

**Division of Public Utilities and Carriers
National Grid 2017 Base Rate Case
Docket No. 4770
Division's Forty-Third Set of Data Requests
To National Grid
Regarding Gas Costs of Service and Rates**

Instruction: Each request for workpapers should be understood to include a request for all electronic spreadsheet files with all cell formulas and cell references in tact.

Div 43-1. Re: the Rebuttal Testimony of Witness Little at page 18, line 21, through page 19, line 1, please:

- a. Using the cost detail shown in Attachment DIV 40-1 document the components of the test year costs that the Company would seek to recover through the GCR that would be classified for the purpose of the GCR as:
 1. Variable cost components
 2. Fixed cost components
- b. Explain why the \$115,500 amounts for Union O&M Overtime Wages shown on line 4 and line 23 of Attachment DIV 40-1 should not be considered duplicative.
- c. Explain why the \$20,249 amounts for Union O&M Variable Pay shown on line 3 and line 22 of Attachment DIV 40-1 should not be considered duplicative.
- d. Explain why the \$4,254 amounts for Non-Union O&M Variable Pay shown on line 3 and line 22 of Attachment DIV 40-1 should not be considered duplicative.
- e. Detail the activities that caused the Company to incur the referenced \$115,500 amounts for Union O&M Overtime Wages.

Response can be found on Bates page(s) 1-48.

Div 43-2. Re: the Rebuttal Testimony of Witness Normand, page 3, lines 10 to 18, please:

- a. Verify that for the purpose of determining the overall revenue requirement for Narragansett Gas, the Company's required return is a function of its rate base investment.

- b. Verify that for the purpose of determining the overall revenue requirement for Narragansett Gas, the Company's income tax liability is a function of its required equity return and that overall for Narragansett Gas the Company's revenues must be sufficient to provide its required equity return after all expenses, including income taxes and interest on debt are paid.

Response can be found on Bates page(s) 49.

Div 43-3. Re: the Rebuttal Testimony of Witness Normand, page 3, line 22, through page 4, line 4. Witness Normand asserts that rate classes with negative rates of return "do, in fact, produce a tax benefit" for Narragansett Gas. Please:

- a. Verify that the "benefit" that classes with negative rates of return allegedly provide is **depended upon** other classes providing positive rate of return and positive contributions to taxable income.
- b. Verify that, if all classes provided negative rates of return, Narragansett Gas would not be able to earn its authorized overall rate or return.
- c. Verify that, if Narragansett Gas earns its authorized return on equity, it receives no "benefit" from a class of service having negative taxable income. Rather, negative taxable income for a class of service must be offset by extracting greater than system average returns from other classes if the Company's authorized return on equity is to be achieved.
- d. Verify that the only beneficiaries of a class providing a less than system average return are the members of the class for which a less than system average rate of return is produced.

Response can be found on Bates page(s) 50-51.

Div 43-4. Re: the Rebuttal Testimony of Witness Normand, page 4, lines 4-6, please provide the witness's understanding of how implementation of rates that allow for a negative rate of return from a class of service is consistent with cost-based ratemaking concepts.

Response can be found on Bates page(s) 52-53.

Div 43-5. Re: the Rebuttal Testimony of Witness Normand, page 6, lines 15-16, please verify that costs presented in Schedule PMN-3 indicate that over 40% of the Company's claimed customer-related expenses reflective of Administrative and General Expenses.

Response can be found on Bates page(s) 54.

Div 43-6. Re: the Rebuttal Testimony of Witness Normand, page 5, lines 15-16, asserts that “Economic efficiency can be achieved only if prices are set equal to costs.” Please:

- a. Identify the measures of usage and/or costs upon which the witness relies to assess changes in economic efficiency that result from the relative magnitudes of the charges that Narragansett Gas applies to each rate class.
- b. Verify that the Company’s customer charge is the least price-elastic component of Narragansett Gas’ charges for service;
- c. Explain how economic efficiency is fostered by increasing customer charges;
- d. In the Company’s determination of its proposed charges for gas distribution service, what weight was given to encourage the reduced use of natural gas.

Response can be found on Bates page(s) 55-56.

Div 43-7. Re: the Rebuttal Testimony of Witness Normand, page 7, lines 15-16, please identify each gas utility upon which Witness Normand relies as the basis for his “experience,” and for each utility identified indicate the jurisdiction and time period for which ACOSS analyses were reviewed.

