

August 6, 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 Electric Pension Adjustment Factor Filing  
For the Fourteen-Month Period Ending March 31, 2014  
Docket No. \_\_\_\_\_**

Dear Ms. Massaro:

On behalf of National Grid,<sup>1</sup> enclosed is the Company's proposed Pension Adjustment Factor ("PAF") and its annual pension and other post-employment benefits ("OPEB") reconciliation for the 14-month period February 1, 2013 through March 31, 2014 upon which it is based. This filing is submitted pursuant to the Company's Pension Adjustment Mechanism Provision ("Pension Provision"), R.I.P.U.C. No. 2119, which was approved by the Rhode Island Public Utilities Commission ("PUC") in Docket No. 4323. The Pension Provision allows for the recovery or refund of the prior year's reconciliation of the Company's actual pension and OPEB expenses to the Company's pension and OPEB allowances included in base rates.

This filing consists of the pre-filed direct testimony of William R. Richer and his associated schedule in support of the proposed PAF. In his testimony, Mr. Richer provides an overview of the Company's pension and OPEB reconciliation for the 14-month period February 1, 2013 through March 31, 2014 and the calculation of the pension and OPEB expenses reflected in the reconciliation.

This is the Company's first PAF filing following the February 1, 2013 effective date of new base rates approved by the PUC in Docket No. 4323. Therefore, this reconciliation covers the 14-month period February 1, 2013 through March 31, 2014, which includes the last two months of the Company's fiscal year ending March 31, 2013.

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

Luly E. Massaro, Commission Clerk  
Pension Adjustment Factor Filing  
August 6, 2014  
Page 2 of 2

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

Very truly yours,

A handwritten signature in blue ink that reads "Celia B. O'Brien". The signature is written in a cursive style.

Celia B. O'Brien

Enclosures

cc: Leo Wold, Esq.  
Steve Scialabba, Division

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**R.I.P.U.C. DOCKET NO. \_\_\_\_\_**  
**PENSION ADJUSTMENT MECHANISM FILING**  
**WITNESS: WILLIAM R. RICHER**  
**AUGUST 6, 2014**

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**DIRECT TESTIMONY**

**OF**

**WILLIAM R. RICHER**

**Table of Contents**

**I. Introduction and Qualifications ..... 1**

**II. Purpose of Testimony ..... 2**

**III. Pension and OPEB Expense Reconciliation ..... 3**

**IV. Conclusion ..... 7**

1 **I. Introduction and Qualifications**

2 **Q. Please state your full name and business address.**

3 A. My name is William R. Richer and my business address is 40 Sylvan Road, Waltham,  
4 Massachusetts 02451.

5

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

7 A. I am the Director of Revenue Requirements, Rhode Island, for National Grid USA  
8 Service Company, Inc. (“Service Company”), providing services to The Narragansett  
9 Electric Company (the “Company”) to both its gas and electric businesses.

10

11 **Q. Please describe your education and professional experience.**

12 A. In 1985, I earned a Bachelor of Science degree in Accounting from Northeastern  
13 University. During my schooling, I interned at the public accounting firm Pannell Kerr  
14 Forster in Boston, Massachusetts, as a staff auditor and continued with this firm after my  
15 graduation. In February 1986, I joined Price Waterhouse in Providence, Rhode Island,  
16 where I worked as a staff auditor and senior auditor. During this time, I earned my  
17 certified public accountants license in the State of Rhode Island. In June 1990, I joined  
18 National Grid (“National Grid”) in the Service Company (then known as New England  
19 Power Service Company, Inc.) as a supervisor of Plant Accounting. Since that

1 time, I have held various positions within the Service Company including Manager of  
2 Financial Reporting, Principal Rate Department Analyst, Manager of General  
3 Accounting, Director of Accounting Services, and Assistant Controller.

