

Docket No. 4770
Thirty Ninth Set of Data Requests of the
Division of Public Utilities and Carriers to National Grid
March 29, 2018

Deferred Income Taxes

39-1. Referring to the response to Division Data Requests 31-1 and 31-2, please provide the financial statements from which the balances of accumulated deferred income taxes are taken.

Response can be found on Bates page(s) 1-11.

39-2. Referring to the response to Division Data Requests 31-1 and 31-2, please provide workpapers supporting the calculation of each item of the “ADIT after Rate Change.” The response should also explain why the “ADIT after Rate Change” is not equal to 60% (21%/35%) of the “ADIT before Rate Change.”

Response can be found on Bates page(s) 12-33.

39-3. Referring to the response to Division Data Requests 31-4 and 31-5, please explain why the Company believes that it appropriate to amortize non-property related excess deferred income taxes over the “average remaining life of the underlying book plant,” as the non-property related excess deferred income taxes are, by definition, not related to book plant.

Response can be found on Bates page(s) 34-35.

Division 39-1

Request:

Referring to the response to Division Data Requests 31-1 and 31-2, please provide the financial statements from which the balances of accumulated deferred income taxes are taken.

Response:

Please refer to the following attachments for the financial statements from which the balances of accumulated deferred income taxes are taken.

- Attachment DIV 39-1-1 for FERC Form 1 December 2017 Balance Sheet.
- Attachment DIV 39-1-2 for FERC Form 1 December 2017 Balance Sheet supporting Page 234, detailing ADIT in Account 190 by Gas and Electric segments.
- Attachment DIV 39-1-3 for FERC Form 1 December 2017 Balance Sheet supporting pages 276-277, detailing ADIT in Account 283 by Gas and Electric segments.
- Attachment DIV 39-1-4 for FERC Form 1 December 2017 Balance Sheet supporting Pages 274-275, detailing ADIT in Account 282 by Gas and Electric segments.

Please note that, for Account 190, the allocation of the gross up for revenue requirement, for the federal income tax rate change regulatory liability, between the Gas and Electric segments for Form 1 was refined during the preparation of the Company's responses to Division 31-1 and Division 31-2 and, therefore, there is a \$4.2 million re-class difference between the Narragansett Gas and Narragansett Electric balances as reported on the FERC Form 1 Page 234 as filed and the amounts reflected in the responses to Division 31-1 and Division 31-2. In preparing the FERC Form 1, the gross up was allocated between segments based on the allocation of deferred taxes by segment. For the rate case response, the Company refined the computation to properly account for the shareholder component of rate change, which was not recorded with a regulatory liability offset and does not have a gross up component.

Name of Respondent The Narragansett Electric Company		FERC PDF (Unofficial) This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of <u>2017/Q4</u>
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	4,423,240,195	4,280,560,897
3	Construction Work in Progress (107)	200-201	194,014,780	165,990,682
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		4,617,254,975	4,446,551,579
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,188,798,522	1,176,357,934
6	Net Utility Plant (Enter Total of line 4 less 5)		3,428,456,453	3,270,193,645
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		3,428,456,453	3,270,193,645
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		5,269,831	5,269,831
19	(Less) Accum. Prov. for Depr. and Amort. (122)		96,716	59,727
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		3,104,833	2,899,502
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		6,260,214	5,577,385
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		27,390	4,249,195
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		14,565,552	17,936,186
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		7,151,734	11,324,418
36	Special Deposits (132-134)		1,477,251	589,095
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		197,292,256	177,875,205
41	Other Accounts Receivable (143)		6,452,740	7,164,925
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		22,526,070	23,966,240
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		74,844,436	50,214,948
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	11,077,551	11,118,906
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	3,788,086	6,325,159
FERC FORM NO. 1 (REV. 12-03) Page 110				

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of 2017/Q4
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
53	(Less) Noncurrent Portion of Allowances		0	0	
54	Stores Expense Undistributed (163)	227	0	0	
55	Gas Stored Underground - Current (164.1)		8,298,259	6,955,021	
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		2,684,514	2,997,625	
57	Prepayments (165)		3,247,683	3,134,323	
58	Advances for Gas (166-167)		0	0	
59	Interest and Dividends Receivable (171)		0	0	
60	Rents Receivable (172)		50,033	1,159,744	
61	Accrued Utility Revenues (173)		93,040,698	68,958,231	
62	Miscellaneous Current and Accrued Assets (174)		395,301	187,319	
63	Derivative Instrument Assets (175)		0	0	
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0	
65	Derivative Instrument Assets - Hedges (176)		2,226,639	8,829,420	
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0	
67	Total Current and Accrued Assets (Lines 34 through 66)		389,501,111	332,868,099	
68	DEFERRED DEBITS				
69	Unamortized Debt Expenses (181)		1,746,789	1,815,185	
70	Extraordinary Property Losses (182.1)	230a	0	0	
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0	
72	Other Regulatory Assets (182.3)	232	547,799,981	579,269,537	
73	Prelim. Survey and Investigation Charges (Electric) (183)		4,110,765	4,367,704	
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		67,968	67,968	
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0	
76	Clearing Accounts (184)		265,220	222,367	
77	Temporary Facilities (185)		0	0	
78	Miscellaneous Deferred Debits (186)	233	0	3,352,427	
79	Def. Losses from Disposition of Utility Plt. (187)		0	0	
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0	
81	Unamortized Loss on Reaquired Debt (189)		2,743,254	2,928,009	
82	Accumulated Deferred Income Taxes (190)	234	241,790,469	321,167,474	
83	Unrecovered Purchased Gas Costs (191)		0	0	
84	Total Deferred Debits (lines 69 through 83)		798,524,446	913,190,671	
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		4,631,047,562	4,534,188,601	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report 2017/Q4
The Narragansett Electric Company			
FOOTNOTE DATA			

Schedule Page: 110 Line No.: 72 Column: d

This amount has been revised from the Company's originally filed FERC Form 1. Certain adjustments were required as a result of aligning certain regulatory account balances to recently concluded rate filings and to adjust Pension and Other Post Retirement Benefit deferrals.

