Agreement") in the 2012 Rate Case. I will then describe how the Rate Year revenue requirement on actual growth capital investment was allocated among customer classes and factored into the adjusted class revenue per customer amounts ("Revenue-Per-Customer Targets"), the result of which will be included in the calculation of the Company's Revenue Decoupling Mechanism ("RDM") reconciliation for the period February 1, 2013 through March 31, 2014.

Q. Why is the Company performing this update?

A. In the 2012 Rate Case, the parties to the Settlement Agreement agreed that actual growth capital investments through the end of the Rate Year should be used for purposes of establishing the final Revenue-Per-Customer Targets used in the calculation of the Company's annual RDM reconciliation for periods commencing February 1, 2013 (the effective date of new base rates resulting from the 2012 Rate Case). The difference between the actual RY revenue requirement related to actual growth capital and the forecasted RY revenue requirement related to forecasted growth capital, as is currently reflected in distribution base rates, will be added or subtracted to the total RDM class revenue requirement used to establish base rates in the 2012 Rate Case. The adjusted RDM class revenue requirement will be divided by the actual average Rate Year number of customers by rate class to arrive at annual Revenue-Per-Customer Targets to be

used in the calculation of RDM reconciliation balances effective February 1, 2013. The impact of the Company's adjusted Revenue-Per-Customer Targets on the Company's RDM reconciliation for the period February 1, 2013 through March 31, 2014, factoring in the actual RY 2014 RDM-related revenue requirement on cumulative growth capital investment of $1,732,975, is described in the testimony of Company Witness Suhila Nouri Nutile included in this filing.

Q. Are you sponsoring any schedules with your testimony?

A. Yes. I am sponsoring the following schedule that accompanies my testimony:

Schedule MAL-1	Revenue Requirement related to Rate Year Growth Capital Investment

III. <u>Gas Growth Revenue Requirement</u>

Q. Please summarize the Company's Rate Year 2014 revenue requirement on cumulative growth capital investment.

A. As shown on Page 1, Column C of Schedule MAL-1, the Company's RY 2014 revenue requirement on actual cumulative growth investment made since the end of the test year in the Company's 2012 Rate Case and through the Rate Year ended January 31, 2014, and associated with the RDM customer classes is $1,732,975. The RY 2014 revenue requirement on actual growth capital investment associated with all customer classes is $1,943,748, as shown on Page

5 at Line 30, and consists of a return on investment (i.e. average rate base at the weighted average cost of capital) plus taxes and depreciation expense. The actual cumulative growth capital investment on which average rate base was calculated amounted to $21,514,637, as shown on Page 5, Line 2 at Column (c). On Page 3, the Company applied the rate design allocation from the Settlement Agreement to the RY 2014 revenue requirement on actual cumulative growth capital of $1,943,748 to determine the amount of the actual cumulative growth capital revenue requirement benefitting RDM customers and non-RDM customers to arrive at the RY 2014 RDM-related revenue requirement on actual cumulative growth capital of $1,732,975, as shown on Page 3, Line 10, Column E. The FY 2014 RDM-related revenue requirement of $1,732,975 was then allocated across all RDM-customer classes using the rate base allocator from the Company's initial filing made in the 2012 Rate Case. This allocation is shown on Page 3, Lines 1 through 9 in Column E, which carries forward to Page 1 in Column C, and is utilized in calculating the annual Revenue-Per-Customer Targets shown on Page 1 at Column F.

Q. Please explain how Schedule MAL-1 is structured.

A. Attachment 9 of the Settlement Agreement included an illustrative example of the revenue requirement and rate base calculations and the ultimate allocation of growth capital revenue requirement to the RDM rate classes. The Company has

performed this calculation with actual growth capital investment to arrive at the RDM-related RY 2014 revenue requirement on actual cumulative growth capital through the period ending January 31, 2014 and is presenting those calculations in Schedule MAL-1.