4  
5 **Q. Have you previously testified before this Commission?**

6 A. Yes. I have testified before the Rhode Island Public Utilities Commission (“PUC”) on  
7 numerous occasions.

8  
9 **II. Purpose of Testimony**

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

11 A. My testimony presents the Company’s proposal regarding the need for a pension and  
12 other post-employment benefits (“OPEB”) factor (“PAF”) and provides the calculation of  
13 the costs underlying the Company’s proposal associated with its electric distribution  
14 operations. The reconciliation of pension and OPEB costs to the allowance for recovery  
15 in base distribution rates is provided for in the Company’s Pension Adjustment  
16 Mechanism Provision, R.I.P.U.C. No. 2119 (“Pension Provision”).

17  
18 **Q. Are there any schedules to your testimony?**

19 A. Yes, I am sponsoring the following schedule:

- 20
- Schedule WRR-1 Pension and Other Post-Employment Benefits Reconciliation

1 **III. Pension and OPEB Expense Reconciliation**

2 **Q. What is the genesis of the Pension Adjustment Mechanism?**

3 A. The Pension Adjustment Mechanism for the Company's distribution operations was  
4 approved by the PUC in the Company's 2012 general rate case in Docket No. 4323,  
5 Order No. 21011 ("2012 Rate Case"). The electric Pension Adjustment Mechanism is  
6 similar to that in effect for the Company's gas operations. The Company annually  
7 reconciles its actual pension and OPEB expenses against the associated allowance in base  
8 distribution rates as determined in the most recent general rate case (in this case, the  
9 Company's 2012 Rate Case) through this mechanism, which is provided for under its  
10 Pension Provision. Any difference, either positive or negative, is reflected in rates  
11 assessed to the Company's electric customers through the PAF.

12

13 **Q. Generally, how does the reconciliation of pension and OPEB expense operate?**

14 A. The PAF is based on the difference between the Company's actual pension and OPEB  
15 expense for the prior 12-month period ended March 31 and the allowance included in  
16 base distribution rates. In addition, the Company will contribute to the pension and  
17 OPEB plans at the "Minimum Funding Obligation" level. The Minimum Funding  
18 Obligation level would be equal to the amount billed to customers plus the amounts of  
19 pension and OPEB costs capitalized. The amount billed to customers would include: (1)  
20 the pension and OPEB allowance in base distribution rates, and (2) plus or minus the  
21 amount billed or credited to customers through the PAF. If the Company does not fund  
22 its pension and OPEB plans at the Minimum Funding Obligation, the Company will pay

1 a carrying charge to customers at the weighted average cost of capital, which would be  
2 applied to the cumulative five-quarter average shortfall between the Minimum Funding  
3 Obligation and amounts contributed by the Company to the pension and OPEB plans,  
4 plus amounts paid to the Service Company for allocated pension and OPEB costs.  
5

6 **Q. Has the Company performed this reconciliation for the period ending March 2014?**

7 A. Yes, it has. It is included as Schedule WRR-1.  
8

9 **Q. Please explain why the period covered by this reconciliation consists of the 14-month**  
10 **period from February 1, 2013 through March 31, 2014, rather than a 12-month**  
11 **period reflecting the Company's fiscal year 2014 commencing April 1, 2013 through**  
12 **March 31, 2014.**

13 A. As I mentioned above, the PUC approved the Company's Pension Provision in the 2012  
14 Rate Case and new base distribution rates became effective on February 1, 2013. Due to  
15 the timing of the implementation of the pension and OPEB reconciliation mechanism on  
16 February 1, 2013 and the end of the then-current fiscal year of March 31, 2013 being only  
17 two months, the Company did not file a two-month pension and OPEB reconciliation last  
18 year, but rather is filing its first electric pension and OPEB expense reconciliation this  
19 year such that the reconciliation covers the 14-month period from February 1, 2013  
20 through March 31, 2014. This period represents the last two months of the Company's  
21 fiscal year ending March 31, 2013 (i.e., February 1, 2013 through March 31, 2013) plus  
22 the 12-month fiscal year ending March 31, 2014 (i.e., April 1, 2013 through March 31,

1 2014). As explained above, the Company's carrying charge calculation would be based  
2 on the five-quarter average shortfall between the Minimum Funding Obligation and  
3 amounts contributed by the Company to the pension and OPEB plans, plus amounts paid  
4 to the Service Company for allocated pension and OPEB costs. However, since this  
5 reconciliation period is based on 14 months, its carrying charge calculations on Pages 3  
6 and 4 of Schedule WRR-1 are using a 15-month average shortfall balance. The Company  
7 anticipates that future pension and OPEB reconciliations will reflect a 12-month fiscal  
8 year.