Reported Total	Revised Total
\$ 587,263,015	\$ 579,269,537

Schedule Page: 110 Line No.: 84 Column: d

This amount has been revised from the Company's originally filed FERC Form 1. Certain adjustments were required as a result of aligning certain regulatory account balances to recently concluded rate filings and to adjust Pension and Other Post Retirement Benefit deferrals.

Reported Total	Revised Total
\$ 921,184,149	\$ 913,190,671

Schedule Page: 110 Line No.: 85 Column: d

This amount has been revised from the Company's originally filed FERC Form 1. Certain adjustments were required as a result of aligning certain regulatory account balances to recently concluded rate filings and to adjust Pension and Other Post Retirement Benefit deferrals.

Reported Total	Revised Total
\$ 4,542,182,079	\$ 4,534,188,601

Name of Respondent The Narragansett Electric Company	FERC PDF (Unofficial) This Report is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 03/16/2018	Year/Period of Report end of 2017/Q4
---	--	--	---

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	56,624,350	56,624,350
3	Preferred Stock Issued (204)	250-251	2,454,450	2,454,450
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	1,358,081,202	1,355,000,622
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	577,699,742	456,367,550
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Required Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-757,977	-1,268,890
16	Total Proprietary Capital (lines 2 through 15)		1,994,101,767	1,869,178,082
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	846,089,000	847,464,000
19	(Less) Required Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		2,131,704	2,356,102
24	Total Long-Term Debt (lines 18 through 23)		843,957,296	845,107,898
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		10,121,845	12,126,998
29	Accumulated Provision for Pensions and Benefits (228.3)		92,244,316	181,829,039
30	Accumulated Miscellaneous Operating Provisions (228.4)		135,856,990	132,650,524
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		1,690,797	1,297,331
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		9,929,792	10,173,417
35	Total Other Noncurrent Liabilities (lines 26 through 34)		249,843,740	338,077,309
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		155,592,182	129,286,295
39	Notes Payable to Associated Companies (233)		193,151,961	187,623,519
40	Accounts Payable to Associated Companies (234)		157,584,681	92,323,007
41	Customer Deposits (235)		10,802,180	12,800,746
42	Taxes Accrued (236)	262-263	-5,281,305	-3,086,115
43	Interest Accrued (237)		9,601,167	9,616,246
44	Dividends Declared (238)		27,613	27,613
45	Matured Long-Term Debt (239)		0	0

Name of Respondent The Narragansett Electric Company	2018-03-16-2001 FERC PDF (Unofficial) This Report is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 03/16/2018	Year/Period of Report end of 2017/Q4
---	---	--	---

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		-18,619	-829,823
48	Miscellaneous Current and Accrued Liabilities (242)		31,728,708	27,715,382
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		4,102,760	1,954,573
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		557,291,328	457,431,443
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		225,000	28
57	Accumulated Deferred Investment Tax Credits (255)	266-267	22,928	98,922
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	10,779,827	3,934,346
60	Other Regulatory Liabilities (254)	278	432,015,562	160,474,555
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		404,313,808	612,549,588
64	Accum. Deferred Income Taxes-Other (283)		138,496,306	247,336,430
65	Total Deferred Credits (lines 56 through 64)		985,853,431	1,024,393,869
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		4,631,047,562	4,534,188,601

Name of Respondent 20180316-8001 FERC PDF (Unofficial) The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of 2017/Q4
ACCUMULATED DEFERRED INCOME TAXES (Account 190)				
1. Report the information called for below concerning the respondent's accounting for deferred income taxes. 2. At Other (Specify), include deferrals relating to other income and deductions.				
Line No.	Description and Location (a)	Balance of Beginning of Year (b)	Balance at End of Year (c)	
1	Electric			
2	Reserve - Environmental	32,422,879	19,700,753	
3	Pensions, OPEB and employee benefits	36,207,134	18,267,295	
4	Bad Debts	4,639,759	2,431,623	
5	Net Operating Losses	84,676,529	48,166,042	
6	Reg Liability		56,182,924	
7	Other Deferred tax assets	40,370,119	3,070,454	
8	TOTAL Electric (Enter Total of lines 2 thru 7)	198,316,420	147,819,091	
9	Gas			
10	Reserve - Environmental	14,112,362	8,733,362	
11	Pensions, OPEB and employee benefits	32,675,770	8,001,337	
12	Bad Debts	3,748,425	2,298,852	
13	Net Operating Losses	67,654,461	51,874,414	
14	Reg Liability		20,335,877	
15	Other Deferred tax assets	4,660,036	2,727,536	
16	TOTAL Gas (Enter Total of lines 10 thru 15)	122,851,054	93,971,378	
17	Other (Specify)			
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	321,167,474	241,790,469	
Notes				

