

October 15, 2015

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4573 – 2015 Distribution Adjustment Charge (DAC)
Revised Schedules**

Dear Ms. Massaro:

On behalf of National Grid, relating to the Company's 2015 Distribution Adjustment Charge (DAC) filing, dated August 3, 2015 and Supplemental DAC filing dated September 1, 2015 (collectively, the DAC Filing), I have enclosed ten (10) copies of the Company's revised schedules to the Company's DAC Filing. These revised schedules reflect changes to the Company's Pension Adjustment Factor (PAF) and Earnings Sharing Mechanism (ESM) factor. The revised schedules are further identified below.

The Company has revised the PAF to update both its pension and Postretirement Benefits Other Than Pension (PBOP) costs as shown in Schedule WRR-3 Revised provided by Company Witness William R. Richer. For an explanation of this revised proposed PAF, please see the Company's response to PUC Data Request 1-1, which the Company has filed in Docket No. 4518 and is attached hereto as Appendix 1.

The Company has also revised the ESM factor reflecting the Company's Revised Gas Earnings Sharing Mechanism Final Earnings Report for the twelve months ended March 31, 2014 and the Revised Final Earnings Report for the twelve months ended March 31, 2015 (collectively, the Revised Earnings Reports), which the Company is simultaneously filing in Docket No. 4323. The Revised Earnings Reports are attached hereto as Appendix 2. For an explanation of the revised ESM, please see the Company's responses to the Rhode Island Division of Public Utilities and Carriers (Division) Data Requests Division 1-2, Division 1-5 and Division 1-7, which the Company filed on October 7, 2015 in Docket No. 4323 and are attached hereto as Appendix 3.

In addition, based on the Division comments in the Company's Fiscal Year (FY) 2015 Gas Infrastructure, Safety, and Reliability (ISR) Plan Reconciliation in Docket No. 4474, the Company has enclosed additional schedules of Company Witness Suhila Nouri Nutile illustrating the impact of the Division's recommendation of a three-year recovery of the adjustment for the Net Operating Loss (NOL) on the Company's revised proposed DAC factors effective November 1, 2015.

The Company has enclosed the following schedules of Ms. Nutile:

Schedule SLN-1S Revised	Summary of Revised DAC Factors Reflecting Revised PAF and ESM Factors
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Luly E. Massaro, Commission Clerk
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Schedule SLN-5S Revised	Revised Pensions and Postretirement Benefits Factor
Schedule SLN-12S Revised	Typical Bill Analysis Reflecting Revised Proposed PAF and ESM Factors
Schedule SLN-13	Earnings Sharing Mechanism Factor
Schedule SLN-14	Summary of Illustrative DAC Factors with 3 Year NOL Recovery and Revised PAF and ESM Factors
Schedule SLN-15	Illustrative ISR Reconciliation Factors with 3 Year NOL Recovery
Schedule SLN-16	Illustrative Typical Bill Analysis for Proposed DAC Factors with 3Year NOL Recovery and Revised PAF and ESM Factors

The Company has enclosed the following schedules of Mr. Richer:

Schedule WRR-3 Revised	Revised Pension and Postretirement Benefits Other Than Pensions Reconciliation
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The impact of the revised proposed DAC rate incorporating the revised proposed PAF and ESM factors on a typical residential heating customer using 846 therms a year is an annual increase of \$6.00 from the rates currently in effect, or 0.5%, from \$1,249.69 to \$1,255.69. The impact of the Division's recommendation to recover the NOL over three years, including the revised proposed PAF and the revised proposed ESM factors, on a typical residential heating customer using 846 therms a year is a decrease of \$0.97 from the rates currently in effect, or 0.1%, from \$1,249.69 to \$1,248.72.

Thank you for your attention to this filing. If you have any questions, please contact me at 401-784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4573 Service List
Leo Wold, Esq.
Steve Scialabba, Division
Bruce Oliver, Division

Certificate of Service

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

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



Joanne M. Scanlon

October 15, 2015

Date

Docket No. 4573 – National Grid –2015 Annual Distribution Adjustment Charge Filing (“DAC”) - Service List as of 9/18/15

Name/Address	E-mail	Phone
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File an original & nine (9) copies w/:	Luly.massaro@puc.ri.gov ;	401-780-2107

Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	Patricia.lucarelli@puc.ri.gov ;	
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THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Schedule SLN-1S Revised
Summary of Revised DAC Factors

**National Grid - RI Gas
Summary of DAC Factors
Effective November 1, 2015**

Section 1: DAC factor (not including annual ISR component) November 1, 2015 - October 31, 2016

Line No.	Description	Reference	Amount	Factor		
				Residential/ Small/ Medium C&I	Large/ X-Large	
1	System Pressure (SP)	<u>SLN-2S</u>	\$1,488,789	\$0.0037	\$0.0037	
2	Advanced Gas Technology Program (AGT)	<u>SLN-3</u>	\$0	\$0.0000	\$0.0000	
3	Low Income Assistance Program (LIAP)		\$0	\$0.0000	\$0.0000	
4	Environmental Response Cost Factor (ERCF)	<u>SLN-4</u>	\$519,872	\$0.0013	\$0.0013	
5	Pension Adjustment Factor (PAF)	<u>SLN-5S</u>	(\$3,793,506)	(\$0.0094)	(\$0.0094)	(Revised)
6	On-System Margin Credits (MC)	<u>SLN-6</u>	\$133,185	\$0.0003	\$0.0003	
7	Reconciliation Factor (R)	<u>SLN-10S</u>	\$169,652	\$0.0008	(\$0.0007)	
8	Service Quality Factor (SQP)		\$0	\$0.0000	\$0.0000	
9	Earnings Sharing Mechanism (ESM)	<u>SLN-13</u>	<u>(\$332,374)</u>	<u>(\$0.0008)</u>	<u>(\$0.0008)</u>	(Revised)
10	Subtotal	Sum ([1]-[9])	(\$1,814,382)	(\$0.0041)	(\$0.0056)	
11	Uncollectible Percentage	Dkt 4323	3.18%	3.18%	3.18%	
12	DAC factors grossed up for uncollectible	[10]/(1-[11])	(\$1,873,974)	(\$0.0042)	(\$0.0057)	per therm
13	Revenue Decoupling Adjustment (RDA)	<u>SLN-7</u>	(\$14,181,587)	(\$0.0500)	\$0.0000	
14	Revenue Decoupling Adjustment Reconciliation	<u>SLN-10S</u>	\$384,480	\$0.0013	\$0.0000	
15	DAC factor	[12]+[13]+[14]	(\$15,671,081)	(\$0.0529)	(\$0.0057)	per therm

Section 2: DAC factors including annual ISR component

Line No.	ISR Reconciliation w/o uncollectible ¹ (therms)	Uncollectible Percentage ²	ISR Reconciliation* (therms) (A)	Base DAC Component* ³ (therms) (B)	DAC Component Subtotal Rates* (therms) (C) = (A) + (B)	ISR Component* ⁴ (therms) (D)	November 1, 2015 DAC Rates* (therms) (E) = (C)+(D)	
16	Res-NH	\$0.0475	3.18%	\$0.0490	(\$0.0529)	(\$0.0039)	\$0.0791	\$0.0752
17	Res-NH-LI	\$0.0475	3.18%	\$0.0490	(\$0.0529)	(\$0.0039)	\$0.0791	\$0.0752
18	Res-H	\$0.0279	3.18%	\$0.0288	(\$0.0529)	(\$0.0241)	\$0.0531	\$0.0290
19	Res-H-LI	\$0.0279	3.18%	\$0.0288	(\$0.0529)	(\$0.0241)	\$0.0531	\$0.0290
20	Small	\$0.0245	3.18%	\$0.0253	(\$0.0529)	(\$0.0276)	\$0.0522	\$0.0246
21	Medium	\$0.0180	3.18%	\$0.0186	(\$0.0529)	(\$0.0343)	\$0.0425	\$0.0082
22	Large LL	\$0.0173	3.18%	\$0.0179	(\$0.0057)	\$0.0122	\$0.0335	\$0.0457
23	Large HL	\$0.0168	3.18%	\$0.0173	(\$0.0057)	\$0.0116	\$0.0329	\$0.0445
24	XL-LL	\$0.0052	3.18%	\$0.0054	(\$0.0057)	(\$0.0003)	\$0.0130	\$0.0127
25	XL-HL	\$0.0048	3.18%	\$0.0050	(\$0.0057)	(\$0.0007)	\$0.0128	\$0.0121

*Factors Include Uncollectible Allowance

¹ SLN-8S

² Per Docket No. 4323

³ Section 1, Line 15

⁴ FY 16 ISR component per Docket 4540

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Schedule SLN-5S Revised
Revised Pensions and Postretirement Benefits Factor

**National Grid - RI Gas
Pension Adjustment Factors
Effective November 1, 2015**

Line No.	<u>Pension Factor</u>	
1	Pension Reconciliation	(\$1,012,638)
2	Carrying Charges	(\$423,619)
3	Total Pension Cost	(\$1,436,257)
4	Firm Throughput	39,897,042 dth
5	Pension Factor per dth	(\$0.0350) per dth
6	Pension Factor per therm	(\$0.0035) per therm
	<u>PBOP Factor</u>	
7	PBOP Reconciliation	(\$2,071,576)
8	Carrying Charges	(\$285,673)
9	Total PBOP Cost	(\$2,357,249)
10	Firm Throughput	39,897,042
11	PBOP Factor per dth	(\$0.0590) per dth
12	PBOP Factor per therm	(\$0.0059) per therm
	<u>Pension & PBOP Factor Combined</u>	
13	Pension & PBOP Factor per dth	(\$0.0940) per dth
14	Pension & PBOP Factor per therm	(\$0.0094) per therm

- 1 WRR-3 Revised, Page 1, Line 11
- 2 WRR-3 Revised, Page 1, Line 12
- 3 Line (1) + Line (2)
- 4,10 Company Forecast
- 5 Line (3) / Line (4)
- 6 Line (5) / 10
- 7 WRR-3 Revised, Page 2, Line 11
- 8 WRR-3 Revised, Page 2, Line 14
- 9 Line (7) + Line (8)
- 11 Line (9) / Line (10)
- 12 Line (11) / 10
- 13 Line (5) + Line (11)
- 14 Line (6) + Line (12)

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Schedule SLN-12S Revised
Revised Bill Impacts

**National Grid - RI Gas
Revised Distribution Adjustment Charge (DAC) Filing
Bill Impact Analysis with Various Levels of Consumption:**