Page 1 titled "Computation of Class RDM Revenue-Per-Customer" provides the derivation of the Annual RDM Revenue-Per-Customer Target by rate class. Column A presents the settled base-rate revenue by RDM rate class from the 2012 Rate Case totaling $144,038,546[1]. Column B reflects the revenue requirement of projected growth capital investment by RDM rate class included in Column A. Column C provides the revenue requirement of actual growth capital investment by RDM rate class. The final total revenue by RDM rate class is calculated in Column D by removing from Column A the projected amounts in Column B and replacing them with the actual amounts from Column C. The actual revenue by RDM rate class in Column D totals $143,777,477. The actual rate-year revenue target in Column D is then divided by the actual average number of customers by rate class in Column E to develop the annual Rate Year Revenue-Per-Customer Targets in Column F to be utilized in the Company's RDM reconciliation for the period February 1, 2013 through March 31, 2014.

[1] The settled rate-designed revenue requirement by rate class as presented at Page 1 in Column A excludes discounts given to low-income customers.

Page 2 presents the RY 2014 revenue requirement on forecasted growth capital investment embedded in distribution base rates totaling $2,236,570 and shows the allocation of that revenue requirement to customer classes based on the rate design allocation per the Settlement Agreement. This allocation supports the settled growth capital revenue requirement of $1,994,044 reflected on Page 1 in Column B. The detailed revenue requirement calculation supporting the $2,236,570 is found on Page 4. The Company has made no changes to Pages 2 and 4 from the illustrative example included in Attachment 9 of the Settlement Agreement, and these pages are included here for reference only.

Page 3 presents the allocation of the RY 2014 revenue requirement on actual growth capital investment of $1,943,748 to RDM and non-RDM rate classes based on the base-rate design allocator and then the allocation of the RDM-related portion of the revenue requirement of $1,732,975 among the Residential, Small Commercial & Industrial ("C&I"), and Medium C&I customer classes using the rate base allocation from the Company's initial filing in its 2012 Rate Case. These calculations support the RDM-related RY 2014 revenue requirement on actual growth capital investment as shown on Page 1 in Column C of $1,732,975.

Page 5 presents the cumulative rate base and resulting revenue requirement computation of cumulative actual growth capital spending incurred during the period January 1, 2012 through January 31, 2014, totaling $1,943,748, which carries forward to Page 3, Column D at Line 12. Pages 6, 7, and 8 present the rate base calculations related to the actual level of growth capital investment made in each of the periods ended Rate Year 2014, the one month ending January 31, 2013, and calendar year 2012, respectively.

Q. Please explain the revenue requirement and rate base calculations, shown at Pages 5 through 8, in more detail.

A. Page 5 contains the revenue requirement calculation on actual cumulative growth capital investment, totaling $21.5 million and consisting of $9.6 million in growth capital in calendar year 2012, $1.0 million in the one month ending January 31, 2013, and $10.9 million in the Rate Year 2014. The tax depreciation and book depreciation amounts shown on Page 5 are a summation of book and tax depreciation amounts calculated in each of the vintage investment periods as shown on Pages 6 through 8 and described in more detail below. Deferred taxes are then calculated as the difference between book depreciation and tax depreciation times the effective federal tax rate of 35%.

To calculate rate base at the end of each period, the amount of cumulative capital investment is reduced by the accumulated deferred tax liability and accumulated depreciation expense. Average rate base at January 31, 2014 is calculated as the average of the two period-ending rate base amounts at January 31, 2013 and January 31, 2014. Return and taxes are then calculated on the average rate base at January 31, 2014 by applying the pre-tax weighted average rate of return approved in the 2012 Rate Case of 10.05 percent. Return and taxes on an average rate base of $14,093,295 at January 31, 2014 totals $1,416,376, which when added to rate year book depreciation expense of $527,372 results in a RY 2014 revenue requirement on actual cumulative growth capital investment of $1,943,748.

Pages 6 through 8 present the rate base calculations related to actual growth capital investment made during each of the three periods in accordance with the Settlement Agreement: calendar year 2012, the month of January 2013, and the Rate Year ended January 31, 2014, and follow the same methodology as outlined above for Page 5. The composite book depreciation rate of 3.38% is equal to the composite depreciation rate granted in base rates in the 2012 Rate Case. The effective tax rates on growth capital invested during Rate Year 2014 and the one month ending January 31, 2013 follow IRS-issued MACRS depreciation rates on 20-year property under a half-year convention. For calendar year 2012

investment, the effective tax rate in the year of investment is comprised of MACRS depreciation plus bonus depreciation at a rate of 50 percent, with 85 percent[2] of growth capital in the period deemed eligible to receive the bonus depreciation deduction. Tax depreciation rates utilized in the one month ending January 31, 2013 and Rate Year ending January 31, 2014 rate base calculations on vintage 2012 growth capital investment then follow 20-year MACRS depreciation rates taken on growth capital investment net of the bonus depreciation deduction in the first year.