Name of Respondent 20180316-8001 FERC PDF (Unofficial) (4) The Narragansett Electric Company		This Report Is: <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of 2017/Q4
ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.					
2. For other (Specify), include deferrals relating to other income and deductions.					
Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR		
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)	
1	Account 283				
2	Electric				
3	Regulatory Assets - Environmen	29,452,187	-1,790,810		
4	Regulatory Assets - Other	107,841,260	-13,545,330		
5	Other Deferred Tax Liabilities	34,152,793	4,073,890		
6					
7					
8					
9	TOTAL Electric (Total of lines 3 thru 8)	171,446,240	-11,262,250		
10	Gas				
11	Regulatory Assets - Environmen	16,397,208	60,976		
12	Regulatory Assets - Other	28,902,294	-4,874,586		
13	Other Deferred Tax Liabilities	30,590,688	-21,529,897		
14					
15					
16					
17	TOTAL Gas (Total of lines 11 thru 16)	75,890,190	-26,343,507		
18	Other				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	247,336,430	-37,605,757		
20	Classification of TOTAL				
21	Federal Income Tax	247,336,430	-37,605,757		
22	State Income Tax				
23	Local Income Tax				
NOTES					

Name of Respondent 20180316-8001 FERC PDF (Unofficial) The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of 2017/Q4
--	---	--	---

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
			11,205,870			16,455,507	1
			35,968,637			58,327,293	2
			32,307,777			5,918,906	3
							4
							5
							6
							7
			79,482,284			80,701,706	8
							9
			6,705,391			9,752,793	10
			13,051,742			10,975,966	11
			-28,005,050			37,065,841	12
							13
							14
							15
							16
			-8,247,917			57,794,600	17
							18
			71,234,367			138,496,306	19
							20
			71,234,367			138,496,306	21
							22
							23

NOTES (Continued)

Name of Respondent 20180316-8001 FERC PDF (Unofficial) The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of 2017/Q4
--	---	--	--

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization
2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	416,111,566	-307,831,190	
3	Gas	196,438,022	-143,574,863	
4				
5	TOTAL (Enter Total of lines 2 thru 4)	612,549,588	-451,406,053	
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	612,549,588	-451,406,053	
10	Classification of TOTAL			
11	Federal Income Tax	612,549,588	-451,406,053	
12	State Income Tax			
13	Local Income Tax			

NOTES

Name of Respondent 20180316-8001 FERC PDF (Unofficial) The Narragansett Electric Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of 2017/Q4
--	---	--	---

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
			-172,376,350			280,656,726	1
			-70,793,923			123,657,082	2
							3
							4
			-243,170,273			404,313,808	5
							6
							7
							8
			-243,170,273			404,313,808	9
							10
			-243,170,273			404,313,808	11
							12
							13

NOTES (Continued)

Division 39-2

Request:

Referring to the response to Division Data Requests 31-1 and 31-2, please provide workpapers supporting the calculation of each item of the "ADIT after Rate Change." The response should also explain why the "ADIT after Rate Change" is not equal to 60% (21%/35%) of the "ADIT before Rate Change."

Response:

The methodology for calculating the impact of the federal tax rate change on ADIT was as follows:

1. Calculate ADIT at March 31, 2017 at 35% tax rate.
2. Add Fiscal Year (FY) 2018 December year-to-date activity at 31.55% blended rate.
3. Add projection for FY2018 activity through March 31, 2018 at 31.55% blended rate.
4. Compute ADIT before impact of rate change at March 31, 2018 based on prior year ending balance plus FY2018 activity actual through December 2017 plus forecast for three-month period ended March 31, 2018.
5. Compute ADIT based on gross timing differences at March 31, 2018 multiplied by 21% tax rate.
6. Calculate Tax Rate Change amount based on difference between ADIT at 21% and ADIT based on 35% beginning balance plus FY2018 activity at blended rate of 31.55%.

Attachment DIV 39-2 calculates each item of ADIT after Rate Change for the Company as a whole. The total customer portion of the federal income tax rate change of \$210,795,973 agrees to the sum of the rate change amounts for Gas plus Electric Transmission and Distribution.

The ADIT after Rate Change is not equal to 60% because of the use of the blended rate for FY2018 activity.



Entity View - GAAP
5360
Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
------	------------------------

Federal Rate
State Rate - Blended

ELS CATEGORY

Gross Temporary Differences

FED GROSS	ACCRUED INTEREST
FED GROSS	ACCRUED INTEREST - SECTION 267
FED GROSS	ACCRUED INTEREST - TAX RESERVE
FED GROSS	ACCRUED OTHER
FED GROSS	ACCRUED OTHER - REC OBLIGATION
FED GROSS	ACCRUED OTHER - TCC AUCTION REVENUE
FED GROSS	Accrued Other - PSA4
FED GROSS	AFUDC DEBT
FED GROSS	AFUDC EQUITY
FED GROSS	AMORT OF INTANGIBLE ASSETS
FED GROSS	AMORTIZATION EXPENSE
FED GROSS	ARO - Plant Basis
FED GROSS	BAD DEBTS
FED GROSS	CASUALTY LOSS
FED GROSS	CONTRIB - AID OF CONSTRUCTION
FED GROSS	COST OF REMOVAL
FED GROSS	DEFERRED COMPENSATION
FED GROSS	DEFERRED GAS COST
FED GROSS	DEPRECIATION EXPENSE - BOOK
FED GROSS	DEPRECIATION EXPENSE - TAX
FED GROSS	DEPRECIATION EXPENSE - TAX BONUS
FED GROSS	DEPRECIATION EXPENSE - TAX SEC 481
FED GROSS	EQUITY RETURN - GAAP ONLY
FED GROSS	FASB 112
FED GROSS	GAIN (LOSS) ON SALE OF ASSETS
FED GROSS	HEDGING
FED GROSS	HEDGING - OCI
FED GROSS	INCENTIVE PLAN

