

September 22, 2016

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4634 - 2016 Distribution Adjustment Charge  
Responses to Division Data Requests – Set 4**

Dear Ms. Massaro:

Enclosed please find 10 copies of National Grid's<sup>1</sup> responses to the fourth set of data requests issued by the Rhode Island Division of Public Utilities and Carriers (Division) in the above-referenced docket.

Thank you for your attention to this filing. If you have any questions, please contact Jennifer Brooks Hutchinson at 401-784-7288 or Robert Humm at 401-784-7415.

Very truly yours,



Jennifer Brooks Hutchinson



Robert J. Humm

Enclosures

cc: Docket 4634 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division  
Bruce Oliver, Division

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

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.

The 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.



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Joanne M. Scanlon

September 22, 2016  
Date

**Docket No. 4634 – National Grid –2016 Annual Distribution Adjustment  
Charge Filing (DAC) - Service List as of 8/22/16**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
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<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Patricia.lucarelli@puc.ri.gov">Patricia.lucarelli@puc.ri.gov</a> ;	

Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Sharon.ColbyCamara@puc.ri.gov">Sharon.ColbyCamara@puc.ri.gov</a> ;	

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4634  
2016 Distribution Adjustment Charge Filing  
Responses to Division's Fourth Set of Data Requests  
Issued September 8, 2016

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Division 4-1

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 2, please provide all workpapers showing how the revenues and expenses were derived from the "Annual Report of Natural Gas Companies" for the year ended March 31, 2016 ("Annual Report").

Response:

Please see Attachment Division 4-1 for the workpaper showing how the revenues and expenses were derived from the Annual Report.

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

**National Grid - RI Gas**  
**Income Statement**  
**For the Twelve Months ended March 31, 2016**

	<u>Annual Report</u>	<u>Adjustments</u>	<u>2016</u>
1 <b><u>Operating Revenues</u></b>			
2 Total Firm Gas	\$308,980,581	(\$6,243,089)	\$302,737,492
3 Transportation	\$37,097,775		\$37,097,775
4 Other Revenues	\$17,649,118	(\$5,178,179)	\$12,470,940
5 FY16 Customer Portion of On System Non-Firm Margin not booked in FY16		(\$63,674)	(\$63,674)
6 FY15 Customer Portion of On System Non-Firm Margin booked in FY16		(\$133,185)	(\$133,185)
7 Total Operating Revenues	<u>\$363,727,475</u>	<u>(\$11,618,127)</u>	<u>\$352,109,348</u>
8			
9 <i>Adjustment to Operating Revenue:</i>			
10 Inventory Financing		(\$1,245,260)	(\$1,245,260)
11 Total Adjusted Operating Revenues	<u>\$363,727,475</u>	<u>(\$12,863,387)</u>	<u>\$350,864,088</u>
12			
13 <b><u>Operating Expenses</u></b>			
14 Production (Gas Costs)	\$137,816,095		\$137,816,095
15 Storage	\$2,818,755		\$2,818,755
16 Transmission	\$37,719		\$37,719
17 Distribution	\$25,095,076		\$25,095,076
18 Customer Accounts	\$30,145,391	\$5,635,043	\$35,780,434
19 Sales	\$1,130,644	(\$1,130,644)	\$0
20 Administrative and General	\$37,222,970	\$209,869	\$37,432,839
21 Total Operating Expenses	<u>\$234,266,650</u>	<u>\$4,714,268</u>	<u>\$238,980,917</u>
22			
23 <i>Adjustments to Operating Expense:</i>			
24 Savings Imputed in Base Rates		\$2,450,000	\$2,450,000
25 Total Adjusted Operating Expenses	<u>\$234,266,650</u>	<u>\$7,164,268</u>	<u>\$241,430,917</u>
26			
27 <b><u>Other Expenses</u></b>			
28 Depreciation and Amortization	\$33,667,279		\$33,667,279
29 Local and Other Taxes	\$21,433,367	\$593,114	\$22,026,481
30 Revenue Related Taxes (Gross Earnings Tax - GET)	\$10,331,816		\$10,331,816
31 Federal Income Taxes @ 35%	\$17,364,691	(\$7,268,992)	\$10,095,699
32 Total Other Expenses	<u>\$82,797,153</u>	<u>(\$6,675,879)</u>	<u>\$76,121,274</u>
33			
34 <b>Income Before Interest Expense</b>	<u>\$46,663,672</u>	<u>(\$13,351,776)</u>	<u>\$33,311,896</u>
35			
36 <b><u>Interest Expense</u></b>			
37 Short-Term Debt		\$31,401	\$31,401
38 Long-Term Debt	\$3,280,271	\$11,251,070	\$14,531,341
39 Other Interest Expense	(\$551,787)	\$551,787	\$0
40 AFUDC	\$870,281	(\$870,281)	\$0
41 Total Interest Expense	<u>\$3,598,765</u>	<u>\$10,963,977</u>	<u>\$14,562,742</u>
42			
43 <b>Net Income / (Loss)</b>	<u>\$43,064,907</u>	<u>(\$24,315,753)</u>	<u>\$18,749,154</u>
44			
45 Preferred Dividends		\$38,204	\$38,204
46			
47 <b>Net Income / (Loss) Applicable to Common Equity</b>	<u>\$43,064,907</u>	<u>(\$24,353,957)</u>	<u>\$18,710,950</u>

