



State of Rhode Island
Division of Public
Utilities & Carriers

Accounting Section
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June 14, 2019

To: Luly Massaro
Commission Clerk

From: John Bell *JB*
Chief Accountant

Subject: Docket 4770, National Grid's Second Compliance Filing

On May 30, 2019 National Grid ("NGrid", or "Company") filed a Second Compliance Filing in Docket 4770 to reflect the Public Utilities Commission's decision (Order 23615) related to the NGrid's excess accumulated deferred income tax true-up compliance filing ("true-up filing").

The true-up filing was submitted in accordance with the amended settlement in this docket. The purpose of the true-up filing was to adjust the amount of excess deferred taxes owed to customers based on the Company's 2018 federal tax return filing. In its decision, the Commission approved the filing except for the methodology used to return the benefits of the protected property balance to ratepayers. The Commission's decision required that the protected net operating loss carryforward be amortized over the same period as the protected excess deferred income taxes. I reviewed the Company's computations included in the May 30, 2019 filing and verified that the Company's filing complies with the Commission's decision.

The Company's filing included a revised electric Revenue Decoupling Mechanism (RDM) tariff and revised Sections 4 and 5 of the gas tariff. The revised electric RDM tariff includes some language modifications and the addition of the Annual Target Revenue amounts for the 12-month periods beginning September 1 of 2018, 2019 and 2020. In response to an informal data request, the Company provided the attached schedule to show the derivation of the target revenues included in the proposed tariff. Based on my review of the attached schedule, I conclude that the Company properly calculated the Annual Target Revenues it included in the revised RDM tariff.

The revised gas tariff sections include revisions to the distribution charges for the periods beginning September 1, 2019 and September 1, 2020. I reviewed the calculation of the updated distribution charges included in the proposed tariff and find that they are accurately calculated.

In conclusion, I recommend the Commission approved the Company's May 30, 2019 compliance filing.

The Narragansett Electric Company
Rate Year Revenue to RDM Distribution Annual Target Revenue Reconciliation
Updated for Amortization of Excess DFIT per PUC Ruling

	\$'s in 000's		
	(a)	(b)	(c)
(1) Rate Year Revenue Requirement	\$291,188	\$294,893	\$297,273
(2) Less Other Revenue	\$8,530	\$8,530	\$8,530
(3) Less M-1 Revenue	<u>\$6</u>	<u>\$6</u>	<u>\$6</u>
(4) Base Rate Distribution Revenue	\$282,652	\$286,357	\$288,737
(5) Rate Year 1 Grid Mod Recovery	\$1,276	\$1,276	\$1,276
(6) Rate Year 1 Special Sector Programs	\$802	\$802	\$802
(7) Rate Year 2 Grid Mod Recovery		\$5,981	\$5,981
(8) Rate Year 2 Special Sector Programs		\$621	\$621
(9) Rate Year 3 Grid Mod Recovery			\$729
(10) Rate Year 3 Special Sector Programs			<u>\$1,160</u>
(11) Total Distribution Annual Target Revenue for RDM -	\$284,730	\$295,036	\$299,305

- (1)(a) Second Compliance Attachment 2, Schedule 1-Elec, Page 1, Line (1), Column (g)
- (1)(b) Second Compliance Attachment 2, Schedule 1-Elec, Page 2, Line (1), Column (e)
- (1)(c) Second Compliance Attachment 2, Schedule 1-Elec, Page 3, Line (1), Column (e)
- (2) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (1), Line (16)
- (3) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (1), Line (19)
- (4) Line (1) - Line (2) - Line (3)
- (5) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (3), Line (56)
- (6) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (3), Line (57)
- (7) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (3), Line (62)
- (8) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (3), Line (63)
- (9) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (3), Line (68)
- (10) Compliance Filing, Compliance Attachment 8, Schedule 3, Page (3), Line (69)
- (11) Sum of lines (4) through (10)