Line No.	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:										
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET				
(1)																
(2)																
(3)																
(4)																
(5)	550	\$884.42	\$880.52	\$3.90	0.4%	\$0.00	\$3.78	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12	\$0.12
(6)	608	\$959.28	\$954.96	\$4.32	0.5%	\$0.00	\$4.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13	\$0.13
(7)	667	\$1,035.32	\$1,030.58	\$4.74	0.5%	\$0.00	\$4.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14	\$0.14
(8)	727	\$1,111.64	\$1,106.46	\$5.19	0.5%	\$0.00	\$5.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$0.16
(9)	788	\$1,186.20	\$1,180.59	\$5.61	0.5%	\$0.00	\$5.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17	\$0.17
(10)	846	\$1,255.69	\$1,249.69	\$6.00	0.5%	\$0.00	\$5.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.18	\$0.18
(11)	904	\$1,325.37	\$1,318.93	\$6.44	0.5%	\$0.00	\$6.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19	\$0.19
(12)	966	\$1,399.66	\$1,392.79	\$6.87	0.5%	\$0.00	\$6.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21	\$0.21
(13)	1,023	\$1,467.85	\$1,460.55	\$7.30	0.5%	\$0.00	\$7.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.22	\$0.22
(14)	1,081	\$1,536.35	\$1,528.64	\$7.71	0.5%	\$0.00	\$7.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.23	\$0.23
(15)	1,145	\$1,611.02	\$1,602.87	\$8.15	0.5%	\$0.00	\$7.91	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.24	\$0.24

Residential Heating:

Residential Heating Low Income:

Line No.	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:										
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET				
(16)																
(17)																
(18)																
(19)																
(20)	550	\$841.92	\$838.03	\$3.90	0.5%	\$0.00	\$3.78	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12	\$0.12
(21)	608	\$914.05	\$909.73	\$4.32	0.5%	\$0.00	\$4.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13	\$0.13
(22)	667	\$987.32	\$982.58	\$4.74	0.5%	\$0.00	\$4.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14	\$0.14
(23)	727	\$1,060.92	\$1,055.73	\$5.19	0.5%	\$0.00	\$5.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$0.16
(24)	788	\$1,133.01	\$1,127.41	\$5.61	0.5%	\$0.00	\$5.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17	\$0.17
(25)	846	\$1,200.29	\$1,194.29	\$6.00	0.5%	\$0.00	\$5.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.18	\$0.18
(26)	904	\$1,267.77	\$1,261.33	\$6.44	0.5%	\$0.00	\$6.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19	\$0.19
(27)	966	\$1,339.71	\$1,332.84	\$6.87	0.5%	\$0.00	\$6.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21	\$0.21
(28)	1,023	\$1,405.75	\$1,398.45	\$7.30	0.5%	\$0.00	\$7.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.22	\$0.22
(29)	1,081	\$1,472.15	\$1,464.44	\$7.71	0.5%	\$0.00	\$7.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.23	\$0.23
(30)	1,145	\$1,544.59	\$1,536.44	\$8.15	0.5%	\$0.00	\$7.91	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.24	\$0.24

Residential Non-Heating:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(31)												
(32)												
(33)												
(34)												
(35)	140	\$351.84	\$348.76	\$3.08	0.9%	\$0.00	\$2.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09
(36)	155	\$371.34	\$367.94	\$3.40	0.9%	\$0.00	\$3.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.10
(37)	171	\$392.14	\$388.41	\$3.73	1.0%	\$0.00	\$3.62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.11
(38)	184	\$409.02	\$404.97	\$4.05	1.0%	\$0.00	\$3.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12
(39)	198	\$427.25	\$422.91	\$4.34	1.0%	\$0.00	\$4.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13
(40)	214	\$447.64	\$442.99	\$4.65	1.0%	\$0.00	\$4.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14
(41)	228	\$466.29	\$461.29	\$5.00	1.1%	\$0.00	\$4.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15
(42)	244	\$487.10	\$481.76	\$5.34	1.1%	\$0.00	\$5.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16
(43)	258	\$505.29	\$499.64	\$5.65	1.1%	\$0.00	\$5.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17
(44)	275	\$527.40	\$521.36	\$6.04	1.2%	\$0.00	\$5.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.18
(45)	288	\$544.29	\$538.00	\$6.29	1.2%	\$0.00	\$6.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19

Residential Non-Heating Low Income:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(46)												
(47)												
(48)												
(49)												
(50)	140	\$329.42	\$326.34	\$3.08	0.9%	\$0.00	\$2.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09
(51)	155	\$348.25	\$344.84	\$3.40	1.0%	\$0.00	\$3.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.10
(52)	171	\$368.32	\$364.59	\$3.73	1.0%	\$0.00	\$3.62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.11
(53)	184	\$384.61	\$380.56	\$4.05	1.1%	\$0.00	\$3.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12
(54)	198	\$402.21	\$397.87	\$4.34	1.1%	\$0.00	\$4.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13
(55)	214	\$421.88	\$417.23	\$4.65	1.1%	\$0.00	\$4.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14
(56)	228	\$439.89	\$434.89	\$5.00	1.1%	\$0.00	\$4.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15
(57)	244	\$459.98	\$454.64	\$5.34	1.2%	\$0.00	\$5.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16
(58)	258	\$477.53	\$471.88	\$5.65	1.2%	\$0.00	\$5.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17
(59)	275	\$498.87	\$492.83	\$6.04	1.2%	\$0.00	\$5.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.18
(60)	288	\$515.17	\$508.88	\$6.29	1.2%	\$0.00	\$6.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19

C & I Small:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:										
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET				
(61)																
(62)	880	\$1,433.65	\$1,430.54	\$3.11	0.2%	\$0.00	\$3.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09	\$0.09
(63)	973	\$1,541.61	\$1,538.20	\$3.41	0.2%	\$0.00	\$3.31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.10	\$0.10
(64)	1,067	\$1,649.98	\$1,646.23	\$3.75	0.2%	\$0.00	\$3.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.11	\$0.11
(65)	1,162	\$1,757.15	\$1,753.07	\$4.08	0.2%	\$0.00	\$3.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12	\$0.12
(66)	1,258	\$1,859.71	\$1,855.28	\$4.43	0.2%	\$0.00	\$4.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13	\$0.13
(67)	1,352	\$1,958.95	\$1,954.22	\$4.73	0.2%	\$0.00	\$4.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14	\$0.14
(68)	1,446	\$2,058.99	\$2,053.91	\$5.08	0.2%	\$0.00	\$4.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15	\$0.15
(69)	1,542	\$2,160.56	\$2,155.15	\$5.41	0.3%	\$0.00	\$5.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$0.16
(70)	1,635	\$2,259.03	\$2,253.29	\$5.74	0.3%	\$0.00	\$5.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17	\$0.17
(71)	1,730	\$2,358.56	\$2,352.50	\$6.06	0.3%	\$0.00	\$5.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.18	\$0.18
(72)	1,825	\$2,458.10	\$2,451.71	\$6.39	0.3%	\$0.00	\$6.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19	\$0.19

C & I Medium:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:										
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET				
(76)																
(77)	7,941	\$9,353.49	\$9,376.42	(\$22.93)	-0.2%	\$0.00	(\$22.24)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.69)	(\$0.69)
(78)	8,796	\$10,266.76	\$10,292.14	(\$25.38)	-0.2%	\$0.00	(\$24.62)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.76)	(\$0.76)
(79)	9,650	\$11,178.45	\$11,206.31	(\$27.87)	-0.2%	\$0.00	(\$27.03)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.84)	(\$0.84)
(80)	10,505	\$12,091.70	\$12,122.01	(\$30.31)	-0.3%	\$0.00	(\$29.40)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.91)	(\$0.91)
(81)	11,361	\$13,005.35	\$13,038.14	(\$32.78)	-0.3%	\$0.00	(\$31.80)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.98)	(\$0.98)
(82)	12,217	\$13,919.23	\$13,954.51	(\$35.28)	-0.3%	\$0.00	(\$34.22)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.06)	(\$1.06)
(83)	13,073	\$14,833.19	\$14,870.94	(\$37.74)	-0.3%	\$0.00	(\$36.61)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.13)	(\$1.13)
(84)	13,928	\$15,745.85	\$15,786.03	(\$40.19)	-0.3%	\$0.00	(\$38.98)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.21)	(\$1.21)
(85)	14,782	\$16,658.14	\$16,700.81	(\$42.67)	-0.3%	\$0.00	(\$41.39)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.28)	(\$1.28)
(86)	15,637	\$17,570.82	\$17,615.93	(\$45.10)	-0.3%	\$0.00	(\$43.75)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.35)	(\$1.35)
(87)	16,492	\$18,484.08	\$18,531.67	(\$47.59)	-0.3%	\$0.00	(\$46.16)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1.43)	(\$1.43)

C & I LLF Extra-Large:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(121)												
(122)												
(123)												
(124)												
(125)	174,357	\$165,005.90	\$165,077.80	(\$71.90)	0.0%	\$0.00	(\$69.74)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.16)
(126)	193,136	\$182,210.09	\$182,289.74	(\$79.65)	0.0%	\$0.00	(\$77.26)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.39)
(127)	211,912	\$199,411.84	\$199,499.25	(\$87.40)	0.0%	\$0.00	(\$84.78)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.62)
(128)	230,688	\$216,614.22	\$216,709.31	(\$95.09)	0.0%	\$0.00	(\$92.24)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.85)
(129)	249,466	\$233,817.64	\$233,920.49	(\$102.86)	0.0%	\$0.00	(\$99.77)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3.09)
(130)	268,243	\$251,020.07	\$251,130.71	(\$110.64)	0.0%	\$0.00	(\$107.32)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3.32)
(131)	287,018	\$268,221.15	\$268,339.48	(\$118.33)	0.0%	\$0.00	(\$114.78)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3.55)
(132)	305,796	\$285,425.17	\$285,551.28	(\$126.11)	0.0%	\$0.00	(\$122.33)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3.78)
(133)	324,573	\$302,627.77	\$302,761.62	(\$133.85)	0.0%	\$0.00	(\$129.83)	\$0.00	\$0.00	\$0.00	\$0.00	(\$4.02)
(134)	343,350	\$319,830.30	\$319,971.89	(\$141.59)	0.0%	\$0.00	(\$137.34)	\$0.00	\$0.00	\$0.00	\$0.00	(\$4.25)
(135)	362,127	\$337,032.92	\$337,182.25	(\$149.33)	0.0%	\$0.00	(\$144.85)	\$0.00	\$0.00	\$0.00	\$0.00	(\$4.48)

