

June 24, 2020

**VIA ELECTRONIC MAIL**

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

**RE: Docket 4770 – Electric Earnings Sharing Mechanism  
Revised Earnings Report - Twelve Months Ended December 31, 2018  
Revised Earnings Report - Twelve Months Ended December 31, 2019**

Dear Ms. Massaro:

Enclosed is an electronic version<sup>1</sup> of revised earnings reports for the twelve-month period ended December 31, 2018 and the twelve-month period ended December 31, 2019, for the electric operations of the Company<sup>2</sup> in accordance with Article II, Section 6 of the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) on August 24, 2018, in the above-referenced docket.

On May 6, 2020, the Company filed its earnings report for the twelve-month period ended December 31, 2019. That filing reflected “base earnings” of 9.62% return on equity, 0.34% in excess of the allowed 9.275%, resulting in earnings sharing with customers of \$947,000. In the Company’s Revenue Decoupling Mechanism (RDM) Reconciliation filing for year ending March 31, 2020 submitted on May 15, 2020 in Docket No. 5030, the Company proposed to credit customers these earnings through the FY 2020 Electric RDM Adjustment Factor as an offset. Since making these original filings, the Company discovered it under-stated CY 2019 O&M expense by approximately \$9 million related to the Block Island Transmission System in its original CY 2019 earnings filing; therefore, over-stating its CY 2019 net income by the same amount (See Schedule 1, Page 3, column e). The revised CY 2019 electric “base earnings” is 7.96%, resulting in no earnings sharing with customers (See Schedule 1, Page 2, Line 21; Schedule 1, Page 7, Line 20).

Also, the Company similarly under-stated its CY2018 O&M expense by \$8.9 million in its original CY 2018 earnings filing, and has made that correction with this revised filing (See Schedule 2, Page 3, Column e).

The Company proposes to remove the \$947,000 from the RDM Adjustment Factor effective July 1, 2020, for consideration at the Public Utilities Commission’s Open Meeting on June 25, 2020. The Company is filing a revised RDM Adjustment Factor in Docket No. 5030 today, together with

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<sup>1</sup> Per practice during the COVID-19 emergency period, the Company is providing a PDF version of the 2019 Electric Earnings Report. The Company will provide the Commission Clerk with a hard copy and, if needed, additional hard copies of the filing at a later date.

<sup>2</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Luly E. Massaro, Commission Clerk  
Docket 4770 – Revised Electric Earning Reports  
Twelve Months Ended December 31, 2018 and December 31, 2019  
June 24, 2020  
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revised schedules of Daniel E. Gallagher that reflect the impact of eliminating this amount as detailed in that filing.

The Company has discussed the revised earnings reports with the Division of Public Utilities and Carriers (Division). While the Division has indicated their agreement with removal of the \$947,000 from the RDM Adjustment Factor (as reflected in the Company's filing in Docket No. 5030), the Division takes no position relative to the revised earnings reports, subject to their further review.

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

Very truly yours,



Jennifer Brooks Hutchinson

Enclosure

cc: Docket 4770 Service List  
John Bell, Division  
Christy Hetherington, Esq.  
Leo Wold, Esq.

**The Narragansett Electric Company**  
**Return on Rate Base (Revised)**  
**Return on Common Equity (Revised)**  
**Twelve Months Ended December 31, 2019**

<u>Line No.</u>		<u>Twelve Months Ending December 31, 2019</u>			
	<u>Base Earnings</u>	<u>Actual Earnings</u>	<u>Allowed</u>	<u>Ceiling</u>	
1					
2		<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>3/</u>
3	Return on Distribution Rate Base	6.30%	6.89%	6.97%	6.97%
4					
5	Return on Distribution Common Equity	7.96%	9.12%	9.275%	9.275%
6					
7	1/ Excludes incentives and penalties detailed at Page 2, Lines 3 through 8				
8	2/ Includes incentives detailed at Page 2				
9	3/ Allowed Return and Ceiling, presented below.				
10					
11			----- Per Amended Settlement Agreement in Docket 4770 -----		
12			<u>Allowed</u>		<u>Ceiling</u>
13		<u>Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Cost Rate</u> <u>Weighted Cost</u>
14					
15	Short Term Debt	0.60%	1.76%	0.01%	1.76%      0.01%
16	Long Term Debt	48.35%	4.62%	2.23%	4.62%      2.23%
17	Preferred Stock	0.10%	4.50%	0.00%	4.50%      0.00%
18	Common Equity	50.95%	9.275%	4.73%	9.275%      4.73%
19		<u>100.00%</u>		<u>6.97%</u>	<u>6.97%</u>
20					
21					
22			----- EARNED -----		
23			<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Weighted Cost</u>
24		<u>Amount</u>			
25					
26	Short Term Debt	\$5,105,360	0.60%	1.76%	0.01%
27	Long Term Debt	\$411,406,888	48.35%	4.62%	2.23%
28	Preferred Stock	\$850,893	0.10%	4.50%	0.00%
29	Common Equity	<u>\$433,530,112</u>	<u>50.95%</u>	7.96%	4.05%
30	5-Quarter Average Distribution Rate Base as of Dec 31, 2019	<u>\$850,893,253</u> 4/	<u>100.00%</u>	<u>6.30%</u>	<u>0.68%</u> 5/ <u>6.98%</u>
31					
32	4/ Page 4 of 7 (R), Line 37, Column (f)				
33	5/ includes adj. for Flowthrough Items below				
34					
35					
36		<u>PREFERRED STOCK EARNINGS, INTEREST EXPENSE,</u>			
37		<u>AND FEDERAL INCOME TAX</u>			
38		<u>CALCULATED USING IMPUTED CAPITAL STRUCTURE</u>			
39					
40					<u>\$000s</u>
41	PREF. STOCK:	\$850,893,253 X	0.00% (a)	=	\$38
42	INTEREST:	\$850,893,253 X	2.24% (b)	=	\$19,060
43					
44	FIT:	\$850,893,253 X	1.08% (c)	=	\$9,181
45		Plus: Flowthrough Items	(d)	=	(\$3,366)
46		Total Federal Income Taxes ("FIT")			<u>\$5,815</u>
47					
48	(a)	From Line 28, Column "Weighted Cost"			
49	(b)	Sum of Lines 26 and 27, Column "Weighted Cost".			
50	(c)	(0.00% + 4.05%) / 79% - (0.00% + 4.05%)			
51	(d)	Flowthrough Items (tax effected)			
52					\$1
53					(\$9)
54					\$63
55					\$650
56					(\$4,070)
57					
58					<u>(\$3,366)</u>

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Return on Equity Calculation (Revised)**  
**Return on Rate Base Calculation (Revised)**  
**Twelve Months Ended December 31, 2019**  
**(\$000s)**

<u>Line No.</u>		Return on Equity			Return on Rate Base			
		Base Earnings (a)	Basis Points (b)	Actual Earnings (c)	Base Earnings (d)	Basis Points (e)	Actual Earnings (f)	
1	Distribution Operating Income Before Taxes	\$65,809		\$65,809	\$65,809		\$65,809	1/
2	Adjustments:							
3	Service Quality ("SQ") Penalties Accrued	\$0	0.00%		\$0	0.00%		2/, 3/
4	Energy Efficiency Program Incentive	(\$3,708)	-0.86%		(\$3,708)	-0.44%		3/
5	System Reliability Procurement Incentives	\$0	0.00%		\$0	0.00%		3/
6	LTCRER Incentive	(\$2,309)	-0.53%		(\$2,309)	-0.27%		3/
7	RE Growth Remuneration	(\$380)	-0.09%		(\$380)	-0.04%		3/
8	Performance Incentive Mechanism Incentives	\$0	0.00%		\$0	0.00%		3/
9								
10	Adjusted Distribution Operating Income Before Taxes	\$59,413		\$65,809	\$59,413		\$65,809	4/
11	Interest Charges	\$19,060		\$19,060	\$19,060		\$19,060	5/
12	Income Taxes @ 21% net of flowthrough	\$5,815	-0.31%	\$7,158	\$5,815	-0.16%	\$7,158	6/
13								
14	Net Income	\$34,538		\$39,591	\$53,598		\$58,651	7/
15								
16	Less: Preferred Stock Requirements	\$38		\$38	\$38		\$38	5/
17	Earnings Available for Common	\$34,499		\$39,553	\$53,598		\$58,651	8/
18								
19	Average Common Equity - 5-Quarter Average	\$433,530		\$433,530	\$850,893		\$850,893	5/
20								
21	<b>Rate of Return on Adjusted Average Common Equity</b>	<b>7.96%</b>		<b>9.12%</b>	<b>6.30%</b>		<b>6.89%</b>	<b>9/</b>