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
35.00%	31.55%	31.55%	31.55%	31.55%
0.00%	0.00%	0.00%	0.00%	0.00%

0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
62,152	(0)	-	(0)	62,152
11,840,575	(5,273,948)	-	(5,273,948)	6,566,627
0	-	-	-	-
516,680	(516,680)	-	(516,680)	-
4,819,534	2,761,860	-	2,761,860	7,581,394
123,424	(52,758)	-	(52,758)	70,667
(156,478,398)	(13,403,388)	-	(13,403,388)	(169,881,786)
2,774,350	8,539	-	8,539	2,782,889
3,346,761	511,093	-	511,093	3,857,854
25,191,921	(2,665,851)	-	(2,665,851)	22,526,070
0	-	-	-	-
11,691,213	6,338,490	-	6,338,490	18,029,702
(18,202,246)	(17,854,614)	-	(17,854,614)	(36,056,860)
16,900	1,109	-	1,109	18,008
(1,245,836)	1,245,837	-	1,245,837	0
(1,439,964,425)	78,931,799	26,310,600	105,242,398	(1,334,722,026)
(66,701,195)	(56,466,260)	(18,822,087)	(75,288,347)	(141,989,542)
(97,274,984)	(17,197,265)	-	(17,197,265)	(114,472,249)
(14,328,357)	-	-	-	(14,328,357)
1,406,701	1,214,385	-	1,214,385	2,621,086
4,705,699	11,918	-	11,918	4,717,617
3,244,378	1,315,707	-	1,315,707	4,560,085
(4,353,172)	9,702,554	-	9,702,554	5,349,382
4,925,298	(240,879)	-	(240,879)	4,684,420
3,818,728	(1,663,991)	-	(1,663,991)	2,154,737



Entity View - GAAP
5360
Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED GROSS	INJURIES AND DAMAGES
FED GROSS	INSURANCE PROVISION
FED GROSS	INVESTMENTS - PARTNERSHIPS
FED GROSS	INVESTMENTS - OCI
FED GROSS	INVESTMENTS - OTHER
FED GROSS	LIEN DATE PROPERTY TAXES
FED GROSS	OPEB / FASB 106
FED GROSS	OPEB / FASB 106 - FASB 158 OCI
FED GROSS	OPEB CAPITALIZATION
FED GROSS	PENSION CAPITALIZATION
FED GROSS	PENSION COST
FED GROSS	PENSION COST - FASB 158 OCI
FED GROSS	POLE ATTACHMENT RENTALS
FED GROSS	R&E EXPENSE
FED GROSS	REG ASSET - CARRYING CHARGES
FED GROSS	REG ASSET - DECOMMISSIONING
FED GROSS	REG ASSET - ENVIRONMENTAL
FED GROSS	REG ASSET - FAS 109
FED GROSS	REG ASSET - HEDGING
FED GROSS	REG ASSET - MTA DEFERRAL
FED GROSS	REG ASSET - OPEB
FED GROSS	REG ASSET - PENSION
FED GROSS	REG ASSET - PENSION/OPEB - X Rate Base
FED GROSS	REG ASSET - PROPERTY TAXES
FED GROSS	REG ASSET - RATE MITIGATION
FED GROSS	REG ASSET - STORM COST
FED GROSS	REG ASSET - TRANSITION COSTS
FED GROSS	REG ASSET - X Rate Base
FED GROSS	REG ASSET - OTHER
FED GROSS	REG ASSET - MERGER SAVINGS
FED GROSS	REG ASSET - ARO
FED GROSS	REG ASSET - OTHER reserved for future use -3
FED GROSS	REG LIABILITY - BONUS DEPRECIATION

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
7,096,546	(1,021,505)	-	(1,021,505)	6,075,041
3,549,421	(650,252)	-	(650,252)	2,899,169
0	-	-	-	-
(1,491,787)	(228,690)	-	(228,690)	(1,720,477)
0	-	-	-	-
(5,375,197)	(27,589,650)	-	(27,589,650)	(32,964,847)
70,015,471	(6,404,346)	-	(6,404,346)	63,611,126
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
52,072,246	(23,129,011)	-	(23,129,011)	28,943,235
6,893	(20,939)	-	(20,939)	(14,046)
0	-	-	-	-
0	-	-	-	-
(1,052,593)	(3,130,277)	-	(3,130,277)	(4,182,870)
(132,107,744)	5,533,875	-	5,533,875	(126,573,869)
(10,609,608)	647,199	-	647,199	(9,962,410)
4,353,172	(9,702,554)	-	(9,702,554)	(5,349,382)
0	-	-	-	-
(20,614,560)	2,196,313	-	2,196,313	(18,418,247)
(168,160,426)	12,829,840	-	12,829,840	(155,330,586)
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
(97,764,201)	(693,225)	-	(693,225)	(98,457,426)
516,610	3,683,842	-	3,683,842	4,200,451
0	-	-	-	-
(54,458,466)	(6,343,236)	-	(6,343,236)	(60,801,702)
0	-	-	-	-
(11,553,986)	137,686	-	137,686	(11,416,299)
0	-	-	-	-
0	-	-	-	-