C & I HLF Extra-Large:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(136)												
(137)												
(138)												
(139)												
(140)	447,421	\$395,645.74	\$396,199.27	(\$553.53)	-0.1%	\$0.00	(\$536.92)	\$0.00	\$0.00	\$0.00	\$0.00	(\$16.61)
(141)	495,605	\$437,686.42	\$438,299.54	(\$613.12)	-0.1%	\$0.00	(\$594.73)	\$0.00	\$0.00	\$0.00	\$0.00	(\$18.39)
(142)	543,789	\$479,727.88	\$480,400.61	(\$672.73)	-0.1%	\$0.00	(\$652.55)	\$0.00	\$0.00	\$0.00	\$0.00	(\$20.18)
(143)	591,972	\$521,767.77	\$522,500.12	(\$732.35)	-0.1%	\$0.00	(\$710.38)	\$0.00	\$0.00	\$0.00	\$0.00	(\$21.97)
(144)	640,155	\$563,807.63	\$564,599.60	(\$791.97)	-0.1%	\$0.00	(\$768.21)	\$0.00	\$0.00	\$0.00	\$0.00	(\$23.76)
(145)	688,340	\$605,849.59	\$606,701.10	(\$851.52)	-0.1%	\$0.00	(\$825.97)	\$0.00	\$0.00	\$0.00	\$0.00	(\$25.55)
(146)	736,523	\$647,889.77	\$648,800.92	(\$911.15)	-0.1%	\$0.00	(\$883.82)	\$0.00	\$0.00	\$0.00	\$0.00	(\$27.33)
(147)	784,708	\$689,931.23	\$690,902.02	(\$970.78)	-0.1%	\$0.00	(\$941.66)	\$0.00	\$0.00	\$0.00	\$0.00	(\$29.12)
(148)	832,891	\$731,971.93	\$733,002.30	(\$1,030.37)	-0.1%	\$0.00	(\$999.46)	\$0.00	\$0.00	\$0.00	\$0.00	(\$30.91)
(149)	881,074	\$774,011.76	\$775,101.74	(\$1,089.98)	-0.1%	\$0.00	(\$1,057.28)	\$0.00	\$0.00	\$0.00	\$0.00	(\$32.70)
(150)	929,259	\$816,054.06	\$817,203.64	(\$1,149.58)	-0.1%	\$0.00	(\$1,115.09)	\$0.00	\$0.00	\$0.00	\$0.00	(\$34.49)

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Schedule SLN-13
Earnings Sharing Mechanism Factor

**National Grid - RI Gas
ESM Factor
Effective November 1, 2015**

Line No.	Description	
1	Total Earnings Credited to DAC	(\$332,374)
2	Firm Throughput	39,897,042 dth
3	ESM Factor	(\$0.0080) per dth
4	ESM Factor	(\$0.0008) per therm

1 Revised Final Earnings Sharing Report for the twelves months ending March 31, 2015 and March 31, 2014 in Docket No. 4323 filed on October 15, 2015.

2 Company Forecast

3 Line (1) / Line (2)

4 Line (3) / 10, truncated to 4 decimal places

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Schedule SLN-14
Summary of Illustrative DAC Factors
(Reflecting 3 Year NOL Recovery and Revised PAF and ESM Factors)

**National Grid - RI Gas
Summary of DAC Factors
Effective November 1, 2015
Illustrative**

Section 1: DAC factor (not including annual ISR component) November 1, 2015 - October 31, 2016					
Line No.	Description	Reference	Amount	Factor	
				Residential/ Small/ Medium C&I	Large/ X-Large
1	System Pressure (SP)	<u>SLN-2S</u>	\$1,488,789	\$0.0037	\$0.0037
2	Advanced Gas Technology Program (AGT)	<u>SLN-3</u>	\$0	\$0.0000	\$0.0000
3	Low Income Assistance Program (LIAP)		\$0	\$0.0000	\$0.0000
4	Environmental Response Cost Factor (ERCF)	<u>SLN-4</u>	\$519,872	\$0.0013	\$0.0013
5	Pension Adjustment Factor (PAF)	<u>SLN-5S</u>	(\$3,793,506)	(\$0.0094)	(\$0.0094)
6	On-System Margin Credits (MC)	<u>SLN-6</u>	\$133,185	\$0.0003	\$0.0003
7	Reconciliation Factor (R)	<u>SLN-10S</u>	\$169,652	\$0.0008	(\$0.0007)
8	Service Quality Factor (SQP)		\$0	\$0.0000	\$0.0000
9	Earnings Sharing Mechanism (ESM)	<u>SLN-13</u>	<u>(\$332,374)</u>	<u>(\$0.0008)</u>	<u>(\$0.0008)</u>
10	Subtotal	Sum ([1]-[9])	(\$1,814,382)	(\$0.0041)	(\$0.0056)
11	Uncollectible Percentage	Dkt 4323	3.18%	3.18%	3.18%
12	DAC factors grossed up for uncollectible	[10]/(1-[11])	(\$1,873,974)	(\$0.0042)	(\$0.0057) per therm
13	Revenue Decoupling Adjustment (RDA)	<u>SLN-7</u>	(\$14,181,587)	(\$0.0500)	\$0.0000
14	Revenue Decoupling Adjustment Reconciliation	<u>SLN-10S</u>	\$384,480	\$0.0013	\$0.0000
15	DAC factor	[12]+[13]+[14]	(\$15,671,081)	(\$0.0529)	(\$0.0057) per therm

Section 2: DAC factors including annual ISR component								
Line No.	ISR Reconciliation w/o uncollectible ¹ (therms)	Uncollectible Percentage ²	ISR Reconciliation* (therms) (A)	Base DAC Component* ³ (therms) (B)	DAC Component Subtotal Rates* (therms) (C) = (A) + (B)	ISR Component* ⁴ (therms) (D)	November 1, 2015 DAC Rates* (therms) (E) = (C)+(D)	
16	Res-NH	\$0.0349	3.18%	\$0.0360	(\$0.0529)	(\$0.0169)	\$0.0791	\$0.0622
17	Res-NH-LI	\$0.0349	3.18%	\$0.0360	(\$0.0529)	(\$0.0169)	\$0.0791	\$0.0622
18	Res-H	\$0.0202	3.18%	\$0.0208	(\$0.0529)	(\$0.0321)	\$0.0531	\$0.0210
19	Res-H-LI	\$0.0202	3.18%	\$0.0208	(\$0.0529)	(\$0.0321)	\$0.0531	\$0.0210
20	Small	\$0.0175	3.18%	\$0.0181	(\$0.0529)	(\$0.0348)	\$0.0522	\$0.0174
21	Medium	\$0.0128	3.18%	\$0.0132	(\$0.0529)	(\$0.0397)	\$0.0425	\$0.0028
22	Large LL	\$0.0125	3.18%	\$0.0129	(\$0.0057)	\$0.0072	\$0.0335	\$0.0407
23	Large HL	\$0.0122	3.18%	\$0.0126	(\$0.0057)	\$0.0069	\$0.0329	\$0.0398
24	XL-LL	\$0.0038	3.18%	\$0.0039	(\$0.0057)	(\$0.0018)	\$0.0130	\$0.0112
25	XL-HL	\$0.0033	3.18%	\$0.0034	(\$0.0057)	(\$0.0023)	\$0.0128	\$0.0105

***Factors Include Uncollectible Allowance**

¹ SLN-15
² Per Docket No. 4323
³ Section 1, Line 15
⁴ FY 16 ISR component per Docket 4540

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Schedule SLN-15
Illustrative ISR Reconciliation Factors with 3 Year NOL Recovery

National Grid - RI Gas
FY 15 ISR Reconciliation Factors
Effective November 1, 2015
Illustrative

Line No.	Derivation of First Year of Three Year Recovery Revenue Requirement Reference	Rate Base Allocator	%	Allocation to Rate Class	Actual Revenue	Difference	ISR Recon. Under/(Over) Recovery	Total Under Recovery by Rate Class	Forecasted Throughput	ISR Recon (dth)	ISR Recon (therm)
		(c)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	FY 15 Updated ISR Cumulative Revenue Requirement	DKt 4474, MAL-1 Supp., Pg. 1, Ln 13	\$12,996,699								
2	True Up for Net Operating Losses Generated in FY 12, FY 13, and FY 14 DKt 4474, MAL-1 Supp., Pg. 1, Ln 8		\$3,537,706								
3	FY 15 Updated ISR Cumulative Revenue requirement w/o NOL	Line 2 - Line 3	\$9,458,993								
4	Recovery Period (in years)		3								
5	True up for Net Operating Losses Amortized over three years	Line 3 / Line 5	\$1,179,235								
6	Total Adjusted FY 1 Revenue Requirement	Line 4 + Line 6	\$10,638,228								
8	Revenue Requirement (a)(b)										
9	\$10,638,228										
10	Res-NH		3.73%	\$396,913	\$165,020	\$231,893	\$11,806	\$243,700	698,046	\$0.3491	\$0.0349
11	Res-H		61.56%	\$6,548,696	\$2,734,951	\$3,813,746	(\$23,197)	\$3,790,549	18,726,158	\$0.2024	\$0.0202
12	Small		8.19%	\$870,954	\$382,802	\$488,152	(\$6,894)	\$481,258	2,745,850	\$0.1752	\$0.0175
13	Medium		13.58%	\$1,445,025	\$634,847	\$810,178	(\$16,649)	\$793,529	6,166,416	\$0.1286	\$0.0128
14	Large LL		6.04%	\$642,228	\$270,349	\$371,879	(\$1,540)	\$370,339	2,960,112	\$0.1251	\$0.0125
15	Large HL		2.35%	\$250,459	\$102,561	\$147,897	\$842	\$148,740	1,211,571	\$0.1227	\$0.0122
16	XL-LL		0.77%	\$81,800	\$34,137	\$47,663	\$1,362	\$49,025	1,286,074	\$0.0381	\$0.0038
17	XL-HL		3.78%	\$402,152	\$196,278	\$205,874	\$1,080	\$206,954	6,102,814	\$0.0339	\$0.0033
18	Total		100.00%	\$10,638,228	\$4,520,945	\$6,117,283	(\$33,190)	\$6,084,094	39,897,042		

(a) Line 7
(c) Docket 4323, RI 2012 Rate Case
(d) Col (a), Line 9 * Col (c), Lines 3 through 10 respectively
(e) Page 2, Col (n), Lines 10 through 17
(f) Column (d) - Column (e)
(g) SLN-10S - Pages 6-7 Column (l) Lines 8, 16, 24, 32, 40, 48, 56, 64
(h) Column (f) + Column (g)
(i) Per Company Forecast
(j) Column (h) / Column (i)
(k) Column (j) / 10