**Notes**

- 1/ Page 3 of 7 (R), Line 27, Column (f)
- 2/ Effective Dec. 2005, SQ penalties booked below the line.
- 3/ Column (b) = column (a) ÷ Line 19 (a). Column (e) = column (d) ÷ Line 19 (d)
- 4/ Sum of Lines 1 thru 8
- 5/ Calculated using imputed capital structure and cost rates; see Page 1 of 7 (R), Lines 42, 41, 29, and 30
- 6/ Page 1 of 7 (R), Line 46
- 7/ Column (a) & (c): Line 10 - Line 11 - Line 12. Column (d) & (f): Line 10 - Line 12
- 8/ Line 14 - Line 16
- 9/ Line 17 ÷ Line 19

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Income Statement (Revised)**  
**Twelve Months Ended December 31, 2019**  
(\$000s)

Line No.		Less: Integrated Facilities Agreement (IFA) and Block Island Transmission System Amounts Billed to New England Power Co.			Electric Distribution Amount Per Schedules (d) = a-b+c	Add: Block Island Transmission System (BITS) O&M Amounts (e)	Electric Distribution Amount Revised Amount (f) =(d) + (e)
		Total Electric Business (a)	England Power Co. (b)	Other Adjustments (c)			
1	Revenue - Sales of Electricity	\$381,303			\$381,303		\$381,303
2	Other Revenue	\$759,216		(\$772)	\$758,444		\$758,444 1/
3	Total Revenue	\$1,140,519			\$1,139,747		\$1,139,747
4	Operating Expenses:						
5	Purchased Power	\$422,137			\$422,137		\$422,137
6	Transmission Wheeling	\$207,822			\$207,822		\$207,822
7	Transmission Wheeling - IFA Credit	(\$141,221)	(\$141,221)		\$0		\$0
8	Uncollectible Expense	\$14,958		(\$851)	\$14,107		\$14,107 2/
9	Genl & Admin. O&M	\$126,300	\$17,404		\$108,896	\$6,073	\$114,968 3/
10	All Other Operation & Maintenance ("O&M") expense	\$192,543	\$13,598	\$601	\$179,546	\$3,076	\$182,622 4/
11	Company Share of Earned Savings	\$0			\$0		\$0
12	Depreciation	\$75,522	\$22,676		\$52,846		\$52,846
13	Amortization of Loss on Reacquired Debt	\$681	\$68	(\$552)	\$61		\$61 5/
14	Amortization - Other	\$786			\$786		\$786
15	Gross Earnings Tax	\$43,385			\$43,385		\$43,385
16	Municipal Tax	\$48,504	\$17,805		\$30,699		\$30,699
17	Other Non-Income taxes	\$4,886	\$587		\$4,299		\$4,299
18	Current and Deferred Income Taxes	\$16,658		(\$16,658)	\$0		\$0
19	Regulatory Debits	\$0			\$0		\$0
20	Accretion Expense	\$0		\$0	\$0		\$0
21	Amortization of ITC	(\$2)	(\$4)		\$2		\$2
22	Interest on Customer Deposits	\$203			\$203		\$203
23	Donations	\$0		\$0	\$0		\$0
24	Total Operating Expenses	\$1,013,163	(\$69,086)	(\$17,460)	\$1,064,789	\$9,149	\$1,073,938
25							
26	Net Operating Income	\$127,356					
27	Distribution Operating Income Before Taxes				\$74,958		\$65,809

**Notes**

- 1/ In both December 2018 and 2019, the Renewable Energy Growth (REG) Performance Based Incentive (PBI) credits to solar customers were not recorded until the following month. The revenues in both period were overstated. The timing differences need to be adjusted.  
Adjustments to revenue:  
Less: Dec 2019 REG PBI Payment recorded in Jan 2020 (\$1,764,051)  
Add: Dec 2018 REG PBI Payment recorded in Jan 2019 \$992,184  
Total Adjustment to Revenue (\$771,867)
- 2/ To adjust the bad debt to actual write off for ratemaking.
- 3/(e),4/(e) The operation and maintenance expense of Block Island Transmission System (BITS) is the reserve for future repairs. It should not be removed from the company's operation and maintenance expenses.
- 4/(c) Adjustment to all Other Operation & Maintenance expense  
Variable Pay (\$232,182)  
Sales expense (\$241,441)  
Amortization of Service Company EDIT not charged to NECO Electric \$1,074,519  
Total Adjustment \$600,896
- 5/ To agree with amortization portion related to electric distribution business.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Rate Base - Electric Distribution**  
**Five Quarter Average**

Line No.	Description	(a) December 2018	(b) March 2019	(c) June 2019	(d) September 2019	(e) December 2019	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 1,647,962,718	\$ 1,692,885,996	\$ 1,714,356,857	\$ 1,746,612,053	\$ 1,754,536,149	\$ 1,711,270,755
2	IFA allocated Plant	-	-	-	-	-	-
3	Block Island Transmission System (BITS) Assets	-	-	-	-	-	-
4	Total Distribution Plant	\$ 1,647,962,718	\$ 1,692,885,996	\$ 1,714,356,857	\$ 1,746,612,053	\$ 1,754,536,149	\$ 1,711,270,755
5							
6							
7	Property Held for Future Use	2,496,158	2,496,289	2,496,289	2,496,042	2,496,042	\$ 2,496,164
8	Less: Contribution in Aid of Construction	557,062	554,316	629,316	629,316	629,316	599,865
9	Less: Accumulated Depreciation	688,791,676	699,055,938	703,551,605	711,650,943	721,426,094	704,895,251
10	Less: IFA allocated Depreciation	-	-	-	-	-	-
11	Less: Block Island Transmission System (BITS) Depreciation	-	-	-	-	-	-
12	Total Accumulated Depreciation	688,791,676	699,055,938	703,551,605	711,650,943	721,426,094	704,895,251
13							
14	Net Plant in Service	\$ 961,110,139	\$ 995,772,031	\$ 1,012,672,225	\$ 1,036,827,835	\$ 1,034,976,781	\$ 1,008,271,802
15							
16	Plus:						
17	Materials and Supplies	\$ 4,370,667	\$ 4,294,394	\$ 4,162,981	\$ 3,289,386	\$ 3,358,250	\$ 3,895,136
18	Prepayments	74,706	5,172,450	1,990,321,888	1,785,697	74,791	1,819,593
19	Loss on Reacquired Debt	1,639,400	1,649,258	1,621,399	1,590,792	1,578,604	1,615,891
20	Cash Working Capital	17,922,078	17,922,078	17,922,078	17,922,078	17,922,078	17,922,078
21	Cash Working Capital - Commodity & Gross Receipts Tax	32,926,823	40,289,969	40,289,969	40,289,969	40,289,969	38,817,340
22	Unamortized Interest Rate Lock	2,043,065	2,018,562	1,994,059	1,969,556	1,945,053	1,994,059
23	Unamortized Debt Issuance Costs (\$550M)	918,255	893,787	869,319	844,851	820,383	869,319
24	Unamortized Debt Issuance Costs (\$250M 2012)	872,315	863,196	854,078	844,960	835,842	854,078
25	Unamortized Debt Issuance Costs (\$350M 2018)	587,697	572,366	557,034	541,703	526,372	557,034
26							
27	Subtotal	\$ 61,355,006	\$ 73,676,059	\$ 70,261,239	\$ 69,078,992	\$ 67,351,342	\$ 68,344,528
28							
29	Less:						
30	Accumulated Deferred Federal Income Taxes ("FIT")	\$ 213,644,353	\$ 217,741,483	\$ 218,567,094	\$ 216,107,774	\$ 210,167,705	\$ 215,245,682
31	Block Island Transmission System (BITS) ADIT	-	-	-	-	-	-
32	Accumulated Deferred FIT on Loss for Reacquired Debt	344,274	346,344	340,494	334,066	331,507	339,337
33	Customer Deposits	9,706,952	9,856,245	10,573,489	10,299,922	10,253,679	10,138,057
34							
35	Subtotal	\$ 223,695,579	\$ 227,944,073	\$ 229,481,077	\$ 226,741,762	\$ 220,752,891	\$ 225,723,076
36							
37	Rate Base	\$ 798,769,565	\$ 841,504,018	\$ 853,452,387	\$ 879,165,065	\$ 881,575,232	\$ 850,893,253