Q. Does this conclude your testimony?

A. Yes, it does.

[2] A bonus depreciation eligibility rate of 85 percent was utilized in calculating base-rate tax depreciation in Docket No. 4323; please refer to Workpaper MDL-22-GAS, Page 3 at Line 11.

Schedules of
Melissa A. Little

Schedules of Melissa A. Little

Schedule MAL-1	Revenue Requirement related to Rate Year Growth Capital Investment

Schedule
MAL-1

Schedule MAL-1

Revenue Requirement related to Rate Year Growth Capital Investment

The Narragansett Electric Company
d/b/a National Grid
Computation of Class RDM Revenue per Customer
Rate Year Ending January 31, 2014

Line No.		Settled Rate Designed Class Rev Requirement Col A	Settled Growth Capital Rev Requirement Col B	Actual Growth Capital Revenue Requirement Col C	Actual Rate Year Rev Target Col D = A - B + C	Actual Avg. Rate Year Number of Customers Col E	Annual RDM Target Col F = D/E
	RDM Classes						
1	Res Non HT (incl Low Income)	$5,983,105	$82,829	$78,887	$5,979,163	26,094	$229.14
2	Res HT (incl Low Income)	$104,959,550	$1,453,041	$1,233,238	$104,739,746	205,888	$508.72
3	C&I Small	$13,682,672	$189,420	$164,807	$13,658,058	18,570	$735.51
4	C&I Medium	$19,413,220	$268,753	$256,043	$19,400,509	4,707	$4,121.92
5							
6	Sub-Total RDM	$144,038,546	$1,994,044	$1,732,975	$143,777,477	255,258	

Column Notes

Column A - Per Settlement Agreement Rate Design without Low Income discount.
Column B - RDM Class related Growth Capital revenue requirement per Settlement from Page 2 Column E. Line 6 equals Page 2, Line 3E + Line 7E.
Column C - Actual RDM Class related Growth Capital revenue requirement for the Rate Year ending 1/31/14 from Page 3 Column E.
Column E - Actual Average number of customers for the Rate Year ending January 31, 2014 from Page 2 Column F.

The Narragansett Electric Company
d/b/a National Grid
Forecasted Growth Capital Data Jan 2012-Jan 2014 as Filed

Line No.		**Initial Filing**					
		Final Rate Design	Rate Base With Growth	Final Rate Design Alloc	Fcst Growth Capital Revenue Requirement	Fcst Growth Capital Revenue Requirement	Fcst. No. Customers
		Col A	Col B	Col C = A/Total A	Col D	Col E = D*C	Col F
1	Res Non HT (incl Low Income)	$5,983,105	$14,706,535	4%		$82,829	23,978
2	Res HT (incl Low Income)	$104,959,550	$229,906,980	65%		$1,453,041	203,171
3	Total	$110,942,655	$244,613,515	69%		$1,535,870	227,148
4							
5	C&I Small	$13,682,672	$30,724,264	8%		$189,420	18,328
6	C&I Medium	$19,413,220	$47,732,910	12%		$268,753	4,599
7	Sub-Total	$33,095,891	$78,457,174	20%		$458,174	22,927
8							
9	C&I Large LLF	$7,810,306	$22,827,675	5%		$108,124	
10	C&I Large HLF	$2,546,116	$8,907,894	2%		$35,248	
11							
12	C&I XLarge LLF	$1,397,434	$2,935,729	1%		$19,346	
13	C&I XLarge HLF	$5,764,888	$12,203,471	4%		$79,808	
14							
15	Sub-Total	$17,518,744	$46,874,769	11%		$242,526	250,075
16							
17	Sub-Total C&I	$50,614,635	$125,331,943	31%		$700,700	
18							
19	Total	$161,557,290	$369,945,458	100%	$2,236,570	$2,236,570	
20							
21							
22	RDM	$144,038,546	$323,070,689				
23	NON RDM	$17,518,744	$46,874,769				
24	Total	$161,557,290	$369,945,458				
25							

The Narragansett Electric Company
d/b/a National Grid
Actual Growth Capital Data January 1, 2012 through January 31, 2014