Response can be found on Bates page(s) 57.

Div 43-8. Re: the Rebuttal Testimony of Witness Normand, page 8, lines 5-8, please:

- a. Verify that the cited Commission determination in Docket No. 3943 was rendered in the absence of a cost of service study that directly assessed the Company’s costs of serving non-firm customers;
- b. Verify that at the time Docket No. 3943 was litigated, the Company did not have fixed rates for non-firm gas delivery services, rather at that time the Company priced such services on the basis of each non-firm customer’s alternative fuel costs.

Response can be found on Bates page(s) 58.

Div 43-9. Re: the Rebuttal Testimony of Witness Normand, page 8, lines 16-20, please verify that reflection of costs and revenues for the Company’s Non-Firm customers in an ACOSS has essentially the same impact on the costs of service for other classes as the allocation of “margins from Non-Firm customers” shown in Schedule PMN-3, however, without including Non-Firm

customers in the Company's ACROSS no direct assessment of the Company's costs of serving Non-Firm customers is provided.

Response can be found on Bates page(s) 59.

Div 43-10. Re: Schedule PMN-3R, page 1 of 1, please explain why it is appropriate for any of the formulas in a cost of service model presented for public review to be "hidden."

Response can be found on Bates page(s) 60.

Div 43-11. Re: the Rebuttal Testimony of Witnesses Leary and McCabe at pages 16-17, please:

- a. Clarify whether existing Non-Firm Sales and Transportation service customers would be subjected to requirements for up-front payment of costs for IP Wireless Devices.
- b. Explain how the costs of IP Wireless Devices would be recovered from existing:
 1. FT-1 customers
 2. Non-Firm Sales Service customers
 3. Non-Firm Transportation Service customer

Response can be found on Bates page(s) 61.

Division 43-1

Request:

Re: the Rebuttal Testimony of Witness Little at page 18, line 21, through page 19, line 1, please:

- a. Using the cost detail shown in Attachment DIV 40-1 document the components of the test year costs that the Company would seek to recover through the GCR that would be classified for the purpose of the GCR as:
 1. Variable cost components
 2. Fixed cost components
- b. Explain why the \$115,500 amounts for Union O&M Overtime Wages shown on line 4 and line 23 of Attachment DIV 40-1 should not be considered duplicative.
- c. Explain why the \$20,249 amounts for Union O&M Variable Pay shown on line 3 and line 22 of Attachment DIV 40-1 should not be considered duplicative.
- d. Explain why the \$4,254 amounts for Non-Union O&M Variable Pay shown on line 3 and line 22 of Attachment DIV 40-1 should not be considered duplicative.
- e. Detail the activities that caused the Company to incur the referenced \$115,500 amounts for Union O&M Overtime Wages.

Response:

- a. The Company would classify labor related GCR costs in the test year as found in Schedule MAL-32 (REV-2) (Bates Page 25 of Book 4) at Line 1, Column (a) as Fixed cost components, and all other O&M costs found in Schedule MAL-32 (REV-2) in Column (a) as Variable cost components.
- b. The \$115,000 for Union O&M Overtime wages on Line 4 was duplicated in error in the calculation on Line 10 in Attachment DIV 40-1. Please see Attachment DIV 43-1-1 for the calculation of the new labor proforma adjustment for GCR costs.
- c. The \$20,249 for Union O&M Variable Pay on Line 3 was duplicated in error in the calculation on Line 10 in Attachment DIV 40-1. Please see Attachment DIV 43-1-1 for the calculation of the new labor proforma adjustment for GCR costs.

- d. The \$4,254 for Non-Union O&M Variable Pay on Line 3 was duplicated in error in the calculation on Line 10 in Attachment DIV 40-1. Please see Attachment DIV 43-1-1 for the calculation of the new labor proforma adjustment for GCR costs.

The total impact of the three errors described in the Company's responses to parts b. through d. above is a decrease in the labor proforma adjustment of \$176,212. The Company will make this correction in its compliance filing in this docket.