National Grid - RI Gas
FY 2015 Gas ISR
Illustrative

Line No.	(a)	Apr-14		May-14		Jun-14		Jul-14		Aug-14		Sep-14		Oct-14		Nov-14		Dec-14		Jan-15		Feb-15		Mar-15		Total (n)
		(b)	Actual	(c)	Actual	(d)	Actual	(e)	Actual	(f)	Actual	(g)	Actual	(h)	Actual	(i)	Actual	(j)	Actual	(k)	Actual	(l)	Actual	(m)	Actual	
1	Res-NH	107,772	68,329	1,231,716	38,675	30,279	28,644	28,731	35,143	59,388	77,890	101,356	128,053	121,113	825,372											
2	Res-H	2,333,347	1,231,716	571,467	416,965	416,965	385,334	397,005	487,056	1,055,700	2,346,087	3,160,249	4,099,728	3,767,909	20,252,562											
3	Small	313,467	141,840	58,923	44,241	41,469	43,864	43,864	56,088	115,678	298,227	449,062	615,104	566,582	2,744,544											
4	Medium	673,391	379,559	177,424	163,633	153,996	163,633	163,633	186,323	357,629	677,643	900,081	1,127,548	1,064,830	6,026,396											
5	Large LL	416,781	139,433	31,721	26,623	23,951	41,700	41,700	66,018	200,602	430,705	526,742	661,076	612,041	3,227,392											
6	Large HL	88,497	87,495	78,183	70,014	92,182	92,182	76,632	76,920	94,200	88,389	140,338	147,390	155,847	1,196,085											
7	XL-LL	191,500	37,882	1,342	(14,385)	18,428	18,428	18,660	26,186	100,645	232,842	218,020	304,505	185,051	1,320,878											
8	XL-HL	622,813	313,151	473,070	329,333	355,304	306,311	795,209	186,657	703,609	92,602	1,718,741	281,911	6,178,711												
9	Total	4,747,568	2,399,405	1,431,004	1,066,704	1,149,307	1,077,241	1,728,942	2,170,500	4,855,391	8,802,146	11,588,449	14,755,284	14,771,940	41,771,940											
10	ISR Actual Revenue	\$9,280	\$15,260	\$8,317	\$6,501	\$6,501	\$6,150	\$6,189	\$7,472	\$13,268	\$18,154	\$22,387	\$25,829	\$26,214	\$165,020											
11	Res-NH	\$134,570	\$184,232	\$82,310	\$59,960	\$59,960	\$55,404	\$57,276	\$69,353	\$157,976	\$366,241	\$467,532	\$553,867	\$546,229	\$2,734,951											
12	Small	\$18,706	\$21,952	\$8,781	\$6,583	\$6,583	\$6,170	\$6,548	\$8,264	\$17,911	\$48,172	\$68,741	\$85,985	\$84,989	\$382,802											
13	Medium	\$30,206	\$44,156	\$19,877	\$18,302	\$18,302	\$17,221	\$18,440	\$20,635	\$41,623	\$82,277	\$103,568	\$118,479	\$120,063	\$634,847											
14	Large LL	\$15,023	\$13,035	\$2,856	\$2,393	\$2,393	\$2,646	\$3,760	\$5,876	\$18,761	\$42,022	\$48,705	\$55,819	\$55,455	\$270,349											
15	Large HL	\$3,154	\$8,088	\$6,960	\$6,222	\$8,192	\$8,192	\$6,833	\$6,770	\$8,712	\$8,528	\$12,832	\$12,307	\$13,963	\$102,561											
16	XL-LL	\$2,148	\$1,102	\$43	(\$402)	\$43	\$515	\$523	\$725	\$2,928	\$7,068	\$6,272	\$7,999	\$5,216	\$34,137											
17	XL-HL	\$8,481	\$11,059	\$16,088	\$11,182	\$11,182	\$12,062	\$10,434	\$26,735	\$6,595	\$25,934	\$3,234	\$54,825	\$9,649	\$196,278											
18	Total	\$221,566	\$298,885	\$145,231	\$110,740	\$110,740	\$112,358	\$110,003	\$145,828	\$267,775	\$598,398	\$733,272	\$915,109	\$861,779	\$4,520,945											

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

SLN-16
Illustrative Bill Impacts
(Reflecting 3 Year NOL Recovery and Revised PAF and ESM Factors)

National Grid - RI Gas
Revised Distribution Adjustment Charge (DAC) Filing
Bill Impact Analysis with Various Levels of Consumption
Illustrative

Line No.	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	GCR	Difference due to:							
							Base DAC	DAC	ISR	EE	LIHEAP	GET		
(1)														
(2)														
(3)														
(4)														
(5)	550	\$879.87	\$880.52	(\$0.65)	-0.1%	\$0.00	(\$0.63)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(6)	608	\$954.27	\$954.96	(\$0.69)	-0.1%	\$0.00	(\$0.67)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(7)	667	\$1,029.81	\$1,030.58	(\$0.77)	-0.1%	\$0.00	(\$0.75)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(8)	727	\$1,105.66	\$1,106.46	(\$0.79)	-0.1%	\$0.00	(\$0.77)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(9)	788	\$1,179.69	\$1,180.59	(\$0.90)	-0.1%	\$0.00	(\$0.87)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(10)	846	\$1,248.72	\$1,249.69	(\$0.97)	-0.1%	\$0.00	(\$0.94)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(11)	904	\$1,317.91	\$1,318.93	(\$1.02)	-0.1%	\$0.00	(\$0.99)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(12)	966	\$1,391.70	\$1,392.79	(\$1.09)	-0.1%	\$0.00	(\$1.06)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(13)	1,023	\$1,459.40	\$1,460.55	(\$1.15)	-0.1%	\$0.00	(\$1.12)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(14)	1,081	\$1,527.43	\$1,528.64	(\$1.22)	-0.1%	\$0.00	(\$1.18)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.04)
(15)	1,145	\$1,601.59	\$1,602.87	(\$1.28)	-0.1%	\$0.00	(\$1.24)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.04)

Residential Heating:

Line No.	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	GCR	Difference due to:							
							Base DAC	DAC	ISR	EE	LIHEAP	GET		
(16)														
(17)														
(18)														
(19)														
(20)	550	\$837.38	\$838.03	(\$0.65)	-0.1%	\$0.00	(\$0.63)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(21)	608	\$909.04	\$909.73	(\$0.69)	-0.1%	\$0.00	(\$0.67)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(22)	667	\$981.80	\$982.58	(\$0.77)	-0.1%	\$0.00	(\$0.75)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(23)	727	\$1,054.94	\$1,055.73	(\$0.79)	-0.1%	\$0.00	(\$0.77)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)
(24)	788	\$1,126.51	\$1,127.41	(\$0.90)	-0.1%	\$0.00	(\$0.87)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(25)	846	\$1,193.32	\$1,194.29	(\$0.97)	-0.1%	\$0.00	(\$0.94)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(26)	904	\$1,260.31	\$1,261.33	(\$1.02)	-0.1%	\$0.00	(\$0.99)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(27)	966	\$1,331.75	\$1,332.84	(\$1.09)	-0.1%	\$0.00	(\$1.06)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(28)	1,023	\$1,397.30	\$1,398.45	(\$1.15)	-0.1%	\$0.00	(\$1.12)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.03)
(29)	1,081	\$1,463.22	\$1,464.44	(\$1.22)	-0.1%	\$0.00	(\$1.18)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.04)
(30)	1,145	\$1,535.16	\$1,536.44	(\$1.28)	-0.1%	\$0.00	(\$1.24)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.04)

Residential Heating Low Income:

Residential Non-Heating:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(31)												
(32)												
(33)												
(34)												
(35)	140	\$349.96	\$348.76	\$1.21	0.3%	\$0.00	\$1.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
(36)	155	\$369.26	\$367.94	\$1.32	0.4%	\$0.00	\$1.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
(37)	171	\$389.87	\$388.41	\$1.45	0.4%	\$0.00	\$1.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
(38)	184	\$406.54	\$404.97	\$1.57	0.4%	\$0.00	\$1.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
(39)	198	\$424.60	\$422.91	\$1.69	0.4%	\$0.00	\$1.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
(40)	214	\$444.78	\$442.99	\$1.79	0.4%	\$0.00	\$1.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
(41)	228	\$463.22	\$461.29	\$1.93	0.4%	\$0.00	\$1.87	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
(42)	244	\$483.82	\$481.76	\$2.06	0.4%	\$0.00	\$2.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
(43)	258	\$501.84	\$499.64	\$2.21	0.4%	\$0.00	\$2.14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07
(44)	275	\$523.69	\$521.36	\$2.33	0.4%	\$0.00	\$2.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07
(45)	288	\$540.42	\$538.00	\$2.42	0.5%	\$0.00	\$2.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07

Residential Non-Heating Low Income:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(46)												
(47)												
(48)												
(49)												
(50)	140	\$327.54	\$326.34	\$1.21	0.4%	\$0.00	\$1.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
(51)	155	\$346.16	\$344.84	\$1.32	0.4%	\$0.00	\$1.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
(52)	171	\$366.05	\$364.59	\$1.45	0.4%	\$0.00	\$1.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04
(53)	184	\$382.13	\$380.56	\$1.57	0.4%	\$0.00	\$1.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
(54)	198	\$399.56	\$397.87	\$1.69	0.4%	\$0.00	\$1.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
(55)	214	\$419.03	\$417.23	\$1.79	0.4%	\$0.00	\$1.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05
(56)	228	\$436.82	\$434.89	\$1.93	0.4%	\$0.00	\$1.87	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
(57)	244	\$456.70	\$454.64	\$2.06	0.5%	\$0.00	\$2.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.06
(58)	258	\$474.09	\$471.88	\$2.21	0.5%	\$0.00	\$2.14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07
(59)	275	\$495.16	\$492.83	\$2.33	0.5%	\$0.00	\$2.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07
(60)	288	\$511.30	\$508.88	\$2.42	0.5%	\$0.00	\$2.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.07

C & I LLF Large:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:									
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET			
(91)															
(92)	41,066	\$47,165.56	\$46,941.15	\$224.40	0.5%	\$0.00	\$217.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.73	\$6.73
(93)	45,488	\$52,010.24	\$51,761.69	\$248.56	0.5%	\$0.00	\$241.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.46	\$7.46
(94)	49,910	\$56,855.00	\$56,582.31	\$272.69	0.5%	\$0.00	\$264.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.18	\$8.18
(95)	54,334	\$61,701.69	\$61,404.83	\$296.87	0.5%	\$0.00	\$287.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.91	\$8.91
(96)	58,757	\$66,547.37	\$66,226.36	\$321.01	0.5%	\$0.00	\$311.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.63	\$9.63
(97)	63,179	\$71,392.24	\$71,047.03	\$345.21	0.5%	\$0.00	\$334.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.36	\$10.36
(98)	67,600	\$76,235.86	\$75,866.50	\$369.36	0.5%	\$0.00	\$358.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11.08	\$11.08
(99)	72,023	\$81,081.56	\$80,688.06	\$393.51	0.5%	\$0.00	\$381.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11.81	\$11.81
(100)	76,447	\$85,928.81	\$85,511.14	\$417.67	0.5%	\$0.00	\$405.14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.53	\$12.53
(101)	80,870	\$90,774.51	\$90,332.66	\$441.86	0.5%	\$0.00	\$428.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.26	\$13.26
(102)	85,292	\$95,619.26	\$95,153.24	\$466.02	0.5%	\$0.00	\$452.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.98	\$13.98