Entity View - GAAP
5360
Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED GROSS	REG LIABILITY - OTHER
FED GROSS	REG LIABILITY - FAS109
FED GROSS	REG LIABILITY - OTHER reserved for future use -2
FED GROSS	REG LIABILITY - OTHER reserved for future use -3
FED GROSS	RELOCATION OF MAINS
FED GROSS	REPAIRS DEDUCTION
FED GROSS	RESERVE - DECOMMISSIONING / NUCLEAR COST PROV
FED GROSS	RESERVE - ENVIRONMENTAL
FED GROSS	RESERVE - FIN 48
FED GROSS	RESERVE - GENERAL
FED GROSS	RESERVE - HEALTHCARE COSTS
FED GROSS	RESERVE - LEASE
FED GROSS	RESERVE - LEGAL FEES
FED GROSS	RESERVE - OBSOLETE INVENTORY
FED GROSS	RESERVE - SALES TAX
FED GROSS	RESERVE - SEVERANCE
FED GROSS	RESERVE - STORM
FED GROSS	RESERVE - UK INPATS
FED GROSS	RESERVE - UNPAID INVOICES
FED GROSS	RESERVE - reserved for future use -1
FED GROSS	RESERVE - reserved for future use -2
FED GROSS	RESERVE - reserved for future use -3
FED GROSS	SOFTWARE IMPLEMENTATION COSTS
FED GROSS	TRANSFER PRICING
FED GROSS	UNAMORTIZED DEBT DISCOUNT OR PREMIUM
FED GROSS	UNBILLED REVENUE
FED GROSS	UNICAP - INVENTORY
FED GROSS	UNICAP - SELF CONSTRUCTED ASSETS
FED GROSS	VACATION ACCRUAL
FED GROSS	WORKERS' COMPENSATION
FED GROSS	SHARE BASED COMP
FED GROSS	ORGANIZATION COST
FED GROSS	Valuation Allowance

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
119,091,413	(15,807,486)	-	(15,807,486)	103,283,927
78,732	(55,804)	-	(55,804)	22,928
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
(60,207,930)	(88,064,441)	-	(88,064,441)	(148,272,371)
0	-	-	-	-
135,529,405	327,585	-	327,585	135,856,990
(0)	-	-	-	(0)
4,043,253	0	-	0	4,043,253
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
532,692	(424)	-	(424)	532,269
(1)	(0)	-	(0)	(1)
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
(2,881,820)	138,566	-	138,566	(2,743,254)
0	0	-	0	0
0	-	-	-	-
0	-	-	-	-
4,757,461	(29,293)	-	(29,293)	4,728,167
1,180,673	(33,039)	-	(33,039)	1,147,635
85,721	42,412	-	42,412	128,133
0	-	-	-	-
(0)	-	-	-	(0)



Entity View - GAAP
5360
Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED GROSS	RI Addback of State Taxes
FED GROSS	Other Temporary Differences -5
FED GROSS	Other Temporary Differences -6
FED GROSS	Other Temporary Differences -7
FED GROSS	CREDIT CARRYFORWARD
FED GROSS	IFRS Temporary Differences
FED GROSS	Other Temporary Differences -10
FED GROSS	Other Temporary Differences -11
FED GROSS	Other Temporary Differences -12
FED GROSS	5050 Fed Valuation allowance on NH Sale Capital loss
FED GROSS	NET OPERATING LOSS - STATE TAX MOD Post-2016
FED GROSS	NET OPERATING LOSS - STATE TAX MOD Pre-2016
FED GROSS	CAPITAL LOSS LIMITATION
FED GROSS	CHARITABLE CONTRIB LIMIT
FED GROSS	NET OPERATING LOSS
FED GROSS	Subtotal Temps
FED GROSS	ADIT - STATE
FED GROSS	Total Temps
FED GROSS	Tax Credits
FED GROSS	CREDIT CARRYOVER - ITC
FED GROSS	CREDIT CARRYOVER - OTHER
FED GROSS	Unitary BS
FED GROSS	MA UNITARY FAS109 DEDUCTION
FED GROSS	MA UNITARY VAL ALLOWANCE
FED GROSS	RATE CHANGE
FED GROSS	Other
FED GROSS	Reg Asset - FAS109
FED GROSS	

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
0	-	-	-	-
1,887,056	258,454	-	258,454	2,145,510
342,810,006	(68,706)	-	(68,706)	342,741,301
(1,538,735,848)	(170,469,448)	7,488,513	(162,980,935)	(1,701,716,783)
0	-	-	-	-
(1,538,735,848)	(170,469,448)	7,488,513	(162,980,935)	(1,701,716,783)



Entity View - GAAP
5360
Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED GROSS	Total Tax Credits
FED GROSS	Total Gross Temporary Differences

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
0	0	0	0	0
(1,538,735,848)	(170,469,448)	7,488,513	(162,980,935)	(1,701,716,783)

Federal Deferred Tax Asset / (Liability)