Line No.		Initial Filing			Actual Growth Capital		
		Final Rate Design	Rate Base With Growth	Final Rate Base Alloc	Revenue Requirement *	Revenue Requirement *	Actual No. Customers
		Col A	Col B	Col C = B/Total B	Col D	Col E= D*C	Col F
	RDM Classes ONLY						
1	Res Non Ht(incl Low Income)	$5,983,105	$14,706,535	5%		$78,887	26,094
2	Res HT (incl Low Income)	$104,959,550	$229,906,980	71%		$1,233,238	205,888
3	Total	$110,942,655	$244,613,515	76%		$1,312,125	231,982
4							
5	C&I Small	$13,682,672	$30,724,264	10%		$164,807	18,570
6	C&I Medium	$19,413,220	$47,732,910	15%		$256,043	4,707
7	Sub-Total	$33,095,891	$78,457,174	24%		$420,850	23,276
8							
9	Total	$144,038,546	$323,070,689	100%	$1,732,975	$1,732,975	255,258

Line No.		Initial Filing			Actual Growth Capital	
		Final Rate Design	Rate Base With Growth	Final Rate Design Alloc	Revenue Requirement	Actual Growth Capital Revenue Requirement
		Col A	Col B	Col C = A/Total A	Col D	Col E = D*C
	All Rate Classes					
10	RDM	$144,038,546		89%		$1,732,975
11	NON RDM	$17,518,744		11%		$210,774
12	Total	$161,557,290		100%	$1,943,748	$1,943,748

Column Notes

Cols A & B From Page 2 Lines 1 through 7
Col D Line 9 = Line 10 Col E ; Line 12 = Page 5, Line 30
Col F Per Schedule SLN-4, Page 1 Col (m)

The Narragansett Electric Company
d/b/a National Grid
Computation of Growth Capital Investment Revenue Requirement as Filed
Rate Year Ending January 31, 2014

Line No		Calendar Year 2012 (a)	One Month Ending January 31, 2013 (b)	Rate Year Ending January 31, 2014 (c)
1	Annual Growth Capital Investment	$11,647,848	$1,112,878	$12,177,485
2	Cumulative Growth Capital	$11,647,848	$12,760,726	$24,938,211
3				
4	Deferred Tax Calculation:			
5	Composite Book Depreciation Rate	3.38%	3.38%	3.38%
6	Tax Depreciation Rate	44.66%	4.12%	4.11%
7				
8	Tax Depreciation	$5,201,492	$525,226	$984,187
9	Cumulative Tax Depreciation	$5,201,492	$5,726,718	$6,710,906
10				
11	Book Depreciation	$196,849	$395,265	$619,872
12	Cumulative Book Depreciation	$196,849	$592,113	$1,211,985
13				
14	Cumulative Book / Tax Timer	$5,004,644	$5,134,605	$5,498,921
15	Effective Tax Rate	35.00%	35.00%	35.00%
16	Deferred Tax Reserve	$1,751,625	$1,797,112	$1,924,622
17				
18	Rate Base Calculation:			
19	Cumulative Incremental Capital Included in Rate Base	11,647,848	12,760,726	24,938,211
20	Accumulated Depreciation	($196,849)	($592,113)	($1,211,985)
21	Deferred Tax Reserve	($1,751,625)	($1,797,112)	($1,924,622)
22	Year End Rate Base	**$9,699,374**	**$10,371,501**	**$21,801,604**
23				
24	Revenue Requirement Calculation:			
25	Average Rate Base			$16,086,552
26	Pre-Tax ROR			10.05%
27	Return and Taxes			$1,616,699
28	Book Depreciation			$619,872
29				
30	**Annual Revenue Requirement**			**$2,236,570**

1/ Weighted Average Cost of Capital per Settlement R.I.P.U.C. Docket No. 4323

	Capital Structure Ratio	Cost Rate	Weighted Cost Rate	Taxes	Pre-tax Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
	100.00%		7.54%	2.51%	10.05%

The Narragansett Electric Company
d/b/a National Grid
Computation of Actual Growth Capital Investment Revenue Requirement
Rate Year Ending January 31, 2014