C & I HLF Large:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:									
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET			
(106)															
(107)	50,411	\$52,061.25	\$51,790.99	\$270.26	0.5%	\$0.00	\$262.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.11	\$8.11
(108)	55,841	\$57,434.78	\$57,135.43	\$299.35	0.5%	\$0.00	\$290.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.98	\$8.98
(109)	61,273	\$62,810.13	\$62,481.67	\$328.46	0.5%	\$0.00	\$318.61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9.85	\$9.85
(110)	66,699	\$68,180.14	\$67,822.58	\$357.56	0.5%	\$0.00	\$346.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.73	\$10.73
(111)	72,129	\$73,553.69	\$73,167.00	\$386.69	0.5%	\$0.00	\$375.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11.60	\$11.60
(112)	77,558	\$78,926.37	\$78,510.58	\$415.79	0.5%	\$0.00	\$403.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.47	\$12.47
(113)	82,989	\$84,300.01	\$83,855.13	\$444.88	0.5%	\$0.00	\$431.53	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.35	\$13.35
(114)	88,416	\$89,670.95	\$89,196.97	\$473.98	0.5%	\$0.00	\$459.76	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14.22	\$14.22
(115)	93,847	\$95,045.38	\$94,542.28	\$503.10	0.5%	\$0.00	\$488.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.09	\$15.09
(116)	99,275	\$100,417.14	\$99,884.97	\$532.18	0.5%	\$0.00	\$516.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.97	\$15.97
(117)	104,705	\$105,790.68	\$105,229.38	\$561.30	0.5%	\$0.00	\$544.46	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16.84	\$16.84

C & I LLF Extra-Large:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(121)												
(122)												
(123)												
(124)												
(125)	174,357	\$164,736.27	\$165,077.80	(\$341.53)	-0.2%	\$0.00	(\$331.28)	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.25)
(126)	193,136	\$181,911.42	\$182,289.74	(\$378.32)	-0.2%	\$0.00	(\$366.97)	\$0.00	\$0.00	\$0.00	\$0.00	(\$11.35)
(127)	211,912	\$199,084.16	\$199,499.25	(\$415.08)	-0.2%	\$0.00	(\$402.63)	\$0.00	\$0.00	\$0.00	\$0.00	(\$12.45)
(128)	230,688	\$216,257.46	\$216,709.31	(\$451.86)	-0.2%	\$0.00	(\$438.30)	\$0.00	\$0.00	\$0.00	\$0.00	(\$13.56)
(129)	249,466	\$233,431.86	\$233,920.49	(\$488.63)	-0.2%	\$0.00	(\$473.97)	\$0.00	\$0.00	\$0.00	\$0.00	(\$14.66)
(130)	268,243	\$250,605.26	\$251,130.71	(\$525.44)	-0.2%	\$0.00	(\$509.68)	\$0.00	\$0.00	\$0.00	\$0.00	(\$15.76)
(131)	287,018	\$267,777.29	\$268,339.48	(\$562.19)	-0.2%	\$0.00	(\$545.32)	\$0.00	\$0.00	\$0.00	\$0.00	(\$16.87)
(132)	305,796	\$284,952.32	\$285,551.28	(\$598.97)	-0.2%	\$0.00	(\$581.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$17.97)
(133)	324,573	\$302,125.83	\$302,761.62	(\$635.78)	-0.2%	\$0.00	(\$616.71)	\$0.00	\$0.00	\$0.00	\$0.00	(\$19.07)
(134)	343,350	\$319,299.35	\$319,971.89	(\$672.54)	-0.2%	\$0.00	(\$652.36)	\$0.00	\$0.00	\$0.00	\$0.00	(\$20.18)
(135)	362,127	\$336,472.93	\$337,182.25	(\$709.32)	-0.2%	\$0.00	(\$688.04)	\$0.00	\$0.00	\$0.00	\$0.00	(\$21.28)

C & I HLF Extra-Large:

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:						
						GCR	Base DAC	DAC	ISR	EE	LIHEAP	GET
(136)												
(137)												
(138)												
(139)												
(140)	447,421	\$394,907.75	\$396,199.27	(\$1,291.52)	-0.3%	\$0.00	(\$1,252.77)	\$0.00	\$0.00	\$0.00	\$0.00	(\$38.75)
(141)	495,605	\$436,868.93	\$438,299.54	(\$1,430.61)	-0.3%	\$0.00	(\$1,387.69)	\$0.00	\$0.00	\$0.00	\$0.00	(\$42.92)
(142)	543,789	\$478,830.92	\$480,400.61	(\$1,569.69)	-0.3%	\$0.00	(\$1,522.60)	\$0.00	\$0.00	\$0.00	\$0.00	(\$47.09)
(143)	591,972	\$520,791.31	\$522,500.12	(\$1,708.81)	-0.3%	\$0.00	(\$1,657.55)	\$0.00	\$0.00	\$0.00	\$0.00	(\$51.26)
(144)	640,155	\$562,751.72	\$564,599.60	(\$1,847.88)	-0.3%	\$0.00	(\$1,792.44)	\$0.00	\$0.00	\$0.00	\$0.00	(\$55.44)
(145)	688,340	\$604,714.15	\$606,701.10	(\$1,986.95)	-0.3%	\$0.00	(\$1,927.34)	\$0.00	\$0.00	\$0.00	\$0.00	(\$59.61)
(146)	736,523	\$646,674.84	\$648,800.92	(\$2,126.08)	-0.3%	\$0.00	(\$2,062.30)	\$0.00	\$0.00	\$0.00	\$0.00	(\$63.78)
(147)	784,708	\$688,636.87	\$690,902.02	(\$2,265.14)	-0.3%	\$0.00	(\$2,197.19)	\$0.00	\$0.00	\$0.00	\$0.00	(\$67.95)
(148)	832,891	\$730,598.05	\$733,002.30	(\$2,404.25)	-0.3%	\$0.00	(\$2,332.12)	\$0.00	\$0.00	\$0.00	\$0.00	(\$72.13)
(149)	881,074	\$772,558.44	\$775,101.74	(\$2,543.30)	-0.3%	\$0.00	(\$2,467.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$76.30)
(150)	929,259	\$814,521.26	\$817,203.64	(\$2,682.38)	-0.3%	\$0.00	(\$2,601.91)	\$0.00	\$0.00	\$0.00	\$0.00	(\$80.47)

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Schedule WRR-3 Revised
Revised Pension and Postretirement Benefits Other Than Pensions Reconciliation

Narragansett Electric - Gas Operations
Pension Costs
12 Months Ended March 31, 2015

<u>Line</u> <u>No.</u>		<u>April 2014</u> <u>thru March 2015</u>
1	<u>Rate Allowance:</u>	
2	National Grid - RI Gas Pension Costs Allowance	\$4,702,324
3	National Grid - Service Company Allocated Pension Costs Allowance	\$2,977,528
4	Total Pension Costs in Base Rates	<u>\$7,679,852</u>
5	<u>Expense Reconciliation:</u>	
6	Current Year actual Pension Expense Direct	\$4,125,165
7	Current Year actual Service Company Allocated Pension Expense	\$2,477,492
8	Current Year actual Affiliated Allocated Pension Expense	\$64,557
9	Total Current Year Pension Expense Including Service Company-Allocated Expense	<u>\$6,667,215</u>
10	Rate Allowance	\$7,679,852
11	Current Year Pension Expense Reconciliation	(\$1,012,638)
12	Funding Carrying Charge	(\$423,619)

Line Notes:

- 2 Docket No. 4323 Attachment MDL-3-GAS page 36 of 65 Line 1 (e)
- 3 Docket No. 4323 Attachment MDL-3-GAS page 36 of 65 sum of Lines 2 (e) through 5 (e)
- 4 Line 2 plus Line 3
- 6-8 Per Company Books
- 9 Sum of Lines 6 through 8
- 10 Line 4
- 11 Line 4 minus Line 10
- 12 Minus Page 3 of 4 Line 18

Narragansett Electric - Gas Operations
Post-Retirement Benefits Other Than Pension (PBOP) Costs
12 Months Ended March 31, 2015

Line No.		April 2014 <u>thru March 2015</u>
1	<u>Rate Allowance</u>	
2	National Grid - RI Gas PBOP Costs Allowance	\$2,470,365
3	National Grid - Service Company Allocated PBOP Costs Allowance	1,852,439
4	Total PBOP Costs	<u>\$4,322,804</u>
5	<u>Expense Reconciliation</u>	
6	Current Year actual PBOP Expense Direct	\$1,263,613
7	Current Year actual Service Company Allocated PBOP Expense	\$916,550
8	Current Year actual Affiliated Allocated PBOP Expense	\$71,065
9	Total Current Year PBOP Expense Including Service Company-Allocated Expense	<u>\$2,251,228</u>
10	Rate Allowance	\$4,322,804
11	Current Year PBOP Expense Reconciliation	(\$2,071,576)
12	Funding Carrying Charge - Current Year	(\$378,758)
13	Funding Carrying Charge - Prior Year Correction	\$93,085
14	Total Funding Carrying Charge	<u>(\$285,673)</u>

Line Notes:

- 2 Docket No. 4323 Attachment MDL-3-GAS page 35 of 65 Line 1 (e)
- 3 Docket No. 4323 Attachment MDL-3-GAS page 35 of 65 sum of Lines 2 (e) thru 5 (e)
- 4 Line 2 plus Line 3
- 6-8 Per Company Books
- 9 Sum of Lines 6 through 8
- 10 Line 4
- 11 Line 9 minus Line 10
- 12 Minus Page 4 of 4 Line 18
- 13 WRR-4 Page 4 of 6 Line 30 (g)
- 14 Line 12 plus Line 13