FED TAX	ACCRUED INTEREST
FED TAX	ACCRUED INTEREST - SECTION 267
FED TAX	ACCRUED INTEREST - TAX RESERVE
FED TAX	ACCRUED OTHER
FED TAX	ACCRUED OTHER - REC OBLIGATION
FED TAX	ACCRUED OTHER - TCC AUCTION REVENUE
FED TAX	Accrued Other - PSA4
FED TAX	AFUDC DEBT
FED TAX	AFUDC EQUITY
FED TAX	AMORT OF INTANGIBLE ASSETS
FED TAX	AMORTIZATION EXPENSE
FED TAX	ARO - Plant Basis
FED TAX	BAD DEBTS
FED TAX	CASUALTY LOSS
FED TAX	CONTRIB - AID OF CONSTRUCTION
FED TAX	COST OF REMOVAL
FED TAX	DEFERRED COMPENSATION
FED TAX	DEFERRED GAS COST
FED TAX	DEPRECIATION EXPENSE - BOOK
FED TAX	DEPRECIATION EXPENSE - TAX

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
21,753	(0)	0	(0)	21,753
4,144,201	(1,663,931)	0	(1,663,931)	2,480,271
0	0	0	0	0
180,838	(163,012)	0	(163,012)	17,825
1,686,837	870,840	0	870,840	2,557,677
43,199	(16,645)	0	(16,645)	26,554
(54,767,439)	(4,228,769)	0	(4,228,769)	(58,996,208)
971,023	1,359	0	1,359	972,382
1,171,366	161,250	0	161,250	1,332,616
8,817,172	(841,076)	0	(841,076)	7,976,096
0	0	0	0	0
4,091,924	1,951,889	0	1,951,889	6,043,814
(6,370,786)	(5,633,131)	0	(5,633,131)	(12,003,917)
5,915	350	0	350	6,265
(436,043)	393,061	0	393,061	(42,981)
(503,987,549)	24,967,068	8,300,994	33,268,062	(470,719,486)
(23,345,418)	(17,894,511)	(5,938,368)	(23,832,880)	(47,178,298)



Entity View - GAAP

5360

Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED TAX	DEPRECIATION EXPENSE - TAX BONUS
FED TAX	DEPRECIATION EXPENSE - TAX SEC 481
FED TAX	EQUITY RETURN - GAAP ONLY
FED TAX	FASB 112
FED TAX	GAIN (LOSS) ON SALE OF ASSETS
FED TAX	HEDGING
FED TAX	HEDGING - OCI
FED TAX	INCENTIVE PLAN
FED TAX	INJURIES AND DAMAGES
FED TAX	INSURANCE PROVISION
FED TAX	INVESTMENTS - PARTNERSHIPS
FED TAX	INVESTMENTS - OCI
FED TAX	INVESTMENTS - OTHER
FED TAX	LIEN DATE PROPERTY TAXES
FED TAX	OPEB / FASB 106
FED TAX	OPEB / FASB 106 - FASB 158 OCI
FED TAX	OPEB CAPITALIZATION
FED TAX	PENSION CAPITALIZATION
FED TAX	PENSION COST
FED TAX	PENSION COST - FASB 158 OCI
FED TAX	POLE ATTACHMENT RENTALS
FED TAX	R&E EXPENSE
FED TAX	REG ASSET - CARRYING CHARGES
FED TAX	REG ASSET - DECOMMISSIONING
FED TAX	REG ASSET - ENVIRONMENTAL
FED TAX	REG ASSET - FAS 109
FED TAX	REG ASSET - HEDGING
FED TAX	REG ASSET - MTA DEFERRAL
FED TAX	REG ASSET - OPEB
FED TAX	REG ASSET - PENSION
FED TAX	REG ASSET - PENSION/OPEB - X Rate Base
FED TAX	REG ASSET - PROPERTY TAXES
FED TAX	REG ASSET - RATE MITIGATION

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
(34,046,244)	(5,254,694)	0	(5,254,694)	(39,300,939)
(5,014,925)	0	0	0	(5,014,925)
492,345	383,139	0	383,139	875,484
1,646,995	3,760	0	3,760	1,650,755
1,135,532	460,448	0	460,448	1,595,981
(1,523,610)	3,061,156	0	3,061,156	1,537,546
1,723,854	(75,997)	0	(75,997)	1,647,857
1,336,555	(524,989)	0	(524,989)	811,566
2,483,791	(322,285)	0	(322,285)	2,161,506
1,242,297	(205,154)	0	(205,154)	1,037,143
0	0	0	0	0
(522,125)	(72,152)	0	(72,152)	(594,277)
0	0	0	0	0
(1,881,319)	(9,047,268)	0	(9,047,268)	(10,928,587)
24,505,415	(2,020,571)	0	(2,020,571)	22,484,844
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
18,225,286	(7,297,203)	0	(7,297,203)	10,928,083
2,413	(6,606)	0	(6,606)	(4,194)
0	0	0	0	0
0	0	0	0	0
(368,407)	(987,602)	0	(987,602)	(1,356,010)
(46,237,710)	1,745,938	0	1,745,938	(44,491,773)
(3,713,363)	201,252	0	201,252	(3,512,111)
1,523,610	(3,061,156)	0	(3,061,156)	(1,537,546)
0	0	0	0	0
(7,215,096)	692,937	0	692,937	(6,522,159)
(58,856,149)	4,047,815	0	4,047,815	(54,808,335)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0