9  
10 **Q. Please explain how the Company has addressed the expiration of the 10-year**  
11 **amortization of \$25 million related to a 2003 voluntary early retirement offer**  
12 **("VERO") in this pension and OPEB reconciliation.**

13 A. The 10-year amortization of \$25 million related to the VERO, as set forth in the Second  
14 Amended Stipulation and Settlement approved by the PUC in Docket No. 3617,  
15 concluded on December 31, 2013 (i.e., the eleventh month of the rate year in the  
16 Company's 2012 Rate Case). The Company's rate allowance for pensions in the 2012  
17 Rate Case includes \$2,511,132 reflecting the annual amortization of these VERO costs.  
18 For purposes of this reconciliation on Schedule WRR-1, Page 1, the Company has  
19 excluded the \$2,511,132 VERO rate allowance, prorated for 14 months, from Line 2.  
20 Actual VERO amortization expense for the period February 1, 2013 to December 31,  
21 2014 has also been excluded from Lines 7 and 8 of this reconciliation. However, for  
22 purposes of calculating pension funding carrying charges on Page 3 of Schedule WRR-1,

1 the Company has appropriately reflected the VERO rate allowance as a customer funding  
2 source through December 31, 2013 on Line 4 of that schedule.

3  
4 **Q. Please describe the Company's calculation of actual pension and OPEB expense in**  
5 **light of the recent implementation of the Company's new financial system and the**  
6 **difficulty in retrieving the relevant financial data.**

7 A. The Company has calculated estimated pension and OPEB costs for the period  
8 February 1, 2013 through March 31, 2014 using the data available from the Company's  
9 actuary for expenses for the periods April 1, 2012 through March 31, 2013 and April 1,  
10 2013 through March 31, 2014. The total annual expense amounts were adjusted for the  
11 breakdown between capital and operation and maintenance expenses using the  
12 percentages established in the 2012 Rate Case. The Company proposes to true-up the  
13 estimate of expenses in this reconciliation to actual once the amounts are known for that  
14 period, including interest on any over- or under-estimated difference, to be filed in the  
15 future.

16  
17 **Q. What is the result of the Company's reconciliation?**

18 A. The Company's reconciliation indicates that it has under-recovered pension expenses and  
19 over-recovered OPEB expenses for the 14-month period ending March 2014 in the  
20 amounts of \$623,723 and (\$503,518), respectively. In addition, both the pension and the  
21 OPEB liabilities were under-funded during this time leading to carrying charges of  
22 \$25,508 and \$46,642, respectively.

1           When taken together, the pension reconciliation has an under-recovery balance of  
2           \$598,215 while the OPEB reconciliation has an over-recovery balance of (\$550,160).  
3           The two balances net to an under-recovered amount of \$48,055.

4

5   **Q.    What is the Company's proposed PAF to be effective on October 1, 2014?**

6    A.    Due to the small net balance of the pension and OPEB reconciliation amounts, a PAF  
7       cannot be calculated. Therefore, the Company is not proposing a PAF to take effect on  
8       October 1, 2014.

9

10 **Q.    What will the Company do with this net balance of \$48,055?**

11  A.    The Company is proposing to carry forward the respective balances which net to the  
12       \$48,055 combined balance at March 31, 2014 into the pension and OPEB reconciliations  
13       for fiscal year 2015 as beginning balances. Any true-up to these balances, as discussed  
14       above, including interest, will be reflected in these beginning balances when the  
15       adjustments are known.