Line Notes:

34 Net Utility Operating Income shown on Page 115, Line 27 of the Annual Report

Division 4-2

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 2, please reconcile the Total Firm Gas Revenues of \$302,737,492 to the Gas Operating Revenues shown on Page 301, Line 1 of the Annual Report.

Response:

Please see Attachment Division 4-2 for the reconciliation of the Total Firm Gas Revenues from the Gas Earnings Sharing Mechanism, Page 2, to the Gas Operating Revenues shown on Page 301, Line 1 of the Annual Report.

**National Grid - RI Gas  
Reconciliation of Gas Earnings Sharing Mechanism to Annual Report  
For the Twelve Months ended March 31, 2016**

<b>DIV 4-2 Gas Operating Revenues shown on Page 301, Line 1 of the Annual Report</b>	<b>308,980,581</b>
1 Remove Energy Efficiency Incentives	(1,428,691)
2 Unbilled Revenue Net Margin	1,780,060
3 FY15 ISR NOL Reconciliation Adjustment (RIPUC 4573 COMM 2-3)	(6,594,458)
<b>Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues</b>	<b><u>302,737,492</u></b>
<b>DIV 4-3 Other Gas Revenues shown on Page 308 of the Annual Report</b>	<b>17,434,034</b>
1 Excess Sharing	12,272,104
2 Natural Gas Portfolio Management Plan Guarantee	1,000,000
3 Off System Gas Sales	(15,110,461)
4 Contract Sharing	(168,389)
5 Unbilled RDM	(3,251,231)
6 FY14 LIHEAP credits deferred in FY16	(573,300)
7 Reclassify Miscellaneous Service Revenues to Other Income/Expenses	(1,610)
8 Reclassify Interest on Customer Arrears from Account 419 - Interest and Dividend Income	654,708
9 Miscellaneous Service Revenue	1,610
10 Rent from Gas Property	213,475
<b>Gas Earnings Sharing Mechanism, Page 2, Other Revenues</b>	<b><u>12,470,940</u></b>
<b>DIV 4-4 Customer Accounts expenses shown on Pages 324-325 of the Annual Report</b>	<b>30,145,391</b>
1 Adjust Uncollectible expense to reflect Bad Debt Write Offs	5,635,043
<b>Gas Earnings Sharing Mechanism, Page 2, Customer Accounts expense</b>	<b><u>35,780,434</u></b>
<b>DIV 4-5 Administrative and General expenses shown on Page 325 of the Annual Report</b>	<b>37,222,969</b>
1 Reclassify Donations to A&G expense from Account 426.1	289,804
2 Exclude Executive Variable Compensation not charged to customers	(79,934)
<b>Gas Earnings Sharing Mechanism, Page 2, Administrative and General expenses</b>	<b><u>37,432,839</u></b>
<b>DIV 4-6 Taxes Other Than Income Taxes shown on Page 115 of the Annual Report</b>	<b>31,765,183</b>
1 Out of period sales and use tax audit accrual adjustment	593,114
<b>Gas Earnings Sharing Mechanism, Page 2, Local and Other Taxes plus Gross Earnings Tax</b>	<b><u>32,358,297</u></b>
<b>DIV 4-7 Plant in Service and the Accumulated Depreciation as of March 31, 2016 shown on Page 201 of the Annual Report</b>	<b>663,237,755</b>
1 Asset Retirement Obligations in Service	(5,879,268)
2 Asset Retirement Obligations Accumulated Depreciation	5,159,107
<b>Gas Earnings Sharing Mechanism, Page 5, Plant in Service and the Accumulated Depreciation as of March 31, 2016</b>	<b><u>662,517,594</u></b>
<b>DIV 4-8 Balance of Gas Accumulated Deferred FIT shown on Page 275 of the Annual Report</b>	<b>172,473,205</b>
1 Net Operating Loss recorded in account 190	(79,379,463)
2 FAS109	(746,252)
<b>Gas Earnings Sharing Mechanism, Page 5, Accumulated Deferred FIT as of March 31, 2016</b>	<b><u>92,347,490</u></b>