Entity View - GAAP

5360

Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED TAX	REG ASSET - STORM COST
FED TAX	REG ASSET - TRANSITION COSTS
FED TAX	REG ASSET - X Rate Base
FED TAX	REG ASSET - OTHER
FED TAX	REG ASSET - MERGER SAVINGS
FED TAX	REG ASSET - ARO
FED TAX	REG ASSET - OTHER reserved for future use -3
FED TAX	REG LIABILITY - BONUS DEPRECIATION
FED TAX	REG LIABILITY - OTHER
FED TAX	REG LIABILITY - FAS109
FED TAX	REG LIABILITY - OTHER reserved for future use -2
FED TAX	REG LIABILITY - OTHER reserved for future use -3
FED TAX	RELOCATION OF MAINS
FED TAX	REPAIRS DEDUCTION
FED TAX	RESERVE - DECOMMISSIONING / NUCLEAR COST PROV
FED TAX	RESERVE - ENVIRONMENTAL
FED TAX	RESERVE - FIN 48
FED TAX	RESERVE - GENERAL
FED TAX	RESERVE - HEALTHCARE COSTS
FED TAX	RESERVE - LEASE
FED TAX	RESERVE - LEGAL FEES
FED TAX	RESERVE - OBSOLETE INVENTORY
FED TAX	RESERVE - SALES TAX
FED TAX	RESERVE - SEVERANCE
FED TAX	RESERVE - STORM
FED TAX	RESERVE - UK INPATS
FED TAX	RESERVE - UNPAID INVOICES
FED TAX	RESERVE - reserved for future use -1
FED TAX	RESERVE - reserved for future use -2
FED TAX	RESERVE - reserved for future use -3
FED TAX	SOFTWARE IMPLEMENTATION COSTS
FED TAX	TRANSFER PRICING
FED TAX	UNAMORTIZED DEBT DISCOUNT OR PREMIUM

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
(34,217,470)	(218,712)	0	(218,712)	(34,436,183)
180,813	1,162,252	0	1,162,252	1,343,065
0	0	0	0	0
(19,060,463)	(2,001,291)	0	(2,001,291)	(21,061,754)
0	0	0	0	0
(4,043,895)	43,440	0	43,440	(4,000,455)
0	0	0	0	0
0	0	0	0	0
41,681,995	(4,987,262)	0	(4,987,262)	36,694,733
27,556	(17,606)	0	(17,606)	9,950
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
(21,072,776)	(28,066,753)	0	(28,066,753)	(49,139,529)
0	0	0	0	0
47,435,292	103,353	0	103,353	47,538,645
(0)	0	0	0	(0)
1,415,139	0	0	0	1,415,139
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
186,442	(134)	0	(134)	186,309
(0)	(0)	0	(0)	(0)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
(1,008,637)	43,718	0	43,718	(964,920)



Entity View - GAAP
5360
Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED TAX	CREDIT CARRYOVER - OTHER
FED TAX	Unitary BS
FED TAX	MA UNITARY FAS109 DEDUCTION
FED TAX	MA UNITARY VAL ALLOWANCE
FED TAX	RATE CHANGE
FED TAX	Other
FED TAX	Reg Asset - FAS109
FED TAX	
FED TAX	Total Tax Credits
FED TAX	Total Federal Deferred Tax Asset / (Liability)

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
4	0	0	0	4
(78,728)	55,804	0	55,804	(22,924)
(538,636,275)	(55,440,825)	2,362,626	(53,078,199)	(591,714,474)

FOOTNOTE CATEGORY

Federal Tax Footnote Category

FED TAX -FT	ACCRUED INCOME TAXES
FED TAX -FT	ACCRUED INCOME TAXES - OCI
FED TAX -FT	ACCRUED INTEREST
FED TAX -FT	BAD DEBTS
FED TAX -FT	DECOMMISSIONING / NUCLEAR COST PROV
FED TAX -FT	DEFERRED COMPENSATION
FED TAX -FT	EMISSIONS ALLOWANCE
FED TAX -FT	EMPLOYEE COMPENSATION AND BENEFITS
FED TAX -FT	GOODWILL AND INTANGIBLES
FED TAX -FT	HEDGING
FED TAX -FT	HEDGING - OCI
FED TAX -FT	INVESTMENT TAX CREDIT
FED TAX -FT	INVESTMENTS - OCI
FED TAX -FT	NET OPERATING LOSS
FED TAX -FT	OPEB - OCI
FED TAX -FT	OPEB LIABILITY
FED TAX -FT	OTHER ITEMS

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
8,817,172	(841,076)	0	(841,076)	7,976,096
0	0	0	0	0
5,915	350	0	350	6,265
492,345	383,139	0	383,139	875,484
3,444,904	(525,762)	0	(525,762)	2,919,142
(54,767,439)	(4,228,769)	0	(4,228,769)	(58,996,208)
0	0	0	0	0
1,723,854	(75,997)	0	(75,997)	1,647,857
(78,732)	55,804	0	55,804	(22,928)
(522,125)	(72,152)	0	(72,152)	(594,277)
119,983,502	(1,263,912)	0	(1,263,912)	118,719,591
0	0	0	0	0
26,152,410	(2,016,811)	0	(2,016,811)	24,135,599
8,733,355	(2,272,840)	0	(2,272,840)	6,460,514