16

17 **IV.   Conclusion**

18 **Q.    Does this conclude your testimony?**

19  A.    Yes.

**Narragansett Electric - Electric Operations  
Pension Costs  
14 Months Ended March 31, 2014**

Line No.		February 2013 thru March 2014 (a)
1	<u>Rate Allowance:</u>	
2	National Grid - RI Electric Pension Costs Allowance	\$4,783,393
3	National Grid - Service Company Allocated Pension Costs Allowance	\$4,227,426
4	Total Pension Costs	<u>\$9,010,819</u>
5		
6	<u>Expense Reconciliation:</u>	
7	February 2013 - March 2013 Estimated Pension Expense Including Service Company-Allocated Expense	\$1,481,999
8	April 2013 - March 2014 Estimated Pension Expense Including Service Company-Allocated Expense	<u>\$8,152,543</u>
9		
10	Total Current Year Pension Expense Including Service Company-Allocated Expense	\$9,634,542
11		
12	Rate Allowance	\$9,010,819
13		
14	<b>Current Year Regulatory Expense Reconciliation</b>	<b>\$623,723</b>
15		
16	<b>Funding Carrying Charge</b>	<b>(\$25,508)</b>

Line Notes:

- 2(a) Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71 line 26(k) less line 24(k) prorated for 14 months<sup>1</sup>
- 3(a) Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71 sum of lines 26(l) thru 26(n) prorated for 14 months
- 4 Line 2 plus Line 3
- 7 Page 5 of 8, Line 11(f)
- 8 Page 7 of 8, Line 9(f)
- 10 Line 7 plus Line 8
- 12 Line 4
- 14 Line 10 minus Line 12
- 16 Minus Page 3 of 8, line 27(q)

<sup>1</sup> Pension rate allowance for purposes of this reconciliation excludes the 10-year recovery of pension and OPEB costs from Docket No. 3617 of \$2,511,132. This recovery ended on December 31, 2013. The amount of amortization of these pension and OPEB costs for the period February 1, 2013 to December 31, 2013 are also excluded from the expense amount shown on Lines 7 and 8 above.

**Narragansett Electric - Electric Operations  
Other Post Employment Benefits (OPEB) Costs  
14 Months Ended March 31, 2014**

Line No.		February 2013 thru March 2014 (a)
1	<u>Rate Allowance</u>	
2	National Grid - RI Electric OPEB Costs Allowance	\$2,115,488
3	National Grid - Service Company Allocated OPEB Costs Allowance	2,016,351
4	Total OPEB Costs	<u>\$4,131,839</u>
5		
6	<u>Expense Reconciliation</u>	
7	February 2013 - March 2013 Estimated Pension Expense Including Service Company-Allocated Expense	\$983,279
8	April 2013 - March 2014 Estimated Pension Expense Including Service Company-Allocated Expense	<u>\$2,645,041</u>
9		
10	Total Current Year OPEB Expense Including Service Company-Allocated Expense	\$3,628,320
11		
12	Rate Allowance	\$4,131,839
13		
14	<b>Current Year Regulatory Expense Reconciliation</b>	(\$503,518)
15		
16	<b>Funding Carrying Charge</b>	(\$46,642)

Line Notes:

- 2(a) Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 34 of 71 line 1(e) prorated for 14 months
- 3(a) Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 34 of 71 sum of lines 2(e) thru 5(e) prorated for 14 months
- 4 Line 2 plus Line 3
- 7 Page 6 of 8, Line 11(f)
- 8 Page 8 of 8, Line 9(f)
- 10 Line 7 plus Line 8
- 12 Line 4
- 14 Line 10 minus Line 12
- 16 Minus Page 4 of 8, Line 26(q)

**Narragansett Electric - Electric Operations  
Pension Funding Carrying Charges-15 Month Average  
14 Months Ended March 31, 2014**