**Narragansett Electric - Gas Operations
Pension Funding Carrying Charges
12 Months Ended March 31, 2015**

	(a) Dkt 4323	(b) Mar-2014	(c) Jun-2014	(d) Sep-2014	(e) Dec-2014	(f) Mar-2015
Customer Funding						
1 Base Rate Recovery:						
2 Direct	\$4,702,324	\$1,175,581	\$1,175,581	\$1,175,581	\$1,175,581	\$1,175,581
3 Servco	\$2,977,528	\$744,382	\$744,382	\$744,382	\$744,382	\$744,382
4 PAM Surcharge Recovery:		465,084	465,084	465,084	\$128,376	(\$39,978)
5 Pension Capitalized Amount:						
6 Direct		\$940,193	\$934,495	\$1,076,560	\$1,211,088	\$708,066
7 Servco/Other Affiliates		\$178,520	\$174,602	\$209,526	\$274,591	\$290,571
8 Total Customer Funding:		\$3,503,760	\$3,494,145	\$3,671,134	\$3,534,018	\$2,878,622
9 Company Contributions¹		Jun-2014	Sep-2014	Dec-2014	Mar-2015	Jun-2015
10 Pension		\$2,066,500	\$2,066,500	\$4,133,000	\$0	9,138,750
11 Service Company Allocated Costs		\$922,902	\$918,984	\$953,908	\$1,018,973	\$1,034,953
12 Total Contributions		\$2,989,402	\$2,985,484	\$5,086,908	\$1,018,973	\$10,173,703
13 Under/(Over) Funding		\$514,358	\$508,661	(\$1,415,775)	\$2,515,045	(\$7,295,081)
14 Cumulative Under/(Over) Funding		\$5,110,651	\$5,619,311	\$4,203,537	\$6,718,581	(\$576,499)
15 Five Quarter Average						\$4,215,116
16 Base for Carrying Charge (greater of line 22 or zero)						\$4,215,116
17 Pre-tax WACC						10.05%
18 Carrying Charge						<u>\$423,619</u>

Company Contributions¹-This amount represents dollars funded in the subsequent quarter

Line Notes

- 2(a) Docket No. 4323 Attachment MDL-3-GAS page 36 of 65 line 1 (e)
- 2(b) - 2(f) Line 2 (a) divided by 12 times 3
- 3(a) Docket No. 4323 Attachment MDL-3-GAS page 36 of 65 sum of lines 2 (e) through 5 (e)
- 3(b) - 3(f) Line 3 (a) divided by 12 times 3
- 4(b) - 4(d) Docket No. 4431 Schedule WRR-1S, page 1 of 6, Line 14 divided by 12 times 3
- 4(e) Docket No. 4431 Schedule WRR-1S, page 1 of 6, Line 14 divided by 12 times 1 plus Docket No. 4514 Schedule WRR-1, page 1 of 6, Line 9 divided by 12 times 2
- 4(f) Docket No. 4514 Schedule WRR-1, page 1 of 6, Line 9 divided by 12 times 3
- 6(b) - 6(f) Per Company Books
- 7(b) - 7(f) Per Company Books
- 8(b) - 8(f) Sum of Line 2 through Line 7
- 10 Per Company Books
- 11 Line 3 plus line 7
- 12 Line 10 plus Line 11
- 13 Line 8 minus Line 12
- 14 Current year Line 13 plus prior year Line 14
- 15 Average of column (b) through column (e)
- 16 If Line 15 is greater than zero, Line 15 if not, zero
- 17 Docket No 4323
- 18 Line 16 times Line 17

Narragansett Electric - Gas Operations
PBOP Funding - Carrying Charges
12 Months Ended March 31, 2015

	(a)	(b)	(c)	(d)	(e)	(f)
	Dkt 4323	Mar-2014	Jun-2014	Sep-2014	Dec-2014	Mar-2015
Customer Funding						
1 Base Rate Recovery:						
2 Direct	\$2,470,365	\$617,591	\$617,591	\$617,591	\$617,591	\$617,591
3 Servco	\$1,852,439	\$463,110	\$463,110	\$463,110	\$463,110	\$463,110
4 PAM Surcharge Recovery:		(\$143,009)	(\$143,009)	(\$143,009)	(\$205,720)	(\$237,076)
5 PBOP Capitalized Amount:						
6 Direct		\$411,931	\$286,253	\$329,770	\$370,978	\$216,894
7 Servco/Other Affiliates		\$72,342	\$64,793	\$100,159	\$138,261	\$104,122
8 Total Customer Funding:		\$1,421,965	\$1,288,737	\$1,367,620	\$1,384,219	\$1,164,641
9 Company Contributions¹		Jun-2014	Sep-2014	Dec-2014	Mar-2015	Jun-2015
10 PBOP		\$764,266	\$764,176	\$764,099	\$764,120	\$8,060,500
11 Service Company Allocated Costs		535,452	527,903	563,268	601,370	567,232
12		\$1,299,718	\$1,292,079	\$1,327,367	\$1,365,490	\$8,627,732
13 Under/(Over) Funding		\$122,247	(\$3,341)	\$40,253	\$18,729	(\$7,463,091)
14 Cumulative Funding Under/(Over) Funding		\$5,232,382	\$5,229,040	\$5,269,293	\$5,288,022	(\$2,175,069)
15 Five Quarter Average						\$3,768,734
16 Base for Carrying Charge (greater of line 22 or zero)						\$3,768,734
17 Pre-tax WACC						10.05%
18 Carrying Charge						<u>\$378,758</u>

Company Contributions¹-This amount represents dollars funded in the subsequent quarter

Line Notes

- 2(a) Docket No. 4323 Attachment MDL-3-GAS page 36 of 65 line 1 (e)
- 2(b) - 2(f) Line 2 (a) divided by 12 times 3
- 3(a) Docket No. 4323 Attachment MDL-3-GAS page 36 of 65 sum of lines 2 (e) thru 5 (e)
- 3(b) - 3(f) Line 3 (a) divided by 12 times 3
- 4(b) - 4(d) Docket No. 4431 Schedule WRR-1S, page 2 of 6, Line 14 divided by 12 times 3
- 4(e) Docket No. 4431 Schedule WRR-1S, page 2 of 6, Line 14 divided by 12 times 1 plus Docket No. 4514 Schedule WRR-1, page 2 of 6, Line 9 divided by 12 times 2
- 4(f) Docket No. 4514 Schedule WRR-1, page 2 of 6, Line 9 divided by 12 times 3
- 6(b) - 6(f) Per Company Books
- 7(b) - 7(f) Per Company Books
- 8 (b) - 8(f) Sum of Line 2 through Line 7
 - 10 Per Company Books
 - 11 Line 3 plus line 7
 - 12 Line 10 plus Line 11
 - 13 Line 8 minus Line 12
 - 14 Current year Line 13 plus prior year Line 14
 - 15 Average of column (b) through column (e)
 - 16 If Line 15 is greater than zero, Line 15 if not, zero
 - 17 Docket No 4323
 - 18 Line 16 times Line 17

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015**

Appendix 1
Response to Commission's Data Request PUC 1-1 in Docket No. 4518

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket 4518
In Re: 2015 Pension Adjustment Factor
Responses to the Commission's First Set of Data Requests
Issued on September 11, 2015

PUC 1-1

Request:

Please explain the roughly 27% increase in pension expense when comparing FY2015 expense (\$9,804,010) to the Docket 4323 rate year allowance (\$7,723,559). See Schedule WRR-1.

Response:

The Company's actuary provides separate cost estimates for employees of the electric and gas businesses. The Company is also amortizing a merger-related deferred pension credit from National Grid's acquisition of the electric business in 2000, and is amortizing a merger-related deferred pension debit from its acquisition of the gas operations of Southern Union in 2006. The Company's accounting system accumulated into a single clearing pool, all direct company pension costs as provided by the Company's actuary plus the amortization of deferred merger-related pension costs for both the electric and gas businesses. Pension costs were then charged out of the clearing pool as a labor overhead to the electric and gas segments based on where employees of the Company charge their labor dollars. Since electric and gas-related net actuarial pension costs are accumulated in a single clearing pool (i.e. actuarial costs plus electric-related pension merger amortization costs and gas-related pension merger amortization costs), the costs charged to the electric and gas operating businesses are based on proration of electric and gas wages rather than on the discretely calculated pension costs of each segment. This approach results in a disproportionate share of net actuarial pension costs being allocated to the electric and gas businesses. Consequently, pension costs (and OPEB costs) charged to the electric business has been overstated for the fiscal year, and costs charged to the gas business have been understated.

The Company believes that pension costs should have been charged to the electric and gas businesses in proportion to each businesses share of net actuarial pension expense. The Company plans to submit a revised Pension Adjustment Factor filing for the twelve-month period ended March 31, 2015 with the PUC. The revised electric pension expense is \$8,967,724. This is a roughly 16 percent increase as compared to the rate year allowance in Docket 4323. The primary reason for the increase in expense is a decrease in the amortization of the aforementioned merger-related deferred pension credit from National Grid's acquisition of the electric business in 2000. When National Grid acquired the Company, the pension and OPEB plans had unrecognized accumulated net actuarial gains. When a business combination occurs, the accounting standards (FAS 87 and FAS 106) require business to immediately recognize any accumulated actuarial gains or losses. Absent a business combination, the gains that had been accumulated in the pension and OPEB plans would have been amortized as a reduction to pension and OPEB expense over the average service lives of the participants in the plans. At acquisition, National Grid deferred the accumulated pension and OPEB gains to a regulatory

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket 4518
In Re: 2015 Pension Adjustment Factor
Responses to the Commission's First Set of Data Requests
Issued on September 11, 2015

PUC 1-1, page 2

liability account which the Company has been amortizing as a reduction to pension and OPEB expense as if the merger had not occurred. It has been over 15 years since National Grid's acquisition of the Company's electric business, and certain components of the deferred merger-related gains have been fully amortized and other components will be fully amortized over the next few years. As the amortization of these gains wind down, the reduction to pension and PBOP expense that has been enjoyed since the acquisition has been decreasing over time, which is the main driver for the increase in pension expense for FY 2015 as compared to the rate allowance.