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Rate Base - Integrated Facilities Agreement (IFA) and Block Island Transmission System (BITS)**  
**Five Quarter Average**

Line No.	Description	(a) December 2018	(b) March 2019	(c) June 2019	(d) September 2019	(e) December 2019	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 892,862,522	\$ 896,692,970	\$ 919,408,439	\$ 924,547,866	\$ 929,607,048	\$ 912,623,769
2	IFA allocated Plant	5,038,313	6,515,697	6,537,370	6,582,534	6,693,216	6,273,426
3	Block Island Transmission System (BITS) Assets	114,082,570	114,762,669	114,854,958	115,174,705	115,340,155	114,843,011
4	Total Transmission Plant	\$ 1,011,983,405	\$ 1,017,971,337	\$ 1,040,800,766	\$ 1,046,305,105	\$ 1,051,640,420	\$ 1,033,740,207
5							
6	Property Held for Future Use	12,531,903	\$12,532,019	\$12,532,019	\$12,532,019	12,532,019	12,531,996
7	Less: Contribution in Aid of Construction						
8	Less: Accumulated Depreciation	123,042,222	124,547,901	128,957,074	133,245,092	136,364,673	129,231,392
9	Less: IFA allocated Depreciation	1,085,039	1,449,193	1,471,514	1,506,874	1,528,837	1,408,291
10	Less: Block Island Transmission System (BITS) Depreciation	4,815,416	5,456,262	6,103,540	6,753,179	7,404,134	6,106,506
11	Total Accumulated Depreciation	128,942,677	131,453,356	136,532,127	141,505,145	145,297,644	136,746,190
12							
13	Net Plant in Service	\$ 895,572,630	\$ 899,050,000	\$ 916,800,658	\$ 917,331,980	\$ 918,874,795	\$ 909,526,013
14							
15	Plus:						
16	Materials and Supplies	\$ 3,106,046	\$ 2,949,928	\$ 2,994,625	\$ 2,933,793	\$ 2,888,603	\$ 2,974,599
17	Prepayments	41,883	\$1,084,834	\$1,685,395	\$1,116,190	37,672	793,195
18	Loss on Reacquired Debt	919,099	\$863,052	\$844,722	\$829,141	795,140	850,231
19	Cash Working Capital	2,921,874	\$2,614,437	\$2,614,437	\$2,614,437	3,735,588	2,900,155
20	Cash Working Capital - Commodity & Gross Receipts Tax	-	-	-	-	-	-
21	Unamortized Interest Rate Lock	1,264,429	1,249,264	1,234,100	1,218,936	1,203,771	1,234,100
22	Unamortized Debt Issuance Costs (\$550M)	568,290	553,147	538,005	522,862	507,719	538,005
23	Unamortized Debt Issuance Costs (\$250M 2012)	539,860	534,216	528,573	522,930	517,287	528,573
24	Unamortized Debt Issuance Costs (\$350M 2018)	492,345	479,501	466,657	453,813	440,970	466,657
25							
26	Subtotal	\$ 9,853,825	\$ 10,328,380	\$ 10,906,514	\$ 10,212,102	\$ 10,126,749	\$ 10,285,514
27							
28	Less:						
29	Accumulated Deferred Federal Income Taxes ("FIT")	\$ 140,243,847	\$ 140,017,869	\$ 140,691,316	\$ 139,915,390	\$ 140,291,084	\$ 140,231,901
30	Block Island Transmission System (BITS) ADIT	21,366,231	21,574,352	21,681,145	21,787,939	21,894,733	21,660,880
31	Accumulated Deferred FIT on Loss on Required Debt	193,011	181,241	177,392	174,120	166,979	178,548
32	Customer Deposits	-	-	-	-	-	-
33							
34	Subtotal	\$ 161,803,089	\$ 161,773,461	\$ 162,549,854	\$ 161,877,449	\$ 162,352,797	\$ 162,071,330
35							
36	Rate Base	\$ 743,623,367	\$ 747,604,919	\$ 765,157,319	\$ 765,666,633	\$ 766,648,748	\$ 757,740,197
37							

**Line Notes**  
37 Line 14 + Line 27 - Line 35

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Rate Base - Electric Total Distribution, IFA and BITS**  
**Five Quarter Average**

Line No.	Description	(a) December 2018	(b) March 2019	(c) June 2019	(d) September 2019	(e) December 2019	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 2,540,825,240	\$ 2,589,578,966	\$ 2,633,765,296	\$ 2,671,159,919	\$ 2,684,143,197	\$ 2,623,894,524
2	IFA allocated Plant	5,038,313	6,515,697	6,537,370	6,582,534	6,693,216	6,273,426
3	Block Island Transmission System (BITS) Assets	114,082,570	114,762,669	114,854,958	115,174,705	115,340,155	114,843,011
4	Total Utility Plant in Service	\$ 2,659,946,123	\$ 2,710,857,333	\$ 2,755,157,623	\$ 2,792,917,158	\$ 2,806,176,569	\$ 2,745,010,961
5							
6	Property Held for Future Use	\$ 15,028,061	\$ 15,028,308	\$ 15,028,308	\$ 15,028,061	\$ 15,028,061	\$ 15,028,160
7	Less: Contribution in Aid of Construction	557,062	554,316	629,316	629,316	629,316	599,865
8	Less: Accumulated Depreciation	811,833,898	823,603,839	832,508,679	844,896,035	857,790,767	834,126,644
9	Less: IFA allocated Depreciation	1,085,039	1,449,193	1,471,514	1,506,874	1,528,837	1,408,291
10	Less: Block Island Transmission System (BITS) Depreciation	4,815,416	5,456,262	6,103,540	6,753,179	7,404,134	6,106,506
11	Total Accumulated Depreciation	817,734,353	830,509,294	840,083,732	853,156,088	866,723,738	841,641,441
12							
13	Net Plant in Service	\$ 1,856,682,769	\$ 1,894,822,031	\$ 1,929,472,883	\$ 1,954,159,815	\$ 1,953,851,576	\$ 1,917,797,815
14							
15	Plus:						
16	Materials and Supplies	7,476,714	\$7,157,606	\$7,157,606	\$6,223,179	\$6,246,853	\$ 6,869,735
17	Prepayments	116,589	6,257,284	3,675,717	2,901,886	112,463	2,612,788
18	Loss on Reacquired Debt	2,558,499	2,512,310	2,466,121	2,419,933	2,373,744	2,466,121
19	Cash Working Capital	20,843,952	20,536,515	20,536,515	20,536,515	21,657,666	20,822,233
20	Cash Working Capital - Commodity & Gross Receipts Tax	32,926,823	40,289,969	40,289,969	40,289,969	40,289,969	38,817,340
21	Unamortized Interest Rate Lock	3,307,493	3,267,826	3,228,159	3,188,491	3,148,824	3,228,159
22	Unamortized Debt Issuance Costs (\$550M)	1,486,545	1,446,934	1,407,324	1,367,713	1,328,103	1,407,324
23	Unamortized Debt Issuance Costs (\$250M 2012)	1,412,174	1,397,413	1,382,651	1,367,890	1,353,129	1,382,651
24	Unamortized Debt Issuance Costs (\$350M 2018)	1,080,042	1,051,867	1,023,692	995,517	967,342	1,023,692
25							
26	Subtotal	\$ 71,208,831	\$ 84,004,439	\$ 81,167,754	\$ 79,291,094	\$ 77,478,092	\$ 78,630,042
27							
28	Less:						
29	Accumulated Deferred Federal Income Taxes (FIT)	\$ 353,888,200	\$ 357,759,352	\$ 359,258,411	\$ 356,023,164	\$ 350,458,789	\$ 355,477,583
30	Block Island Transmission System (BITS) ADIT	21,366,231	21,574,352	21,681,145	21,787,939	21,894,733	21,660,880
31	Accumulated Deferred FIT on Loss on Reacquired Debt	537,285	527,585	517,885	508,186	498,486	517,885
32	Customer Deposits	9,706,952	9,856,245	10,573,489	10,299,922	10,253,679	10,138,057
33							
34	Subtotal	\$ 385,498,668	\$ 389,717,534	\$ 392,030,930	\$ 388,619,211	\$ 383,105,688	\$ 387,794,406
35							
36	Rate Base	\$ 1,542,392,931	\$ 1,589,108,936	\$ 1,618,609,706	\$ 1,644,831,697	\$ 1,648,223,980	\$ 1,608,633,450
37							