	(a) Dec-2013	(b) Jan-2013	(c) Feb-2013	(d) Mar-2013	(e) Apr-2013	(f) May-2013	(g) Jun-2013	(h) Jul-2013	(i) Aug-2013	(j) Sep-2013	(k) Oct-2013	(l) Nov-2013	(m) Dec-2013	(n) Jan-2014	(o) Feb-2014	(p) Mar-2014	(q)
<b>Customer Funding</b>																	
Base Rate Recovery:																	
1 Direct	\$4,100,051	\$0	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671	\$341,671
2 Servo	\$3,623,508	\$0	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959	\$301,959
3 Recovery of Pension and OPEB per R.I.P.U.C Docket No. 3617	\$2,511,132	\$0	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261	\$209,261
4 PAM Surcharge Recovery:																	
5 Direct	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Servo	\$0	\$0	\$277,301	\$277,301	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495	\$240,495
7 Charged to Affiliates	\$0	\$0	\$158,426	\$158,426	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660
8 Total Customer Funding:	\$0	\$0	\$1,288,618	\$1,288,618	\$1,250,047	\$1,250,047	\$1,250,047	\$1,250,047	\$1,250,047	\$1,250,047	\$1,250,047	\$1,250,047	\$1,250,047	\$1,040,786	\$1,040,786	\$1,040,786	\$1,040,786
<b>Company Contributions<sup>1</sup></b>																	
9 Pension	\$0	\$2,545,250	\$0	\$0	\$2,545,250	\$0	\$0	\$2,545,250	\$0	\$2,545,250	\$0	\$0	\$0	\$0	\$1,845,250	\$0	\$0
10 Service Company Allocated Costs	\$0	\$158,426	\$158,426	\$158,426	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660	\$156,660
11 Total Contributions	\$0	\$2,703,676	\$158,426	\$158,426	\$1,701,910	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660	\$1,722,660
12 Under/(Over) Funding	\$0	\$0	(\$1,415,059)	\$1,130,191	(\$1,451,864)	\$1,093,386	(\$1,451,864)	(\$1,451,864)	\$1,093,386	(\$1,451,864)	\$1,093,386	\$1,093,386	\$1,093,386	\$884,125	(\$961,125)	\$884,125	\$884,125
13 Cumulative Under/(Over) Funding	\$0	\$0	(\$1,415,059)	(\$284,867)	(\$1,756,731)	(\$663,344)	(\$430,042)	(\$1,001,822)	\$91,565	(\$1,360,299)	(\$266,913)	\$826,474	\$1,919,860	\$2,803,985	\$1,842,861	\$2,726,986	\$2,726,986
14 Fifteen Month Average																	
15 Base for Carrying Charge (greater of line 22 or zero)																	
16 Pre-tax WACC																	
17 Carrying Charge																	
18 Company Contributions <sup>1</sup> -This amount represents dollars funded in the subsequent quarter																	
19																	
20																	
21																	
22																	
23																	
24																	
25																	
26																	
27																	

**Line Notes**

- 2(a) Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71 line 1(e) minus line 2(4k)
- 2(b) Line 2(a) divided by 12
- 3(a) Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71 sum of lines 2(e) thru 5(e)
- 3(b) Line 3(a) divided by 12
- 4(a) Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71 line 2(4p)
- 4(b) Line 4(a) divided by 12
- 8(a) Page 5 of 8, Line 6(a) divided by 12
- 8(b) Page 7 of 8, Line 6(a) divided by 12
- 9(a) Page 5 of 8, (Line 6(b) plus Line 6(c)) divided by 12
- 9(b) Page 7 of 8, (Line 6(b) plus Line 6(c)) divided by 12
- 10(a) Page 5 of 8, Line 6(c) divided by 12
- 10(b) Page 7 of 8, Line 6(c) divided by 12
- 11 Sum of Line 2 through Line 10
- 12 Per Company Books
- 13 Line 9
- 14 Sum of line 15 through line 17
- 15 Line 12 minus line 18
- 16 Current year line 20 plus prior year line 22
- 17 Average of column (b) through column (p)
- 18 If line 23 is greater than zero, line 23; if not, zero
- 19 Docket No. 4323
- 20 Line 25 times line 26