Line No		Reference	Calendar Year 2012 (a)	One Month Ending January 31, 2013 (b)	Rate Year Ending January 31, 2014 (c)
1	Annual Growth Capital Investment	Per Company books	$9,609,137	$980,150	$10,925,349
2	Cumulative Growth Capital	Prior Yr Line 2 + Current Yr Line 1	$9,609,137	$10,589,288	$21,514,637
3					
4	Deferred Tax Calculation:				
5	Composite Book Depreciation Rate				
6	Tax Depreciation Rate				
7					
8	Tax Depreciation	Col(a)=Page 8 Line 8(a); Col(b)=Page 7 Line 8(a) + Page 8 Line 8(b); Col(c)= Page 6 Line 8 +Page 7 Line 8(b) + Page 8 Line 8(c)	$4,291,081	$36,302	$849,379
9	Cumulative Tax Depreciation	Prior Yr Line 9 + Curent Yr Line 8	$4,291,081	$4,327,382	$5,176,761
10					
11	Book Depreciation	Col(a)=Page 8 Line 11(a); Col(b)=Page 7 Line 11(a) + Page 8 Line 11(b); Col(c)= Page 6 Line 11 + Page 7 Line 11(b) + Page 8 Line 11(c)	$162,394	$28,446	$527,372
12	Cumulative Book Depreciation	Prior Yr Line 12 + Curent Yr Line 11	$162,394	$190,841	$718,213
13					
14	Cumulative Book / Tax Timer	Line 9 - Line 12	$4,128,686	$4,136,542	$4,458,549
15	Effective Tax Rate	Per Tax Dept	35.00%	35.00%	35.00%
16	Deferred Tax Reserve	Line 14 * Line 15	$1,445,040	$1,447,790	$1,560,492
17					
18	Rate Base Calculation:				
19	Cumulative Incremental Capital Included in Rate Base	Line 2	$9,609,137	$10,589,288	$21,514,637
20	Accumulated Depreciation	less Line 12	($162,394)	($190,841)	($718,213)
21	Deferred Tax Reserve	less Line 16	($1,445,040)	($1,447,790)	($1,560,492)
22	Year End Rate Base	Line 19 + 20 + 21	**$8,001,703**	**$8,950,657**	**$19,235,932**
23					
24	Revenue Requirement Calculation:				
25	Average Rate Base	(Line 22 Col (b) + Line 22 Col (c)) / 2			$14,093,295
26	Pre-Tax ROR	Per Dkt 4323 Attachment 6 Page 56 1/			10.05%
27	Return and Taxes	Line 25 * Line 26			$1,416,376
28	Book Depreciation	Line 11			$527,372
29					
30	**Annual Revenue Requirement**	**Line 27 + Line 28**			**$1,943,748**

1/ Weighted Average Cost of Capital per Settlement R.I.P.U.C. Docket No. 4323

	Capital Structure Ratio	Cost Rate	Weighted Cost Rate	Taxes	Pre-tax Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
	100.00%		7.54%	2.51%	10.05%

The Narragansett Electric Company
d/b/a National Grid
Computation of Actual Growth Capital Rate Base
Rate Year Ending January 31, 2014

Line No		Reference	Rate Year Ending January 31, 2014
1	Annual Growth Capital Investment	Per Company books	$10,925,349
2	Cumulative Growth Capital	Line 1	$10,925,349
3			
4	Deferred Tax Calculation:		
5	Composite Book Depreciation Rate	Per Dkt 4323 Attachment 6 Page 50	3.38%
6	Tax Depreciation	20-yr MACRS rate per IRS	3.75%
7			
8	Tax Depreciation	Line 1 * Line 6	$409,701
9	Cumulative Tax Depreciation	Line 8	$409,701
10			
11	Book Depreciation	Line 1 * Line 5 * 50%	$184,638
12	Cumulative Book Depreciation	Line 11	$184,638
13			
14	Cumulative Book / Tax Timer	Line 9 - Line 12	$225,062
15	Effective Tax Rate		35.00%
16	Deferred Tax Reserve	Line 14 * Line 15	$78,772
17			
18	Rate Base Calculation:		
19	Cumulative Incremental Capital Included in Rate Base	Line 2	$10,925,349
20	Accumulated Depreciation	less Line 12	($184,638)
21	Deferred Tax Reserve	less Line 16	($78,772)
22	Year End Rate Base	Line 19 + 20 + 21	**$10,661,939**

The Narragansett Electric Company
d/b/a National Grid
Computation of Actual Growth Capital Rate Base
One Month Ending January 31, 2013