**THE NARRAGANSETT ELECTRIC COMPANY**  
**Calculation of Excess Earnings for Twelve months ended December 31, 2019 (Revised)**  
(\$000)

Line

1	Base Distribution Earnings Available for Common	\$34,499 (a)		
2				
3				
4	Actual Average Common Equity	\$433,530 (a)		
5				
6				Customer
7	Average Annual Return	<u>7.9600%</u> (b)		<u>Share</u>
8				
9	ROE in 50%/50% Bandwith (>9.275%, <10.275%)	0.0000% * 50.00%	=	0.0000%
10	ROE in 75%/25% Bandwith (>10.275%)	0.0000% * 75.00%	=	<u>0.0000%</u>
11				
12	Total Customer ROE Sharing			0.0000%
13	Actual Average Common Equity			<u>\$433,530</u>
14				
15	Actual Annual Customer Shared Earnings			\$0
16	Tax Gross-up			<u>/ 79.00%</u>
17				
18	Annual Customer Shared Earnings - Pre-tax			-
19				
20	Total Customer Shared Earnings for the twelve months ending December 31, 2019			<u>\$ -</u>

Notes

- (a) From Page 2 of 7 (R) Line 17 and Line 19  
(b) Line 1 divided by Line 4; equals Page 2 of 7 (R) Line 21

**The Narragansett Electric Company**  
**Return on Rate Base (Revised)**  
**Return on Common Equity (Revised)**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	Twelve Months Ending December 31, 2018					
	<u>Base Earnings</u>	<u>Actual Earnings</u>	<u>Allowed</u>	<u>Ceiling</u>		
1						
2	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>3/</u>		
3	Return on Distribution Rate Base	4.67%	5.37%	6.97%	6.97%	
4						
5	Return on Distribution Common Equity	4.76%	6.14%	9.28%	9.28%	
6						
7	1/ Excludes incentives and penalties detailed at Page 2, Lines 3 through 8					
8	2/ Includes incentives detailed at Page 2					
9	3/ Allowed Return and Ceiling, presented below.					
10			----- Per Amended Settlement Agreement in Docket 4770 -----			
11			<u>Allowed</u>		<u>Ceiling</u>	
12			<u>Cost</u>	<u>Weighted</u>	<u>Cost</u>	
13		<u>Total</u>	<u>Rate</u>	<u>Cost</u>	<u>Rate</u>	
14					<u>Cost</u>	
15	Short Term Debt	0.60%	1.76%	0.01%	1.76%	
16	Long Term Debt	48.35%	4.62%	2.23%	4.62%	
17	Preferred Stock	0.10%	4.50%	0.00%	4.50%	
18	Common Equity	50.95%	9.275%	4.73%	9.28%	
19		<u>100.00%</u>		<u>6.97%</u>	<u>6.97%</u>	
20						
21						
22		----- EARNED -----				
23			<u>Cost</u>	<u>Weighted</u>	<u>Pre-Tax</u>	
24		<u>Amount</u>	<u>Rate</u>	<u>Cost</u>	<u>Taxes</u>	
25		<u>Total</u>			<u>Weighted Cost</u>	
26	Short Term Debt	\$4,487,011	0.60%	1.76%	0.01%	
27	Long Term Debt	\$361,578,286	48.35%	4.62%	2.23%	
28	Preferred Stock	\$747,835	0.10%	4.50%	0.00%	
29	Common Equity	<u>\$381,022,000</u>	<u>50.95%</u>	<u>4.76%</u>	<u>2.43%</u>	
	Distribution Rate Base as of Dec 31, 2018	<u>\$747,835,132</u> 4/	<u>100.00%</u>	<u>4.67%</u>	<u>0.52%</u> 5/	
30					<u>2.95%</u>	
31						
32	4/ Page 4 of 7 (R), Line 37, Column (f)					
33	5/ includes adj. for Flowthrough Items below					
34						
35						
36	<u>PREFERRED STOCK EARNINGS, INTEREST EXPENSE,</u>					
37	<u>AND FEDERAL INCOME TAX</u>					
38	<u>CALCULATED USING IMPUTED CAPITAL STRUCTURE</u>					
39						
40				<u>\$000s</u>		
41	PREF. STOCK:	\$747,835,132	X	0.00% (a)	=	\$34
42	INTEREST:	\$747,835,132	X	2.24% (b)	=	\$16,752
43						
44	FIT:	\$747,835,132	X	0.65% (c)	=	\$4,833
45	Plus: Flowthrough Items			(d)		(\$963)
46	Total Federal Income Taxes ("FIT")					<u>\$3,870</u>
47						
48	(a)	From Line 28, Column "Weighted Cost"				
49	(b)	Sum of Lines 26 and 27, Column "Weighted Cost".				
50	(c)	(0.00% + 2.43%) / 79% - (0.00% + 2.43%)				
51	(d)	Flowthrough Items (tax effected)				
52		Investment Tax Credit ("ITC") Amortization				(\$4)
53		ITC Basis Reduction Depreciation				\$37
54		AFUDC Equity Depreciation				\$42
55		Unfunded Amortization				\$650
56		Amortization of Federal Rate Change				(\$1,689)
57						
58						<u>(\$963)</u>

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Return on Equity Calculation (Revised)**  
**Return on Rate Base Calculation (Revised)**  
**Twelve Months Ended December 31, 2018**  
**(\$000s)**

<u>Line</u> <u>No.</u>		Return on Equity			Return on Rate Base			
		Base	Basis	Actual	Base	Basis	Actual	
		Earnings	Points	Earnings	Earnings	Points	Earnings	
	(a)	(b)	(c)	(d)	(e)	(f)		
1	Distribution Operating Income Before Taxes	\$45,423		\$45,423	\$45,423		\$45,423	1/
2	Adjustments:							
3	Service Quality ("SQ") Penalties Accrued	\$0	0.00%		\$0	0.00%		2/, 3/
4	Energy Efficiency Program Incentive	(\$4,652)	-1.22%		(\$4,652)	-0.62%		3/
5	System Reliability Procurement Incentives	\$0	0.00%		\$0	0.00%		3/
6	LTCRER Incentive	(\$1,773)	-0.47%		(\$1,773)	-0.24%		3/
7	RE Growth Remuneration	(\$196)	-0.05%		(\$196)	-0.03%		3/
8	Performance Incentive Mechanism Incentives	\$0	0.00%		\$0	0.00%		3/
9								
10	Adjusted Distribution Operating Income Before Taxes	\$38,801		\$45,423	\$38,801		\$45,423	4/
11	Interest Charges	\$16,752		\$16,752	\$16,752		\$16,752	5/
12	Income Taxes @ 21% net of flowthrough	\$3,870		\$5,260	\$3,870		\$5,260	6/
13								
14	Net Income	\$18,180		\$23,411	\$34,932		\$40,162	7/
15								
16	Less: Preferred Stock Requirements	\$34		\$34	\$34		\$34	5/
17	Earnings Available for Common	\$18,146		\$23,377	\$34,932		\$40,162	8/
18								
19	Average Common Equity - 5-Quarter Average	\$381,022		\$381,022	\$747,835		\$747,835	5/
20								
21	<b>Rate of Return on Adjusted Average Common Equity</b>	<b>4.76%</b>		<b>6.14%</b>	<b>4.67%</b>		<b>5.37%</b>	9/

**Notes**

- 1/ Page 3 of 7 (R), Line 27, Column (f)  
2/ Effective Dec. 2005, SQ penalties booked below the line.  
3/ Column (b) = column (a) ÷ Line 19 (a). Column (e) = column (d) ÷ Line 19 (d)  
4/ Sum of Lines 1 thru 8  
5/ Calculated using imputed capital structure and cost rates; see Page 1 of 7 (R), Lines 42, 41, and 29  
6/ Page 1 of 7 (R) Line 46  
7/ Column (a) & (c): Line 10 - Line 11 - Line 12. Column (d) & (f): Line 10 - Line 12  
8/ Line 14 - Line 16  
9/ Line 17 ÷ Line 19