\$263,516  
0.68%  
\$25,908



Narragansett Electric - Electric Operations  
Estimated Pension Expense 2013  
Fiscal Year Ended March 31, 2013

	(a)	(b)	(c)	(d)	(e)	(a)+(b)+(c)+(d)+(e) (f)
	Company Direct	KeySpan Service Company	FAS87 Costs KeySpan Utility Company	National Grid USA Service Company	Other	Total
1	Actuarial Pension Total Cost	\$8,045,470	\$64,694,423	\$4,910,580	\$48,298,473	
2	Percentage Charged to Company- Total	100.00%	1.56%	0.58%	10.43%	
3	Net Actuarial Charges to Company	\$8,045,470	\$1,009,233	\$28,481	\$5,037,531	
4						
5	Capital Percentage Charged to Company Labor	41.36%	2.89%	0.00%	37.16%	
6	Total Actuarial Company FAS 87 Costs to Capital	\$3,327,606	\$29,167	\$0	\$1,871,946	\$5,228,720
7						
8	O & M Percentage Charged to Company Labor	58.64%	97.11%	100.00%	62.84%	
9	Total Actuarial Company FAS 87 Costs to O&M	\$4,717,864	\$980,066	\$28,481	\$3,165,584	\$8,891,995
10						
11	Total Actuarial Company FAS 87 Costs to O&M prorated for 2 months					\$1,481,999
12						
13						
14						
15		(g)				
16		<b>FY</b>				
17		<b>2013</b>				
18	<b>Company Direct</b>					
19	FAS 87 Cost per Hewitt	\$11,811,836				
20	Fair Value Amortization	(\$3,766,366)				
21	<b>Company Direct Total Pension Cost</b>	<b>\$8,045,470</b>				
22						
23		<b>FY</b>				
24		<b>2013</b>				
25	<b>KeySpan Corporate Services</b>					
26	FAS 87 Cost per Hewitt	\$64,694,423				
27	Fair Value Amortization	\$0				
28	<b>KeySpan Corporate Services Total Pension Cost</b>	<b>\$64,694,423</b>				
29						
30		<b>FY</b>				
31		<b>2013</b>				
32	<b>Keyspan Utility Company</b>					
33	FAS 87 Cost per Hewitt	\$4,910,580				
34	Fair Value Amortization	\$0				
35	<b>Keyspan Utility Serv Co. Total Pension Cost</b>	<b>\$4,910,580</b>				
36						
37		<b>FY</b>				
38		<b>2013</b>				
39	<b>National Grid USA Service Company</b>					
40	FAS 87 Cost per Hewitt	\$57,636,464				
41	Fair Value Amortization	(\$9,337,991)				
42	<b>National Grid Service Company Total Pension Cost</b>	<b>\$48,298,473</b>				

Line Notes

1(a)	Line 21(g)
1(b)	Line 28(g)
1(c)	Line 35(g)
1(d)	Line 42(g)
2	Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71, line 21
5	100% - Line 8
6	Line 3 times Line 5
8	Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71, line 22
9	Line 3 times Line 8
11	Line 9(f) divided by 12 times 2
19	2013 Actuary Report
20	From Company Books
21	Line 19 plus line 20
26	2013 Actuary Report
27	From Company Books
28	Line 26 plus line 27
33	2013 Actuary Report
34	From Company Books
35	Line 33 plus line 34
40	2013 Actuary Report
41	From Company Books
42	Line 40 plus line 41

Narragansett Electric - Electric Operations  
Estimated Other Post Employment Benefits (OPEB) Expense 2013  
Fiscal Year Ended March 31, 2013