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4573
REVISED DISTRIBUTION ADJUSTMENT CHARGE FILING
WITNESS: SUHILA NOURI NUTILE
OCTOBER 15, 2015

Appendix 2
Revised Final Earnings Sharing Report for FY 2014 and FY 2015
(Filed under Docket No. 4323)

**National Grid
Revised Gas Earnings Sharing Mechanism
Docket No. 4323**

**National Grid - RI Gas
For the Twelve Months ended March 31,2014**

Table of Contents

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Projected Deferred Tax Schedule	13

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

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

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

Notes:

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

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

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

		<u>2014</u>
1	<u>Operating Revenues</u>	
2	Total Firm Gas	\$ 434,925,021
3	Transportation	\$ 33,295,672
4	Other Revenues	\$ (19,082,983)
5	FY13 Customer Portion of On System Non-Firm Margin not booked in FY13	\$ 135,571
6	FY12 Customer Portion of On System Non-Firm Margin booked in FY13	\$ 665,646
7	Total Operating Revenues	<u>\$ 449,938,927</u>
8		
9	<i>Adjustment to Operating Revenue:</i>	
10	Inventory Financing	<u>\$ (1,803,388)</u>
11	Total Adjusted Operating Revenues	<u>\$ 448,135,539</u>
12		
13	<u>Operating Expenses</u>	
14	Production (Gas Costs)	\$ 243,134,254
15	Storage	\$ 1,906,091
16	Transmission	\$ 6,973
17	Distribution	\$ 18,272,649
18	Customer Accounts	\$ 37,270,605
19	Sales	\$ -
20	Administrative and General	\$ 47,972,802
21	Total Operating Expenses	<u>\$ 348,563,375</u>
22		
23	<i>Adjustments to Operating Expense:</i>	
24	Savings Imputed in Base Rates	<u>\$ 2,450,000</u>
25	Total Adjusted Operating Expenses	<u>\$ 351,013,375</u>
26		
27	<u>Other Expenses</u>	
28	Depreciation and Amortization	\$ 27,716,281
29	Local and Other Taxes	\$ 18,280,897
30	Revenue Related Taxes (Gross Earnings Tax - GET)	\$ 11,916,927
31	Federal Income Taxes @ 35%	\$ 10,594,905
32	Total Other Expenses	<u>\$ 68,509,011</u>
33		
34	<u>Income Before Interest Expense</u>	<u>\$ 28,613,153</u>
35		
36	<u>Interest Expense</u>	
37	Short-Term Debt	\$ 9,072
38	Long-Term Debt	\$ 10,592,331
39	Other Interest Expense	\$ -
40	AFUDC	\$ (1,664,503)
41	Total Interest Expense	<u>\$ 8,936,900</u>
42		
43	<u>Net Income / (Loss)</u>	<u>\$ 19,676,253</u>
44		
45	Preferred Dividends	<u>\$ 27,785</u>
46		
47	<u>Net Income / (Loss) Applicable to Common Equity</u>	<u>\$ 19,648,468</u>

Notes:

- 4 From Page 7 of 13 line 10
- 24 Docket No. 3943 (4/4/2008) Attachment NG-MDL-4 Page 1 of 6 Line 7
- 29 From Page 6 of 13 sum of line 3 through line 5
- 31 From Page 3 of 13 line 20
- 37 From Page 4 of 13 line 25(b)
- 38 From Page 4 of 13 line 17(b)
- 39 From Page 8 of 13 line 3
- 45 From Page 4 of 13 line 34(b)

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

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

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

Notes:

- 1 From Page 2 of 13 line 11
- 5 From Page 2 of 13 line 25
- 6 From Page 2 of 13 line 28
- 7 From Page 2 of 13 line 29
- 8 From Page 2 of 13 line 30
- 9 From Page 2 of 13 line 37
- 10 From Page 2 of 13 line 38
- 11 From Page 2 of 13 line 39
- 12 From Page 2 of 13 line 40
- 14 Sum of Line 5 through Line 12
- 16 Line 1 minus Line 14
- 20 Line 16 times Line 18

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

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

Notes:

1(a)-4(e)	From Company Financial Statements	-
1(f)-4(f)	Average of Column (a) through Column (e)	
6(a)-6(e)	Line 1 plus line 2 minus line 3 minus line 4	
6(f)	Average of Column (a) through Column (e)	
8(a)-11(e)	From Company Financial Statements	
8(f)-11(f)	Average of Column (a) through Column (e)	
10	Reflects the amortization of Y2K related costs per Docket No. 3401 and Advantage System amortization	
12	From Page 6 of 13 Line 13	
14	Sum of Line 8 through Line 12	
16(a)-19(e)	From Company Financial Statements	
16(f)-19(f)	Average of Column (a) through Column (e)	
17	Hold Harmless rate base credit per Docket No. 3859	
21	Sum of Line 16 through Line 19	
23	Line 6 + Line 14 - Line 21	

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

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

Notes:

- 1 From Page 2 of 13 Line 14
- 2 From Page 2 of 13 Lines 15 - 20
- 3-5 From Company Financial Statements
- 6 From Page 2 of 13 Line 30
- 7 Sum of Lines 1 through Line 6
- 9 Line 7 divided by 365 days
- 11 Per Docket No. 4323, Schedule MDL-4-GAS, (Page 2 of 20, Line 18 - Page 3 of 20, Line 4)
- 13 Line 9 times Line 11

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

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

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

Notes:

- 1-8 From Company Financial Statements
10 Sum of line 1 through line 8

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

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

1	Interest on Customer Deposits	\$	-
2			
3	Total Other Interest Expense	<u>\$</u>	<u>-</u>

Notes:

- 1 From Company Financial Statements
- 3 Line 1

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

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

Notes:

- 1-9 From Company Financial Statements
- 10 Sum of line 1 through line 9

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

<u>Description</u>	(a) Average Long-Term Debt Balance	(b) Rate	(c) Long-Term Interest Expense	(d) Annual Amortization of DD&E	(e) Total Expense
1 Providence Gas FMB S	14,464,000	6.82%	986,445	7,000	993,445
2 Providence Gas FMB N	10,000,000	9.63%	963,000	4,100	967,100
3 Providence Gas FMB O	12,500,000	8.46%	1,057,500	4,300	1,061,800
4 Providence Gas FMB P (Annual sinking fund 9/30 \$625,000)	5,937,500	8.09%	480,344	3,500	483,844
5 Providence Gas FMB R (Annual sinking fund 12/15 \$750,000)	9,531,250	7.50%	714,844	4,100	718,944
6 Narragansett Senior Note \$250M due 3-15-2020	250,000,000	4.53%	11,325,000	664,600	11,989,600
7 Narragansett Senior Note \$300M due 3-15-2040	300,000,000	5.64%	16,920,000	279,300	17,199,300
8 Narragansett Senior Note \$300M due 12-10-2040 (Issued 12-10-12)	250,000,000	4.17%	10,425,000	75,000	10,500,000
9 Totals	\$ 852,432,750		\$ 42,872,132	\$ 1,041,900	\$ 43,914,032
10					
11			Cost of Debt = (Total Expense / Average Long-Term Debt Balance)		5.15%

Notes:

1-8 From Financial Statements

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

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

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

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

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

Notes:

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

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

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

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

Line No.			
1	Balance as of September 30, 2007	\$34,139,677	1/
2			
3	Increase / (Decrease) 12 Months Ended 9/30/08	<u>(2,624,545)</u>	
4			
5	Balance as of: 9/30/08	\$31,515,132	1/
6			
7			
8	10/31/08	31,283,677	
9	11/30/08	31,052,222	
10	12/31/08	30,820,767	1/
11	1/31/09	30,647,907	
12	2/28/09	30,475,046	
13	3/31/09	30,302,186	1/
14	4/30/09	30,129,326	
15	5/31/09	29,956,466	
16	6/30/09	29,783,606	1/
17	7/31/09	29,610,746	
18	8/31/09	29,437,886	
19	9/30/09	<u>29,265,026</u>	1/
20			
21	Rate Year Merger Hold Harmless - Five Quarter Average	<u>\$30,337,343</u>	

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

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

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

Schedule DJE-2
Revised

NATIONAL GRID
MERGER ADJUSTMENT TO ADIT
Projected Deferred Tax Schedule
(\$000)

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

National Grid
Revised Gas Earnings Sharing Mechanism
Docket No. 4323

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

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

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

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

Notes:

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

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

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

		<u>2015</u>
1	<u>Operating Revenues</u>	
2	Total Firm Gas	\$ 389,488,241
3	Transportation	\$ 37,960,909
4	Other Revenues	\$ (9,251,525)
5	FY15 Customer Portion of On System Non-Firm Margin not booked in FY15	\$ 133,185
6	FY14 Customer Portion of On System Non-Firm Margin booked in FY15	\$ (135,571)
7	Total Operating Revenues	<u>\$ 418,195,238</u>
8		
9	<i>Adjustment to Operating Revenue:</i>	
10	Inventory Financing	\$ (1,445,272)
11	Total Adjusted Operating Revenues	<u>\$ 416,749,966</u>
12		
13	<u>Operating Expenses</u>	
14	Production (Gas Costs)	\$ 203,973,656
15	Storage	\$ 2,567,771
16	Transmission	\$ 9,496
17	Distribution	\$ 29,485,230
18	Customer Accounts	\$ 37,747,825
19	Sales	\$ -
20	Administrative and General	\$ 38,754,657
21	Total Operating Expenses	<u>\$ 312,538,636</u>
22		
23	<i>Adjustments to Operating Expense:</i>	
24	Savings Imputed in Base Rates	\$ 2,450,000
25	Total Adjusted Operating Expenses	<u>\$ 314,988,636</u>
26		
27	<u>Other Expenses</u>	
28	Depreciation and Amortization	\$ 30,569,106
29	Local and Other Taxes	\$ 18,605,283
30	Revenue Related Taxes (Gross Earnings Tax - GET)	\$ 11,820,703
31	Federal Income Taxes @ 35%	\$ 9,926,897
32	Total Other Expenses	<u>\$ 70,921,990</u>
33		
34	<u>Income Before Interest Expense</u>	<u>\$ 30,839,340</u>
35		
36	<u>Interest Expense</u>	
37	Short-Term Debt	\$ 22,325
38	Long-Term Debt	\$ 12,381,350
39	Other Interest Expense	\$ -
40	AFUDC	\$ -
41	Total Interest Expense	<u>\$ 12,403,675</u>
42		
43	<u>Net Income / (Loss)</u>	<u>\$ 18,435,666</u>
44		
45	Preferred Dividends	<u>\$ 32,505</u>
46		
47	<u>Net Income / (Loss) Applicable to Common Equity</u>	<u>\$ 18,403,161</u>

Notes:

- 4 From Page 7 of 13 line 10
- 24 Docket No. 3943 (4/4/2008) Attachment NG-MDL-4 Page 1 of 6 Line 7
- 29 From Page 6 of 13 sum of line 3 through line 5
- 31 From Page 3 of 13 line 20
- 37 From Page 4 of 13 line 25(b)
- 38 From Page 4 of 13 line 17(b)
- 39 From Page 8 of 13 line 3
- 45 From Page 4 of 13 line 34(b)

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

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

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

Notes:

- 1 From Page 2 of 13 line 11
- 5 From Page 2 of 13 line 25
- 6 From Page 2 of 13 line 28
- 7 From Page 2 of 13 line 29
- 8 From Page 2 of 13 line 30
- 9 From Page 2 of 13 line 37
- 10 From Page 2 of 13 line 38
- 11 From Page 2 of 13 line 39
- 12 From Page 2 of 13 line 40
- 14 Sum of Line 5 through Line 12
- 16 Line 1 minus Line 14
- 20 Line 16 times Line 18