**THE NARRAGANSETT ELECTRIC COMPANY****Income Statement (Revised)****Twelve Months Ended December 31, 2018**

(\$000s)

Line No.	Total Electric Business	Less: Integrated Facilities Agreement (IFA) and Block Island Transmission System Amounts Billed to New England Power Co.		Other Adjustments	Electric Distribution Amount Per Schedules	Add: Block Island Transmission System (BITS) O&M Amounts	Electric Distribution Amount Revised Amount
		(a)	(b)				
1	Revenue - Sales of Electricity	\$380,622			\$380,622		\$380,622
2	Other Revenue	\$708,944			\$708,944		\$708,944
3	Total Revenue	\$1,089,566			\$1,089,566		\$1,089,566
4	Operating Expenses:						
5	Purchased Power	\$416,227			\$416,227		\$416,227
6	Transmission Wheeling	\$214,086			\$214,086		\$214,086
7	Transmission Wheeling - IFA Credit	(\$147,595)	(\$147,595)		\$0		\$0
8	Uncollectible Expense	\$14,356		(\$2,215)	\$12,142		\$12,142
9	Genl & Admin. O&M	\$124,218	\$1,915	\$3,002	\$125,305		\$125,305
10	All Other Operation & Maintenance ("O&M") expense	\$168,416	\$30,970	\$1,631	\$139,077	\$8,925	\$148,002
11	Company Share of Earned Savings	\$0		\$2,167	\$2,167		\$2,167
12	Depreciation	\$73,087	\$24,535	\$0	\$48,552		\$48,552
13	Amortization of Loss on Reacquired Debt	\$533	\$75	(\$346)	\$113		\$113
14	Amortization - Other	\$219	(4)		\$223		\$223
15	Gross Earnings Tax	\$41,525			\$41,525		\$41,525
16	Municipal Tax	\$49,717	\$19,569		\$30,148		\$30,148
17	Other Non-Income taxes	\$5,412	\$321		\$5,091		\$5,091
18	Current and Deferred Income Taxes	\$24,443		(\$24,443)	\$0		\$0
19	Regulatory Debits	\$0			\$0		\$0
20	Accretion Expense	\$0		\$0	\$0		\$0
21	Amortization of ITC	(\$21)	(\$6)		(\$15)		(\$15)
22	Interest on Customer Deposits	\$160			\$160		\$160
23	Donations	\$627		(\$209)	\$418		\$418
24	Total Operating Expenses	\$985,411	(\$70,220)	(\$20,412)	\$1,035,218	\$8,925	\$1,044,143
25							
26	Net Operating Income	\$104,155					
27	Distribution Operating Income Before Taxes				\$54,348		\$45,423

**Notes**

- 1/ Excludes excess earnings accrual of \$0 for the 12 month period.
- 2/ To adjust the bad debt to actual write off for ratemaking.
- 3/ The company made expense reduction adjustment for fiscal 2018, 3 quarters are related to calendar year 2017 and should be added back.
- 4/ (c) Excludes \$2.5 million out of period reduction to storm related expenses; \$0.3 million in sales and general advertising expense; and \$0.6 million in variable pay.
- 4/ (e) The operation and maintenance expense of Block Island Transmission System (BITS) is the reserve for future repairs. It should not be removed from the company's operation and maintenance expenses.
- 5/ Pursuant to Docket 4323, the Company share of Earned Savings equals \$3.25 million annually, prorate for 8 months before the new rates under Docket 4770.
- 6/ Under Docket 4323, donation is deductible for ratemaking, prorate for 8 months before the new rates under Docket 4770.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Rate Base - Electric Distribution**  
**Five Quarter Average**

Line No.	Description	(a) December 2017	(b) March 2018	(c) June 2018	(d) September 2018	(e) December 2018	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 1,540,193,364	\$ 1,592,127,548	\$ 1,615,423,659	\$ 1,629,530,567	\$ 1,647,962,718	\$ 1,605,047,571
2	IFA allocated Plant	-	-	-	-	-	-
3	Block Island Transmission System (BITS) Assets	-	-	-	-	-	-
4	Total Distribution Plant	\$ 1,540,193,364	\$ 1,592,127,548	\$ 1,615,423,659	\$ 1,629,530,567	\$ 1,647,962,718	\$ 1,605,047,571
5							
6	Property Held for Future Use	2,496,405	2,496,405	2,496,405	2,496,158	2,496,158	\$ 2,496,306
7	Less: Contribution in Aid of Construction	(222,216)	332,062	482,252	557,062	557,062	341,244
8	Less: Accumulated Depreciation	666,908,851	667,895,017	673,452,326	678,995,663	688,791,676	675,208,707
9	Less: IFA allocated Depreciation	-	-	-	-	-	-
10	Less: Block Island Transmission System (BITS) Depreciation	-	-	-	-	-	-
11	Total Accumulated Depreciation	666,908,851	667,895,017	673,452,326	678,995,663	688,791,676	675,208,707
12							
13	Net Plant in Service	\$ 876,003,134	\$ 926,396,874	\$ 943,985,486	\$ 952,474,000	\$ 961,110,139	\$ 931,993,926
14							
15							
16	Plus:						
17	Materials and Supplies	\$ 3,695,981	\$ 5,005,852	\$ 4,472,144	\$ 4,112,123	\$ 4,370,667	\$ 4,331,353
18	Prepayments	1,522,484	885,046	4,621,198,68	2,986,856	74,706	2,018,058
19	Loss on Reacquired Debt	1,752,405	1,728,929	1,703,157	1,669,231	1,639,400	1,698,624
20	Cash Working Capital	4,975,475	4,975,475	4,975,475	17,922,078	17,922,078	10,154,116
21	Cash Working Capital - Commodity & Gross Receipts Tax	23,686,328	32,926,823	32,926,823	32,926,823	32,926,823	31,078,724
22	Unamortized Interest Rate Lock	2,069,360	2,116,573	2,092,070	2,067,567	2,043,065	2,077,727
23	Unamortized Debt Issuance Costs (\$550M)	1,016,126	991,658	967,190	942,722	918,255	967,190
24	Unamortized Debt Issuance Costs (\$250M 2012)	908,788	\$899,670	\$890,551	\$881,433	\$872,315	\$890,551
25	Unamortized Debt Issuance Costs (\$350M 2018)	-	-	-	\$603,028	\$587,697	\$238,145
26							
27	Subtotal	\$ 39,626,947	\$ 49,530,026	\$ 52,648,609	\$ 64,111,863	\$ 61,355,006	\$ 53,454,490
28							
29	Less:						
30	Accumulated Deferred Federal Income Taxes ("FIT")	\$ 215,503,710	\$ 238,209,087	\$ 228,698,305	\$ 228,603,982	\$ 213,644,353	\$ 224,931,887
31	Accumulated Deferred FIT on Loss for Reacquired Debt	613,342	363,075	357,663	350,539	344,274	405,778
32	Customer Deposits	8,961,553	8,769,946	9,370,158	9,535,622	9,706,952	9,268,846
33	Injuries and Damages Reserve - Uninsured Claims	4,934,361	5,049,297	5,050,202	-	-	3,006,772
34							
35	Subtotal	\$ 230,012,966	\$ 252,391,405	\$ 243,476,327	\$ 238,490,142	\$ 223,695,579	\$ 237,613,284
36							
37	Rate Base	\$ 685,617,114	\$ 723,535,494	\$ 753,157,768	\$ 778,095,720	\$ 798,769,565	\$ 747,835,132

**Line Notes**  
 35 Line 14 + Line 24 - Line 33

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Rate Base - Integrated Facilities Agreement (IFA) and Block Island Transmission System (BITS)**  
**Five Quarter Average**