	(a)	(b)	(c)	(d)	(e)	(f)
	FAS106 Costs					
	Company Direct	KeySpan Service Company	KeySpan Utility Company	National Grid USA Service Company	Other	Total
1 Actuarial OPEB Total Cost	\$6,398,267	\$41,478,830	\$3,324,901	\$22,887,264		
2 Percentage Charged to Company- Total	100.00%	1.56%	0.58%	10.43%		
3 Net Actuarial Charges to Company	\$6,398,267	\$647,070	\$19,284	\$2,387,142		
4						
5 Capital Percentage Charged to Company Labor	41.36%	2.89%	0.00%	37.16%		
6 Total Actuarial Company FAS 106 Costs to Capital	\$2,646,323	\$18,700	\$0	\$887,062		\$3,552,085
7						
8 O & M Percentage Charged to Company Labor	58.64%	97.11%	100.00%	62.84%		
9 Total Company Rate Year FAS 106 Costs to O&M	\$3,751,944	\$628,369	\$19,284	\$1,500,080	\$0	\$5,899,677
10						
11 Total Company Rate Year FAS 106 Costs to O&M prorated for 2 months						\$983,279
12						
13						
14						
15						
16	(g)					
17	FY					
18	2013					
19	<b>Company Direct</b>					
20	FAS 106 Cost per Hewitt	\$5,875,570				
21	Fair Value Amortization	\$522,697				
22	<b>Company Direct Total OPEB Cost</b>	\$6,398,267				
23	FY					
24	2013					
25	<b>KeySpan Corporate Services</b>					
26	FAS 106 Cost per Hewitt	\$41,478,830				
27	Fair Value Amortization	\$0				
28	<b>KeySpan Corporate Services Total OPEB Cost</b>	\$41,478,830				
29	FY					
30	2013					
31	<b>KeySpan Utility Services</b>					
32	FAS 106 Cost per Hewitt	\$3,324,901				
33	Fair Value Amortization	\$0				
34	<b>KeySpan Utility Services Total OPEB Cost</b>	\$3,324,901				
35	FY					
36	2013					
37	<b>National Grid USA Service Company</b>					
38	FAS 106 Cost per Hewitt	\$22,527,885				
39	Fair Value Amortization	\$359,379				
40	<b>National Grid Service Company Total OPEB Cost</b>	\$22,887,264				

Line Notes

- 1(a) Line 19
- 1(b) Line 26
- 1(c) Line 33
- 1(d) Line 40
- 2 Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 34 of 71, line 22
- 5 100% - Line 8
- 6 Line 3 times Line 5
- 8 Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 34 of 71, line 23
- 9 Line 3 times Line 8
- 11 Line 9(f) divided by 12 times 2
- 17 2014 Actuary Report
- 18 From Company Books
- 19 Line 17 plus line 18
- 24 2014 Actuary Report
- 25 From Company Books
- 26 Line 24 plus line 25
- 31 2014 Actuary Report
- 32 From Company Books
- 33 Line 31 plus line 32
- 38 2014 Actuary Report
- 39 From Company Books
- 40 Line 38 plus line 39

Narragansett Electric - Electric Operations  
Estimated Pension Expense 2014  
Fiscal Year Ended March 31, 2014

	(a)	(b)	(c)	(d)	(e)	(a)+(b)+(c)+(d)+(e) (f)
	Company Direct	KeySpan Service Company	FAS87 Costs KeySpan Utility Company	National Grid USA Service Company	Other	Total
1 Actuarial Pension Total Cost	\$6,977,624	\$60,216,595	\$2,666,616	\$47,803,863		
2 Percentage Charged to Company- Total	100.00%	1.56%	0.58%	10.43%		
3 Net Actuarial Charges to Company	\$6,977,624	\$939,379	\$15,466	\$4,985,943		
4						
5 Capital Percentage Charged to Company Labor	41.36%	2.89%	0.00%	37.16%		
6 Total Actuarial Company FAS 87 Costs to Capital	\$2,885,945	\$27,148	\$0	\$1,852,776		\$4,765,870
7						
8 O & M Percentage Charged to Company Labor	58.64%	97.11%	100.00%	62.84%		
9 Total Actuarial Company FAS 87 Costs to O&M	\$4,091,679	\$912,231	\$15,466	\$3,133,167	\$0	\$8,152,543