Line No		Reference	(a) One Month Ending January 31, 2013	(b) Rate Year Ending January 31, 2014
1	Annual Growth Capital Investment	Per Company books	$980,150	$0
2	Cumulative Growth Capital	Line 1(a)	$980,150	$980,150
3				
4	Deferred Tax Calculation:			
5	Composite Book Depreciation Rate	Per Dkt 4323 Attachment 6 Page 50	3.38%	3.38%
6	Tax Depreciation	20-yr MACRS rate per IRS	3.75%	7.22%
7				
8	Tax Depreciation	Col (a) = Line 1 * Line 6 * 1/12 ; Col (b) = Line 2 * Line 6	$3,063	$70,757
9	Cumulative Tax Depreciation	Prior Yr Line 9 + Curent Yr Line 8	$3,063	$73,820
10				
11	Book Depreciation	Col (a) = Line 1 * Line 5 * 50% * 1/12 ; Col (b) = (Line 2 * Line 5 * 50% * 11/12) + (Line 2 * Line 5 * 1/12)	$1,380	$17,945
12	Cumulative Book Depreciation	Prior Yr Line 12 + Curent Yr Line 11	$1,380	$19,325
13				
14	Cumulative Book / Tax Timer	Line 9 - Line 12	$1,683	$54,495
15	Effective Tax Rate	Per Tax Dept	35.00%	35.00%
16	Deferred Tax Reserve	Line 14 * Line 15	$589	$19,073
17				
18	Rate Base Calculation:			
19	Cumulative Incremental Capital Included in Rate Base	Line 2	$980,150	980,150
20	Accumulated Depreciation	less Line 12	($1,380)	($19,325)
21	Deferred Tax Reserve	less Line 16	($589)	($19,073)
22	Year End Rate Base	Line 19 + 20 + 21	**$978,181**	**$941,752**

The Narragansett Electric Company
d/b/a National Grid
Computation of Actual Growth Capital Rate Base
12 Months Ending December 31, 2012

Line No		Reference		(a) Calendar Year 2012	(b) One Month Ending January 31, 2013	(c) Rate Year Ending January 31, 2014
1	Annual Growth Capital Investment	Per Company books		$9,609,137	$0	$0
2	Cumulative Growth Capital	Line 1 (a)		$9,609,137	$9,609,137	$9,609,137
3						
4	Deferred Tax Calculation:					
5	Composite Book Depreciation Rate	Per Dkt 4323 Attachment 6 Page 50		3.38%	3.38%	3.38%
6	Tax Depreciation Rate	Per Dkt 4323 Workpaper MDL-22 GAS	1/	44.66%	4.15%	3.84%
7						
8	Tax Depreciation	Line 2 * Line 6		$4,291,081	$33,239	$368,921
9	Cumulative Tax Depreciation	Prior Yr Line 9 + Curent Yr Line 8		$4,291,081	$4,324,320	$4,693,241
10						
11	Book Depreciation	Col (a) = Line 1 * Line 5 * 50% ; Col (b) = line 2 * Line 5 *1/12; Col (c) = Line 2 * Line 5		$162,394	$27,066	$324,789
12	Cumulative Book Depreciation	Prior Yr Line 12 + Curent Yr Line 11		$162,394	$189,460	$514,249
13						
14	Cumulative Book / Tax Timer	Line 9 - Line 12		$4,128,686	$4,134,859	$4,178,992
15	Effective Tax Rate	Per Tax Dept		35.00%	35.00%	35.000%
16	Deferred Tax Reserve	Line 14 * Line 15		$1,445,040	$1,447,201	$1,462,647
17						
18	Rate Base Calculation:					
19	Cumulative Growth Capital	Line 2		$9,609,137	$9,609,137	$9,609,137
20	Accumulated Depreciation	less Line 12		($162,394)	($189,460)	($514,249)
21	Deferred Tax Reserve	less Line 16		($1,445,040)	($1,447,201)	($1,462,647)
22	Year End Rate Base	Line 19 + 20 + 21		**$8,001,703**	**$7,972,476**	**$7,632,241**

Note

1/ Effective tax rate equals total MACRS and Bonus depreciation ($15.3m in 2012, $1.4m in CY13 and $1.3m in CY 2014) over total CY 2012 capital additions of net of capital repairs deduction ($34.2m).