Line No.	Description	(a) December 2017	(b) March 2018	(c) June 2018	(d) September 2018	(e) December 2018	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 840,536,616	\$ 861,903,434	\$ 869,305,373	\$ 892,862,522	\$ 892,862,522	\$ 871,494,093
2	IFA allocated Plant	5,484,673	4,826,887	4,873,107	5,038,313	5,038,313	5,052,259
3	Block Island Transmission System (BITS) Assets	111,730,437	110,056,768	110,971,119	111,602,559	114,082,570	111,688,691
4	Total Transmission Plant	\$ 957,751,726	\$ 976,787,089	\$ 985,149,599	\$ 1,009,503,394	\$ 1,011,983,405	\$ 988,235,043
5							
6	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903
8	Less: Contribution in Aid of Construction						
9	Less: Accumulated Depreciation	106,968,106	111,037,950	117,583,447	123,042,222	123,042,222	116,334,789
10	Less: IFA allocated Depreciation	1,722,878	1,032,064	1,045,087	1,085,039	1,085,039	1,194,021
11	Less: Block Island Transmission System (BITS) Depreciation	208,038	3,026,582	3,568,138	4,186,929	4,815,416	3,161,021
12	Total Accumulated Depreciation	108,899,022	115,096,596	122,196,672	128,314,190	128,942,677	120,689,831
13							
14	Net Plant in Service	\$ 861,384,607	\$ 874,222,396	\$ 875,484,830	\$ 893,721,107	\$ 895,572,630	\$ 880,077,114
15							
16	Plus:						
17	Materials and Supplies	\$ 2,708,039	\$ 2,818,410	\$ 2,724,125	\$ 2,803,897	\$ 3,106,046	\$ 2,832,103
18	Prepayments	860,846	495,593	2,571,463	1,673,869	41,883	1,128,731
19	Loss on Reacquired Debt	990,849	968,136	947,720	935,457	919,099	952,252
20	Cash Working Capital	3,161,077	3,789,939	3,059,825	2,165,878	2,921,874	3,019,719
21	Cash Working Capital - Commodity & Gross Receipts Tax	-	-	-	-	-	-
22	Unamortized Interest Rate Lock	1,280,704	\$1,309,922	\$1,294,758	\$1,279,593	\$1,264,429	\$1,285,881
23	Unamortized Debt Issuance Costs (\$550M)	677,568	\$613,718	\$598,576	\$583,433	\$568,290	\$608,317
24	Unamortized Debt Issuance Costs (\$250M 2012)	562,432	\$556,789	\$551,146	\$545,503	\$539,860	\$551,146
25	Unamortized Debt Issuance Costs (\$350M 2018)	-	-	-	505,188	492,345	199,507
26							
27	Subtotal	\$ 10,241,514	\$ 10,552,509	\$ 11,747,613	\$ 10,492,817	\$ 9,853,825	\$ 10,577,656
28							
29	Less:						
30	Accumulated Deferred Federal Income Taxes ("FIT")	\$ 139,364,226	\$ 148,371,113	\$ 155,058,171	\$ 155,786,483	\$ 161,610,078	\$ 152,038,014
31	Accumulated Deferred FIT on Loss on Reacquired Debt	346,797	203,309	199,021	196,446	193,011	227,717
32	Customer Deposits	-	-	-	-	-	-
33	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-	-
34							
35	Subtotal	\$ 139,711,023	\$ 148,574,421	\$ 155,257,193	\$ 155,982,929	\$ 161,803,089	\$ 152,265,731
36							
37	Rate Base	\$ 731,915,098	\$ 736,200,484	\$ 731,975,250	\$ 748,230,996	\$ 743,623,367	\$ 738,389,039

**Line Notes**

35 Line 14 + Line 24 - Line 33

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Rate Base - Electric Total Distribution, IFA and BITS**  
**Five Quarter Average**

Line No.	Description	(a) December 2017	(b) March 2018	(c) June 2018	(d) September 2018	(e) December 2018	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 2,380,729,980	\$ 2,454,030,982	\$ 2,484,729,032	\$ 2,522,393,089	\$ 2,540,825,240	\$ 2,476,541,665
2	IFA allocated Plant	5,484,673	4,826,887	4,873,107	5,038,313	5,038,313	5,052,259
3	Block Island Transmission System (BITS) Assets	111,730,437	110,056,768	110,971,119	111,602,559	114,082,570	111,688,691
4	Total Utility Plant in Service	\$ 2,497,945,090	\$ 2,568,914,637	\$ 2,600,573,258	\$ 2,639,033,961	\$ 2,659,946,123	\$ 2,593,282,614
5							
6							
7	Property Held for Future Use	\$ 15,028,308	\$ 15,028,308	\$ 15,028,308	\$ 15,028,061	\$ 15,028,061	\$ 15,028,209
8	Less: Contribution in Aid of Construction	(222,216)	332,062	482,252	557,062	557,062	341,244
9	Less: Accumulated Depreciation	773,876,957	778,932,967	791,035,773	802,037,885	811,833,898	791,543,496
10	Less: IFA allocated Depreciation	1,722,878	1,032,064	1,045,087	1,085,039	1,085,039	1,194,021
11	Less: Block Island Transmission System (BITS) Depreciation	208,038	3,026,582	3,568,138	4,186,929	4,815,416	3,161,021
12	Total Accumulated Depreciation	775,807,873	782,991,613	795,648,998	807,309,853	817,734,353	795,898,538
13							
14	Net Plant in Service	\$ 1,737,387,741	\$ 1,800,619,270	\$ 1,819,470,316	\$ 1,846,195,107	\$ 1,856,682,769	\$ 1,812,071,041
15							
16	Plus:						
17	Materials and Supplies	6,404,020	\$7,824,262	\$7,196,269	\$6,916,020	\$7,476,714	\$ 7,163,457
18	Prepayments	2,383,330	1,380,640	7,192,662	4,660,725	1,116,589	3,146,789
19	Loss on Reacquired Debt	2,743,254	2,697,065	2,650,877	2,604,688	2,558,499	2,650,877
20	Cash Working Capital	8,136,552	8,765,414	8,035,300	20,087,956	20,843,952	13,173,835
21	Cash Working Capital - Commodity & Gross Receipts Tax	23,686,328	32,926,823	32,926,823	32,926,823	32,926,823	31,078,724
22	Unamortized Interest Rate Lock	3,350,064	3,426,495	3,386,828	3,347,161	3,307,493	3,363,608
23	Unamortized Debt Issuance Costs (\$550M)	1,693,694	1,605,376	1,565,766	1,526,155	1,486,545	1,575,507
24	Unamortized Debt Issuance Costs (\$250M 2012)	1,471,220	1,456,458	1,441,697	1,426,936	1,412,174	1,441,697
25	Unamortized Debt Issuance Costs (\$350M 2018)	-	-	-	1,108,217	1,080,042	437,652
26							
27	Subtotal	\$ 49,868,461	\$ 60,082,534	\$ 64,396,222	\$ 74,604,680	\$ 71,208,831	\$ 64,032,146
28							
29	Less:						
30	Accumulated Deferred Federal Income Taxes (FIT)	354,867,936	\$ 386,580,200	\$ 383,756,476	\$ 384,390,465	\$ 375,254,432	\$ 376,969,902
31	Accumulated Deferred FIT on Loss on Reacquired Debt	960,139	566,384	556,684	546,984	537,285	\$ 633,495
32	Customer Deposits	8,961,553	\$8,769,946	\$9,370,158	\$9,535,622	\$9,706,952	\$ 9,268,846
33	Injuries and Damages Reserve - Uninsured Claims	4,934,361	\$5,049,297	\$5,050,202	\$0	\$0	\$ 3,006,772
34							
35	Subtotal	\$ 369,723,989	\$ 400,965,827	\$ 398,733,520	\$ 394,473,071	\$ 385,498,668	\$ 389,879,015
36							
37	Rate Base	\$ 1,417,532,213	\$ 1,459,735,978	\$ 1,485,133,019	\$ 1,526,326,716	\$ 1,542,392,931	\$ 1,486,224,171

**Line Notes**  
 35 Line 14 + Line 24 - Line 33

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Calculation of Excess Earnings for Twelve months ended December 31, 2018**  
(\$000)

Line

1	Base Distribution Earnings Available for Common	\$18,146 (a)		
2				
3				
4	Actual Average Common Equity	\$381,022 (a)		
5				
6				Customer
7	Average Annual Return		<u>4.76%</u> (b)	<u>Share</u>
8				
9	ROE in 50%/50% Bandwith (>9.275%, <10.275%)		0.00% * 50.00%	= 0.00%
10	ROE in 75%/25% Bandwith (>10.275%)		0.00% * 75.00%	= <u>0.00%</u>
11				
12	Total Customer ROE Sharing			0.00%
13	Actual Average Common Equity			<u>\$381,022</u>
14				
15	Actual Annual Customer Shared Earnings			\$0
16	Tax Gross-up			<u>/ 79.00%</u>
17				
18	Annual Customer Shared Earnings - Pre-tax			-
19				
20	Total Customer Shared Earnings for the twelve months ending December 31, 2018			<u>\$ -</u>

**Notes**

- (a) From Page 2 of 7 (R) Line 17 and Line 19  
(b) Line 1 divided by Line 4; equals Page 2 of 7 (R) Line 21



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.