	(g) FY 2014
<b>Company Direct</b>	
FAS 87 Cost per Hewitt	\$10,201,259
Fair Value Amortization	(\$3,223,635)
<b>Company Direct Total Pension Cost</b>	<b>\$6,977,624</b>
<b>KeySpan Corporate Services</b>	
FAS 87 Cost per Hewitt	\$60,216,595
Fair Value Amortization	\$0
<b>KeySpan Corporate Services Total Pension Cost</b>	<b>\$60,216,595</b>
<b>Keyspan Utility Company</b>	
FAS 87 Cost per Hewitt	\$2,666,616
Fair Value Amortization	\$0
<b>Keyspan Utility Serv Co. Total Pension Cost</b>	<b>\$2,666,616</b>
<b>National Grid USA Service Company</b>	
FAS 87 Cost per Hewitt	\$55,160,718
Fair Value Amortization	(\$7,356,855)
<b>National Grid Service Company Total Pension Cost</b>	<b>\$47,803,863</b>

Line Notes

- 1(a) Line 19(g)
- 1(b) Line 26(g)
- 1(c) Line 33(g)
- 1(d) Line 40(g)
- 2 Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71, line 21
- 5 100% - Line 8
- 6 Line 3 times Line 5
- 8 Docket No. 4323 Compliance Attachment 1 Schedule MDL-3-ELEC page 35 of 71, line 22
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- 17 2014 Actuary Report
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**Narragansett Electric - Electric Operations**  
**Estimated Other Post Employment Benefits (OPEB) Expense 2014**  
**Fiscal Year Ended March 31, 2014**

	(a)	(b)	(c)	(d)	(e)	(f)
	FAS106 Costs					
	Company Direct	KeySpan Service Company	KeySpan Utility Company	National Grid USA Service Company	Other	Total
1	Actuarial OPEB Total Cost	\$1,585,779	\$35,475,445	\$1,977,937	\$17,793,826	
2	Percentage Charged to Company- Total	<u>100.00%</u>	<u>1.56%</u>	<u>0.58%</u>	<u>10.43%</u>	
3	Net Actuarial Charges to Company	\$1,585,779	\$553,417	\$11,472	\$1,855,896	
4						
5	Capital Percentage Charged to Company Labor	<u>41.36%</u>	<u>2.89%</u>	<u>0.00%</u>	<u>37.16%</u>	
6	Total Actuarial Company FAS 106 Costs to Capital	<u>\$655,878</u>	<u>\$15,994</u>	<u>\$0</u>	<u>\$689,651</u>	<u>\$1,361,523</u>
7						
8	O & M Percentage Charged to Company Labor	<u>58.64%</u>	<u>97.11%</u>	<u>100.00%</u>	<u>62.84%</u>	
9	Total Company Rate Year FAS 106 Costs to O&M	<u>\$929,901</u>	<u>\$537,423</u>	<u>\$11,472</u>	<u>\$1,166,245</u>	<u>\$2,645,041</u>

	(g)
	FY
	2014
<b>Company Direct</b>	
FAS 106 Cost per Hewitt	\$4,355,605
Fair Value Amortization	(\$2,769,826)
<b>Company Direct Total OPEB Cost</b>	<b>\$1,585,779</b>

	FY
	2014
<b>KeySpan Corporate Services</b>	
FAS 106 Cost per Hewitt	\$35,475,445
Fair Value Amortization	\$0
<b>KeySpan Corporate Services Total OPEB Cost</b>	<b>\$35,475,445</b>

	FY
	2014
<b>KeySpan Utility Services</b>	
FAS 106 Cost per Hewitt	\$1,977,937
Fair Value Amortization	\$0
<b>KeySpan Utility Services Total OPEB Cost</b>	<b>\$1,977,937</b>

	FY
	2014
<b>National Grid USA Service Company</b>	
FAS 106 Cost per Hewitt	\$19,945,166
Fair Value Amortization	(\$2,151,340)
<b>National Grid Service Company Total OPEB Cost</b>	<b>\$17,793,826</b>

**Line Notes**

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