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

		%	\$
		(a)	(b)
1	Rate Base		\$ 481,554,946
2		Docket 4323	
3	Capital Structure		
4			
5	Short-Term Debt	0.76%	\$ 3,659,818
6	Long-Term Debt	49.95%	240,536,695
7	Preferred Stock	0.15%	722,332
8	Common Equity	49.14%	236,636,100
9		100.0%	\$ 481,554,946
10	Interest Expense		
11			
12			
13	Long-Term Debt Portion	49.95%	\$ 240,536,695
14			
15	Cost of Long-Term Debt March 2013		5.15%
16			
17	Proforma Long-Term Debt Interest for the Year Ended March 2013		\$ 12,381,350
18			
19			
20			
21	Short-Term Debt Portion	0.76%	\$ 3,659,818
22			
23	Cost of Short-Term Debt March 2013		0.61%
24			
25	Proforma Short-Term Debt Interest for the Year Ended March 2013		\$ 22,325
26			
27	Preferred Dividends		
28			
29			
30	Preferred Stock Portion	0.15%	\$ 722,332
31			
32	Cost of Preferred Stock		4.50%
33			
34	Proforma Preferred Stock for the Year Ended March 2013		\$ 32,505

Notes:

- 1(b) From Page 5 of 13 line 23(f)
- 5(a)-8(a) Imputed capital structure per Docket No. 4323, Attachment 6, Schedule MDL-3-GAS-S, Page 56 of 65
- 5(b)-8(b) Line 1(a) times Line 5(a) through Line 8(a)
- 13 Line 1(b) times Line 13(b)
- 15 From Page 10 of 13 line 11(e)
- 17 Line 13 (b) times line 15 (b)
- 21 Line 1(b) times Line 21(b)
- 23 From Page 11 of 13 line 14(b)
- 25 Line 21 (b) times line 23 (b)
- 30 Line 1(b) times Line 30(b)
- 32 Cost rate per Docket No. 4323, Attachment 6, Schedule MDL-3-GAS-S, Page 56 of 65
- 34 Line 30 (b) times line 32 (b)

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

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

Notes:

- 1(a)-4(e) From Company Financial Statements
1(f)-4(f) Average of Column (a) through Column (e)
6(a)-6(e) Line 1 plus line 2 minus line 3 minus line 4
6(f) Average of Column (a) through Column (e)
8(a)-11(e) From Company Financial Statements
8(f)-11(f) Average of Column (a) through Column (e)
10 Reflects the amortization of Y2K related costs per Docket No. 3401 and Advantage System amortization
12 From Page 6 of 13 Line 13
14 Sum of Line 8 through Line 12
16(a)-19(e) From Company Financial Statements
16(f)-19(f) Average of Column (a) through Column (e)
17 Hold Harmless rate base credit per Docket No. 3859
21 Sum of Line 16 through Line 19
23 Line 6 + Line14 - Line 21

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

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

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

Notes:

- 1 From Page 2 of 13 Line 14
- 2 From Page 2 of 13 Lines 15 - 20
- 3-5 From Company Financial Statements
- 6 From Page 2 of 13 Line 30
- 7 Sum of Lines 1 through Line 6
- 9 Line 7 divided by 365 days
- 11 Per Docket No. 4323, Schedule MDL-4-GAS, (Page 2 of 20, Line 18 - Page 3 of 20, Line 4)
- 13 Line 9 times Line 11

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

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

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

Notes:

- 1-8 From Company Financial Statements
10 Sum of line 1 through line 8

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

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

1	Interest on Customer Deposits	\$	-
2			
3	Total Other Interest Expense	<u>\$</u>	<u>-</u>

Notes:

- 1 From Company Financial Statements
- 3 Line 1

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

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

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

Notes:

- 1-9 From Company Financial Statements
- 10 Sum of line 1 through line 9

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

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

Notes:

1-8 From Financial Statements
11(e) 9(e) divided by 9(a)

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

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

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

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

Notes:

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

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

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

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

Line No.			
1	Balance as of September 30, 2007	\$34,139,677	1/
2			
3	Increase / (Decrease) 12 Months Ended 9/30/08	<u>(2,624,545)</u>	
4			
5	Balance as of: 9/30/08	\$31,515,132	1/
6			
7			
8	10/31/08	31,283,677	
9	11/30/08	31,052,222	
10	12/31/08	30,820,767	1/
11	1/31/09	30,647,907	
12	2/28/09	30,475,046	
13	3/31/09	30,302,186	1/
14	4/30/09	30,129,326	
15	5/31/09	29,956,466	
16	6/30/09	29,783,606	1/
17	7/31/09	29,610,746	
18	8/31/09	29,437,886	
19	9/30/09	<u>29,265,026</u>	1/
20			
21	Rate Year Merger Hold Harmless - Five Quarter Average	<u>\$30,337,343</u>	

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

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

**National Grid
Revised Gas Earnings Sharing Mechanism
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Page 13 of 13**

Schedule DJE-2
Revised

NATIONAL GRID
MERGER ADJUSTMENT TO ADIT
Projected Deferred Tax Schedule
(\$000)

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

Appendix 3
Responses to Division's Data Requests DIV 1-2, DIV 1-5, and DIV 1-7 in Docket
No. 4323

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4323
Gas Earnings Sharing Mechanism
Final Earnings Report – Twelve Months Ended March 31, 2014 and 2015
Responses to Division's First Set of Data Requests
Issued on September 14, 2015

Division 1-2

Request:

Please provide all work papers supporting the RI Gas Earnings Sharing Calculation for the Twelve Months ended March 31, 2014.

Response:

Please see Attachment DIV 1-2 for work papers supporting the RI Gas Earnings Sharing Calculation for the twelve months ended March 31, 2014.

Please note that these work papers reflect a correction to Other Revenues on Page 1, Line 4, Column (d) of Attachment DIV 1-2 for an error in the original Gas Earnings Sharing Mechanism (ESM) that was discovered during the preparation of the responses to these data requests. Other Revenues were understated as described in the Company's response to Division 1-5. The originally filed Gas ESM for the twelve months ended March 31, 2014 reflected a Return on Common Equity below 9.50 percent generating no earnings to be shared with customers. The revised Return on Common Equity of 9.71 percent reflecting the correction to Other Revenues results in an earnings sharing amount adjusted for income taxes of \$332,374. The Company will include this sharing amount for customers in a revised Distribution Adjustment Clause (DAC) filing that will be submitted to the PUC prior to the October 26, 2015 DAC hearing in Docket No. 4573.

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Division 1-5

Request:

Referring to the National Grid - RI Gas Earnings Sharing Calculation for the Twelve Months ended March 31, 2014, Page 7, please provide a brief narrative description of each of the items on Lines 5-9, and explain the treatment of each for the purpose of the ESM calculation.

Response:

Each of the items on the National Grid – RI Gas Earning Sharing Calculation for the Twelve Months ended March 31, 2014, Page 7, Lines 5-9, are explained as follows:

Line 5 – Reflects the Revenue Decoupling Mechanism (RDM) deferral adjustment recorded to account 495—Other Gas Revenues—associated with the reconciliation of actual base revenue-per-customer against the benchmark revenue-per-customer for FY 2014. This amount also includes the offsetting entry for the RDM revenue associated with the prior reconciliation balance and which is recovered in rates from customers and is included in the Total Firm Gas line (Page 2, Line 2) of the Gas Earnings Sharing Mechanism.

Line 6 – The \$3,474,385 of “LIHEAP Revenue” reflected on Page 7, Line 6, and the (\$2,228,282) of “Other Revenue” reflected on Page 7, Line 4, are incorrect. However the sum of “Other Revenue” Line 4 and “LIHEAP Revenue” Line 6 of \$1,246,103 is correct. The “LIHEAP Revenues” on Line 6 should have been \$0 while the “Other Revenue” on Line 4 should have been \$1,246,103. The \$1,246,103 of “Other Revenue” includes miscellaneous revenue activity.

Line 7 – \$-0- balance

Line 8 – Interest on Customer Arrears—Reflects interest income reclassified from account 419—Interest and Dividend Income—for interest charged on past due customer accounts.

Line 9 – Excess Sharing Non-Firm Margin—The Company makes certain adjustments to its revenues to eliminate the incentive provided to the Company to generate off-system gas and excess pipeline capacity revenue. The Company attempts to do this by eliminating, or reversing, all revenues associated with off-system sales, as well as the credits the Company provides to customers associated with those sales. These adjustments are shown as adjustments 1, 2, and 3 under “Other Revenues” on Page 2 of

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Division 1-5, page 2

Attachment DIV 1-2. However, the component of other revenue titled, “Excess Sharing Non-Firm Margin” represents a portion of off-system sales credits provided to customers and should have been eliminated as part of the preparation of the Gas ESM. As a result of this error, revenues in the gas ESM were understated by \$5,434,678, resulting in an understatement of net income after tax of \$3,532,541 for the twelve months ended March 31, 2014. This revision to net income generates a revised Return on Common Equity of 9.71 percent. The Company and customers share 50 percent of all earnings above 9.50 percent and below 10.50 percent. The originally filed Gas ESM for the twelve months ended March 31, 2014 reflected a Return on Common Equity below 9.50 percent, generating no earnings to be shared with customers. The revised Return on Common Equity of 9.71 percent results in an earnings sharing amount adjusted for income taxes of \$332,374. The Company will include this sharing amount for customers in a revised Distribution Adjustment Clause (DAC) filing that will be submitted to the Commission prior to the October 26, 2015 DAC hearing in Docket No. 4573.

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Division 1-7

Request:

Please provide all work papers supporting the RI Gas Earnings Sharing Calculation for the Twelve Months ended March 31, 2015.

Response:

Please see Attachment DIV 1-7 for work papers supporting the RI Gas Earnings Sharing Calculation for the twelve months ended March 31, 2015.

Please note that these work papers reflect a correction to Other Revenues on Page 1, Line 4, Column (d) of Attachment DIV 1-2 for an error in the original Gas Earnings Sharing Mechanism (ESM) that was discovered during the preparation of the responses to these data requests. Other Revenues were understated as described in the Company's response to Division 1-5 in its Gas ESM for the twelve months ended March 31, 2014. The same error occurred during the preparation of the Company's Gas ESM for the twelve months ended March 31, 2015. As a result of this error, revenues in the Gas ESM were understated by \$8,589,683, resulting in an understatement of net income after tax of \$5,583,294 for the twelve months ended March 31, 2015. This revision to net income generates a revised Return on Common Equity of 7.78 percent. The Company and customers share 50 percent of all earnings above 9.50 percent and below 10.50 percent. The originally filed Gas ESM for the twelve months ended March 31, 2015 reflected a Return on Common Equity below 9.50 percent generating no earnings to be shared with customers. The revised Return on Common Equity of 7.78 percent reflecting the correction to Other Revenues is still below the 9.50 percent threshold, and therefore, no earnings are available to be shared with customers for the twelve month period ended March 31, 2015. The Company will resubmit its Gas ESM for this period in its revised Distribution Adjustment Clause (DAC) filing that will be filed with the Commission prior to the October 26, 2015 DAC hearing in Docket No. 4573.