\_\_\_\_\_  
Joanne M. Scanlon

June 24, 2020  
Date

**National Grid Docket No. 4770 (Rate Application) & Docket No. 4780 (PST)  
Combined Service list updated 4/23/2020**

<b>Docket No. 4770 Name/Address</b>	<b>E-mail Distribution List</b>	<b>Phone</b>
<b>National Grid</b> Jennifer Hutchinson, Esq. Celia O'Brien, Esq. National Grid 280 Melrose St. Providence, RI 02907  Electric Transportation: Bonnie Crowley Raffetto, Esq. Nancy Israel, Esq. National Grid 40 Sylvan Road Waltham, MA 02451	<a href="mailto:Jennifer.hutchinson@nationalgrid.com">Jennifer.hutchinson@nationalgrid.com</a> ;	781-907-2153 401-784-7288
	<a href="mailto:Andrew.marcaccio@nationalgrid.com">Andrew.marcaccio@nationalgrid.com</a> ;	
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	
	<a href="mailto:Najat.coye@nationalgrid.com">Najat.coye@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
	<a href="mailto:Bill.Malee@nationalgrid.com">Bill.Malee@nationalgrid.com</a> ;	
	<a href="mailto:Melissa.little@nationalgrid.com">Melissa.little@nationalgrid.com</a> ;	
	<a href="mailto:William.richer@nationalgrid.com">William.richer@nationalgrid.com</a> ;	
	<a href="mailto:Theresa.burns@nationalgrid.com">Theresa.burns@nationalgrid.com</a> ;	
	<a href="mailto:Ann.leary@nationalgrid.com">Ann.leary@nationalgrid.com</a> ;	
	<a href="mailto:Scott.mccabe@nationalgrid.com">Scott.mccabe@nationalgrid.com</a> ;	
	<a href="mailto:kayte.o'neill2@nationalgrid.com">kayte.o'neill2@nationalgrid.com</a> ;	
	<a href="mailto:kate.grant2@nationalgrid.com">kate.grant2@nationalgrid.com</a> ;	
	<a href="mailto:Timothy.roughan@nationalgrid.com">Timothy.roughan@nationalgrid.com</a> ;	
<a href="mailto:Jason.Small@nationalgrid.com">Jason.Small@nationalgrid.com</a> ;		
<a href="mailto:bonnie.raffetto@nationalgrid.com">bonnie.raffetto@nationalgrid.com</a> ;		
<a href="mailto:nancy.israel@nationalgrid.com">nancy.israel@nationalgrid.com</a> ;		
Adam Ramos, Esq. Hinckley Allen 100 Westminster Street, Suite 1500 Providence, RI 02903-2319	<a href="mailto:aramos@hinckleyallen.com">aramos@hinckleyallen.com</a> ;	401-457-5164
John Habib Keegan Werlin LLP 99 High Street, Suite 2900 Boston, MA 02110	<a href="mailto:jhabib@keeganwerlin.com">jhabib@keeganwerlin.com</a> ;	617-951-1400
<b>Division of Public Utilities (Division)</b> Leo Wold, Esq.	<a href="mailto:Chetherington@riag.ri.gov">Chetherington@riag.ri.gov</a>	401-780-2140
	<a href="mailto:Leo.Wold@dpuc.ri.gov">Leo.Wold@dpuc.ri.gov</a> ;	

Christy Hetherington, Esq. Division of Public Utilities and Carriers 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov</a> ;	
	<a href="mailto:Ronald.Gerwatowski@dpuc.ri.gov">Ronald.Gerwatowski@dpuc.ri.gov</a> ;	
	<a href="mailto:Al.mancini@dpuc.ri.gov">Al.mancini@dpuc.ri.gov</a> ;	
	<a href="mailto:Thomas.kogut@dpuc.ri.gov">Thomas.kogut@dpuc.ri.gov</a> ;	
Tim Woolf Jennifer Kallay Synapse Energy Economics 22 Pearl Street Cambridge, MA 02139	<a href="mailto:twoolf@synapse-energy.com">twoolf@synapse-energy.com</a> ;	617-661-3248
	<a href="mailto:jkallay@synapse-energy.com">jkallay@synapse-energy.com</a> ;	
	<a href="mailto:mwhited@synapse-energy.com">mwhited@synapse-energy.com</a> ;	
David Efron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	<a href="mailto:Djeffron@aol.com">Djeffron@aol.com</a> ;	603-964-6526
Gregory L. Booth, PLLC 14460 Falls of Neuse Rd. Suite 149-110 Raleigh, N. C. 27614	<a href="mailto:gboothpe@gmail.com">gboothpe@gmail.com</a> ;	919-441-6440
		919-810-1616
Linda Kushner L. Kushner Consulting, LLC 514 Daniels St. #254 Raleigh, NC 27605		
<b>Office of Energy Resources (OER)</b> Daniel Majcher, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 <sup>th</sup> Floor Providence, RI 02908	<a href="mailto:daniel.majcher@doa.ri.gov">daniel.majcher@doa.ri.gov</a> ;	401-222-8880
	<a href="mailto:nancy.russolino@doa.ri.gov">nancy.russolino@doa.ri.gov</a> ;	
	<a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a> ;	
	<a href="mailto:Nicholas.Ucci@energy.ri.gov">Nicholas.Ucci@energy.ri.gov</a> ;	
	<a href="mailto:Becca.Trietch@energy.ri.gov">Becca.Trietch@energy.ri.gov</a> ;	
	<a href="mailto:Carrie.Gill@energy.ri.gov">Carrie.Gill@energy.ri.gov</a> ;	
	<a href="mailto:Yasmin.Yacoby.CTR@energy.ri.gov">Yasmin.Yacoby.CTR@energy.ri.gov</a> ;	
<b>Conservation Law Foundation (CLF)</b> Jerry Elmer, Esq. Max Greene, Esq. Conservation Law Foundation 235 Promenade Street Suite 560, Mailbox 28 Providence, RI 02908	<a href="mailto:jelmer@clf.org">jelmer@clf.org</a> ;	401-228-1904
	<a href="mailto:mgreene@clf.org">mgreene@clf.org</a> ;	
<b>Dept. of Navy (DON)</b> Kelsey A. Harrer, Esq. Office of Counsel NAVFAC Atlantic, Department of the Navy 6506 Hampton Blvd. Norfolk, VA 23508-1278	<a href="mailto:kelsey.a.harrer@navy.mil">kelsey.a.harrer@navy.mil</a> ;	757-322-4119

Kay Davoodi, Director Larry R. Allen, Public Utilities Specialist Utilities Rates and Studies Office NAVFAC HQ, Department of the Navy 1322 Patterson Avenue SE Suite 1000 Washington Navy Yard, D.C. 20374	<a href="mailto:khojasteh.davoodi@navy.mil">khojasteh.davoodi@navy.mil</a> ;	
	<a href="mailto:larry.r.allen@navy.mil">larry.r.allen@navy.mil</a> ;	
Ali Al-Jabir Maurice Brubaker Brubaker and Associates	<a href="mailto:aaljabir@consultbai.com">aaljabir@consultbai.com</a> ;	
<b>New Energy Rhode Island (NERI)</b> Seth H. Handy, Esq. Handy Law, LLC 42 Weybosset St. Providence, RI 02903  The RI League of Cities and Towns c/o Brian Daniels, Executive Director  PRISM & WCRPC c/o Jeff Broadhead, Executive Director  Newport Solar c/o Doug Sabetti  Green Development, LLC c/o Hannah Morini  Clean Economy Development, LLC c/o Julian Dash  ISM Solar Development, LLC c/o Michael Lucini  Heartwood Group, Inc. c/o Fred Unger	<a href="mailto:seth@handylawllc.com">seth@handylawllc.com</a> ;	401-626-4839
	<a href="mailto:helen@handylawllc.com">helen@handylawllc.com</a> ;	
	<a href="mailto:randelle@handylawllc.com">randelle@handylawllc.com</a> ;	
	<a href="mailto:bdaniels@rileague.org">bdaniels@rileague.org</a> ;	401 272-3434
	<a href="mailto:jb@wcrpc.org">jb@wcrpc.org</a> ;	401-792-9900
	<a href="mailto:doug@newportsolarri.com">doug@newportsolarri.com</a> ;	401.787.5682
	<a href="mailto:hm@green-ri.com">hm@green-ri.com</a> ;	
	<a href="mailto:jdash@cleaneconomydevelopment.com">jdash@cleaneconomydevelopment.com</a> ;	
<a href="mailto:mlucini@ismgroup.com">mlucini@ismgroup.com</a> ;	401.435.7900	
<a href="mailto:unger@hrtwd.com">unger@hrtwd.com</a> ;	401.861.1650	
<b>Energy Consumers Alliance of NE</b> James Rhodes Rhodes Consulting 860 West Shore Rd. Warwick, RI 02889  Kat Burnham, PPL Larry Chretien, PPL	<a href="mailto:jamie.rhodes@gmail.com">jamie.rhodes@gmail.com</a> ;	401-225-3441
	<a href="mailto:Kat@ripower.org">Kat@ripower.org</a> ;	
	<a href="mailto:larry@massenergy.org">larry@massenergy.org</a> ;	