Division 4-3

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 2, please reconcile the Other Revenues of \$12,470,940 to the Other Gas Revenues shown on Page 308 of the Annual Report.

Response:

Please see Attachment DIV 4-2 for the reconciliation of the Other Revenues from the Gas Earnings Sharing Mechanism, Page 2, to the Other Gas Revenues shown on Page 308 of the Annual Report.

Division 4-4

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 2, please reconcile the Customer Accounts expense of \$35,780,434 to the Customer Accounts expenses shown on Pages 324-325 of the Annual Report.

Response:

Please see Attachment DIV 4-2 for the reconciliation of Customer Accounts expense from the Gas Earnings Sharing Mechanism, Page 2, to the Customer Accounts expenses shown on Pages 324-325 of the Annual Report.

Division 4-5

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 2, please reconcile the Administrative and General expenses of \$37,432,839 to the Administrative and General expenses shown on Page 325 of the Annual Report.

Response:

Please see Attachment DIV 4-2 for the reconciliation of the Administrative and General expenses from the Gas Earnings Sharing Mechanism, Page 2, to the Administrative and General expenses shown on Page 325 of the Annual Report.

Division 4-6

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 2, please reconcile the Local and Other Taxes plus Gross Earnings Tax to the Taxes Other Than Income Taxes shown on Page 115 of the Annual Report.

Response:

Please see Attachment DIV 4-2 for the reconciliation of the Local and Other Taxes plus Gross Earnings Tax from the Gas Earnings Sharing Mechanism, Page 2, to the Taxes Other Than Income Taxes shown on Page 115 of the Annual Report.

Division 4-7

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 5, please reconcile the Plant in Service and the Accumulated Depreciation as of March 31, 2016 to the corresponding balances shown on Page 201 of the Annual Report.

Response:

Please see Attachment DIV 4-2 for the reconciliation of the Plant in Service and the Accumulated Depreciation as of March 31, 2016 from the Gas Earnings Sharing Mechanism, Page 5, to the corresponding balances shown on Page 201 of the Annual Report.

Division 4-8

Request:

Referring to the Gas Earnings Sharing Mechanism, Page 5, please reconcile the Accumulated Deferred FIT as of March 31, 2016 to the balance of Gas Accumulated Deferred FIT shown on Page 275 of the Annual Report.

Response:

Please see Attachment DIV 4-2 for the reconciliation of the Accumulated Deferred FIT as of March 31, 2016 from the Gas Earnings Sharing Mechanism, Page 5, to the balance of Gas Accumulated Deferred FIT shown on Page 275 of the Annual Report.