Entity View - GAAP
5360
Rate Change - Federal

Deferred Tax Asset (Liability) Rollforward

Type	Adjustment Description
FED TAX -FT	PENSION - OCI
FED TAX -FT	PENSION LIABILITY
FED TAX -FT	PROPERTY RELATED
FED TAX -FT	PROPERTY RELATED - FAS109
FED TAX -FT	PROPERTY TAXES
FED TAX -FT	REG ASSET - DECOMMISSIONING
FED TAX -FT	REG ASSET - DEFERRED GAS COSTS
FED TAX -FT	REG ASSET - ENVIRONMENTAL
FED TAX -FT	REG ASSET - FAS 109
FED TAX -FT	REG ASSET - INTEREST CARRYING CHARGES
FED TAX -FT	REG ASSET - MERGER RATE STRANDED
FED TAX -FT	REG ASSET - OPEB
FED TAX -FT	REG ASSET - OTHER
FED TAX -FT	REG ASSET - PENSION
FED TAX -FT	REG ASSET - PROPERTY TAXES
FED TAX -FT	REG ASSET - STORM COST
FED TAX -FT	REG ASSET - X Rate Base
FED TAX -FT	REG LIABILITY - FAS109
FED TAX -FT	REG LIABILITY - OTHER
FED TAX -FT	RESERVE - ENVIRONMENTAL
FED TAX -FT	RESERVE - FIN 48 STATE
FED TAX -FT	RESERVE - OTHER
FED TAX -FT	RESERVE - STORM
FED TAX -FT	UNAMORTIZED DEBT DISCOUNT OR PREMIUM
FED TAX -FT	UNBILLED REVENUE
FED TAX -FT	Total Federal Tax Footnote Category

FY17 Ending Balance	FY18 DEC 9 Months Actual	FY18 MAR 3 Months Forecast	Total FY18 Activity (Actual + Forecast)	FY18 Ending Balance before rate change
2,413	(6,606)	0	(6,606)	(4,194)
18,225,286	(7,297,203)	0	(7,297,203)	10,928,083
(584,737,817)	(28,452,879)	2,362,626	(26,090,253)	(610,828,070)
0	0	0	0	0
(1,881,319)	(9,047,268)	0	(9,047,268)	(10,928,587)
(368,407)	(987,602)	0	(987,602)	(1,356,010)
(436,043)	393,061	0	393,061	(42,981)
(46,237,710)	1,745,938	0	1,745,938	(44,491,773)
(3,713,363)	201,252	0	201,252	(3,512,111)
0	0	0	0	0
0	0	0	0	0
(7,215,096)	692,937	0	692,937	(6,522,159)
(23,104,358)	(1,957,851)	0	(1,957,851)	(25,062,209)
(58,856,149)	4,047,815	0	4,047,815	(54,808,335)
0	0	0	0	0
(34,217,470)	(218,712)	0	(218,712)	(34,436,183)
0	0	0	0	0
0	0	0	0	0
41,890,364	(3,842,616)	0	(3,842,616)	38,047,748
47,435,292	103,353	0	103,353	47,538,645
(0)	0	0	0	(0)
1,601,581	(134)	0	(134)	1,601,447
0	0	0	0	0
(1,008,637)	43,718	0	43,718	(964,920)
0	0	0	0	0
(538,636,275)	(55,440,825)	2,362,626	(53,078,199)	(591,714,474)
OK	OK	OK	OK	OK

Division 39-3

Request:

Referring to the response to Division Data Requests 31-4 and 31-5, please explain why the Company believes that it appropriate to amortize non-property related excess deferred income taxes over the "average remaining life of the underlying book plant," as the non-property related excess deferred income taxes are, by definition, not related to book plant.

Response:

The Company has put forth its proposal outlined in its responses to Division Set 31 and its supplemental response to PUC 4-1 based on the known data points at this time. The Company's proposal to amortize all unprotected excess deferred taxes over the average remaining life of book plant (property related and non-property related) was determined in consideration of its proposal to amortize its protected excess deferred taxes over the average total useful life of 30 years for both electric and gas. The primary concern in establishing a total amount of excess deferred tax amortization is the avoidance of passing back protected excess deferred taxes too quickly and violating the normalization rules established in The Tax Cuts and Jobs Act of 2017 (the Tax Act). If the 30-year amortization that has been proposed for protected excess deferred taxes is too short, the Company would be able to safely ascribe the portion being returned to customers in excess of the allowed level of amortization to non-protected amortization to avoid a normalization violation. In addition, the non-property related excess deferred income taxes of \$18 million for electric and \$4 million for gas are relatively small in relation to total excess deferred taxes of \$116 million and \$51 million, respectively. A significant portion of the Company's unprotected excess deferred taxes are expected to be property related, because of capital repairs deductions. Therefore, as a proxy, the Company has proposed to amortize all unprotected excess deferred taxes, including non-property related excess deferred taxes, over 22 and 25 years based on the average remaining lives of its electric and gas distribution plant that generated the accelerated capital repairs deductions.

As stated in the Company's supplemental response to PUC 4-1, to identify and calculate protected and unprotected property balances, the Company needs to implement a deferred tax module in its PowerTax system to match up the historic book depreciation amounts, by vintage year of investment and by asset type. This PowerTax implementation is not expected to commence until May 2018. Therefore, the Company will not be in a position to complete a full analysis on its excess deferred taxes before hearings conclude in this docket.

As analysis progresses and details of protected versus unprotected excess deferred tax splits become clearer, the Company will work to refine its proposal to refund net excess deferred taxes to customers through base distribution rates. Please note, however, that the result of any excess deferred tax analysis will be considered estimated until the Company submits its fiscal year

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Responses to Division's Thirty-Ninth Set of Data Requests
Issued March 29, 2018

ended March 31, 2018 federal income tax return in December 2018, subsequent to the effective date of new base distribution rates in this docket (*i.e.*, September 1, 2018).