<b>Acadia Center</b> Robert D. Fine, Esq. Chace, Ruttenberg & Freedman, LLP One Park Row, Suite 300 Providence, RI 02903  Amy Boyd, Esq. Acadia Center 31 Milk St., Suite 501 Boston MA 02109-5128	<a href="mailto:rfine@crflp.com">rfine@crflp.com</a> ;	401-453-6400 Ext. 115
	<a href="mailto:aboym@acadiacenter.org">aboym@acadiacenter.org</a> ;	617-472-0054 Ext. 102
<b>Northeast Clean Energy Council</b> Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861  Jeremy McDiarmid, NECEC Dan Bosley, NECEC	<a href="mailto:jkeoughjr@keoughsweeney.com">jkeoughjr@keoughsweeney.com</a> ;	401-724-3600
	<a href="mailto:jmcdiarmid@necec.org">jmcdiarmid@necec.org</a> ;	
	<a href="mailto:dbosley@necec.org">dbosley@necec.org</a> ;	
<b>The George Wiley Center</b> Jennifer Wood Rhode Island Center for Justice 1 Empire Plaza, Suite 410 Providence, RI 02903  Camilo Viveiros, Wiley Center	<a href="mailto:jwood@centerforjustice.org">jwood@centerforjustice.org</a> ;	401-491-1101
	<a href="mailto:georgewileycenterri@gmail.com">georgewileycenterri@gmail.com</a> ;	
	<a href="mailto:Camiloviveiros@gmail.com">Camiloviveiros@gmail.com</a> ;	
	<a href="mailto:chloechassaing@hotmail.com">chloechassaing@hotmail.com</a> ;	
<b>Wal-Mart Stores East &amp; Sam's East, Inc.</b> Melissa M. Horne, Esq. Higgins, Cavanagh & Cooney, LLC 10 Dorrance St., Suite 400 Providence, RI 02903  Gregory W. Tillman, Sr. Mgr./ERA Walmart	<a href="mailto:mhorne@hcc-law.com">mhorne@hcc-law.com</a> ;	401-272-3500
	<a href="mailto:Greg.tillman@walmart.com">Greg.tillman@walmart.com</a> ;	479-204-1594
<b>AMTRAK</b> Clint D. Watts, Esq. Paul E. Dwyer, Esq. McElroy, Deutsch, Mulvaney & Carpenter 10 Dorrance St., Suite 700 Providence, RI 02903  Robert A. Weishaar, Jr., Esq. Kenneth R. Stark, Esq.	<a href="mailto:CWatts@mdmc-law.com">CWatts@mdmc-law.com</a> ;	401-519-3848
	<a href="mailto:PDwyer@mdmc-law.com">PDwyer@mdmc-law.com</a> ;	
	<a href="mailto:BWeishaar@mcneeslaw.com">BWeishaar@mcneeslaw.com</a> ;	
	<a href="mailto:KStark@mcneeslaw.com">KStark@mcneeslaw.com</a> ;	
<b>Original &amp; 9 copies file w/:</b>	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107

Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Cynthia.WilsonFrias@puc.ri.gov">Cynthia.WilsonFrias@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	
	<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> ;	
	<a href="mailto:Margaret.hogan@puc.ri.gov">Margaret.hogan@puc.ri.gov</a> ;	
	<a href="mailto:John.harrington@puc.ri.gov">John.harrington@puc.ri.gov</a> ;	
<b>DOCKET NO. 4780</b>		
<b>ChargePoint, Inc.</b> Edward D. Pare, Jr., Esq. Brown Rudnick LLP One Financial Center Boston, MA 02111  Anne Smart, Charge Point, Inc.	<a href="mailto:EPare@brownrudnick.com">EPare@brownrudnick.com</a> ;	617-856-8338
	<a href="mailto:jreyes@brownrudnick.com">jreyes@brownrudnick.com</a> ;	
	<a href="mailto:Anne.Smart@chargepoint.com">Anne.Smart@chargepoint.com</a> ;	
	<a href="mailto:Kevin.Miller@chargepoint.com">Kevin.Miller@chargepoint.com</a> ;	
<b>Direct Energy</b> Craig R. Waksler, Esq. Eckert Seamans Cherin & Mellott, LLC Two International Place, 16 <sup>th</sup> Floor Boston, MA 02110  Marc Hanks, Sr. Mgr./GRA Direct Energy Services,	<a href="mailto:cwaksler@eckertseamans.com">cwaksler@eckertseamans.com</a> ;	617-342-6800
	<a href="mailto:rmmurphy@eckertseamans.com">rmmurphy@eckertseamans.com</a> ;	413-642-3575
	<a href="mailto:dclearfield@eckertseamans.com">dclearfield@eckertseamans.com</a> ;	
	<a href="mailto:Marc.hanks@directenergy.com">Marc.hanks@directenergy.com</a> ;	
<b>INTERESTED PERSONS</b>		
EERMC Marisa Desautel, Esq	<a href="mailto:marisa@desautelesq.com">marisa@desautelesq.com</a> ;	401-477-0023
	<a href="mailto:guerard@optenergy.com">guerard@optenergy.com</a> ;	
John DiTomasso, AARP	<a href="mailto:jditomasso@aarp.org">jditomasso@aarp.org</a> ;	401-248-2655
Frank Epps, EDP	<a href="mailto:Frank@edp-energy.com">Frank@edp-energy.com</a> ;	
Matt Davey	<a href="mailto:mdavey@ssni.com">mdavey@ssni.com</a> ;	
Jesse Reyes	<a href="mailto:JReyes@brownrudnick.com">JReyes@brownrudnick.com</a> ;	
Nathan Phelps	<a href="mailto:nathan@votesolar.org">nathan@votesolar.org</a> ;	
Douglas W. Gablinske, TEC-RI	<a href="mailto:doug@tecri.org">doug@tecri.org</a> ;	
Radina Valova, Pace Energy & Climate Ctr.	<a href="mailto:rvalova@law.pace.edu">rvalova@law.pace.edu</a> ;	
Marc Hanks, Sr. Mgr./GRA Direct Energy Services	<a href="mailto:Marc.hanks@directenergy.com">Marc.hanks@directenergy.com</a> ;	413-642-3575
	<a href="mailto:cwaksler@eckertseamans.com">cwaksler@eckertseamans.com</a> ;	
Lisa Fontanella	<a href="mailto:Lisa.Fontanella@spglobal.com">Lisa.Fontanella@spglobal.com</a> ;	
Janet Gail Besser, SEPA (Smart Electric Power Alliance)	<a href="mailto:jbesser@sepapower.org">jbesser@sepapower.org</a> ;	
Frank Lacey, EAC Power	<a href="mailto:frank@eacpower.com">frank@eacpower.com</a> ;	
Hank Webster Policy Advocate & Staff Attorney Acadia Center 144 Westminster Street, Suite 203 Providence, RI 02903-2216	<a href="mailto:hwebster@acadiacenter.org">hwebster@acadiacenter.org</a> ;	401-276-0600