Please also see the following attachments for revised schedules:

Attachment DIV 43-1-2:	Schedule MAL-32 GCR OM Expense
Attachment DIV 43-1-3:	Schedule MAL-1 Revenue Requirements – Gas
Attachment DIV 43-1-4:	Schedule MAL-3 OM Summary Totals
Attachment DIV 43-1-5:	Schedule MAL-10 Income Tax Expense
Attachment DIV 43-1-6:	Schedule MAL-11 Rate Base - Gas

- e. The activities that caused the Company to incur the \$115,000 in Union O&M Overtime Wages were as follows:

- A water main repair at the Cumberland LNG site.
- Two operators at the Exeter plant for vaporization to provide coverage for the holidays.
- Drainage of the new roadway for the portable operation at Exeter, which includes the operators for the vaporization coverage and set up.
- Coverage to monitor the actual LNG that was present on site at Cumberland.

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

Line	Description	Rate		Portion of Year		Union		Non-Union		Rate Year	Test Year
		Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas	Amount	Amount
		(a)	(b)	(c)	(d)	(e)	(f)				
Narragansett Employees											
1	Test Year GCR-Related O&M Wages			\$340,092	\$16,731						\$356,823
2											
3	Test Year GCR-Related O&M Variable Pay			\$20,249	\$4,254						\$24,503
4	Test Year GCR-Related O&M Overtime Wages			\$115,500	\$0						\$115,500
5	Total Test Year GCR-Related O&M Wages			<u>\$475,841</u>	<u>\$20,985</u>						<u>\$496,826</u>
6											
7	Weighted Union Wage Increases Effective 07/01/2017 through 06/30/2018	0.15%	100.00%	\$510				\$510			
8	Non-Union Wage Increase Effective 07/01/17 through 06/30/18 (12 Months)	3.64%	100.00%		\$609			\$609			
9											
10	Subtotal			\$340,602	\$17,340			\$357,942			
11											
12	Weighted Union Wage Increases Effective 07/01/2018 through 06/30/2019	2.35%	100.00%	\$8,004				\$8,004			
13	Non-Union Wage Increase Effective 07/01/18 through 06/30/19 (12 Months)	3.00%	100.00%		\$520			\$520			
14											
15	Subtotal			\$348,606	\$17,860			\$366,466			
16											
17	Weighted Union Wage Increases Effective 07/01/2019 through 08/31/2019	2.42%	16.99%	\$1,433				\$1,433			
18	Non-Union Wage Increase Effective 07/01/19 through 08/31/19 (2 Months)	3.00%	0.00%		\$0			\$0			
19											
20	Rate Year 8/31/2019 Wages			<u>\$350,040</u>	<u>\$17,860</u>			<u>\$367,899</u>			
21											
22	Test Year GCR-Related O&M Non-Financial Variable Pay			\$20,249	\$4,254			\$24,503			
23	Test Year GCR-Related O&M Overtime Wages			\$115,500	\$0			\$115,500			
24	Increase Through Rate Year			2.92%	6.75%						
25	Impact of GCR-Related O&M Non-Financial Variable Pay Increase Through Rate Year			\$591	\$287			\$878			
26	Impact of GCR-Related O&M Overtime Wages Increase Through Rate Year			\$3,373	\$0			\$3,373			
27											
28	Rate Year 8/31/2019 GCR-Related O&M Wages			<u>\$489,753</u>	<u>\$22,401</u>			<u>\$512,154</u>			<u>\$512,154</u>
29											
30	Narragansett Electric Company Wage Adjustment										<u>\$15,328</u>
31											
32	Total Revised Labor Adjustment for GCR.										<u>\$31,427</u>
33											
34	Total Labor Adjustment for GCR from DIV 40-1										<u>\$207,639</u>
35											
36	Difference to be reflected in future Cost of Service Update										<u>(\$176,212)</u>

Line Notes

- 1-4 Per Company books
- 5 Line 1 + Line 2 + Line 4
- 7+8 Line 1 x Column (a) x Column (b) Line 7 or Line 8, respectively
- 10 Sum of Lines 1, 7 and 8
- 12+13 Line 10 x Column (a) x Column (b) Line 12 or Line 13, respectively
- 15 Sum of Lines 10 through 13
- 17+18 Line 15 x Column (a) x Column (b) Line 17 or Line 18, respectively
- 20 Sum of Lines 15 through 18
- 22 Line 3
- 23 Line 4
- 24 (1 + Column (a) x Column (b), Line 7 or Line 8, respectively) x (1 + Column (a) x Column (b), Line 12 or Line 13, respectively) x (1 + Column (a) x Column (b), Line 17 or Line 18, respectively) - 1
- 25 Line 22 x Line 24
- 26 Line 23 x Line 24
- 28 Sum of Lines 20 through 23 + Line 25 + Line 26
- 30 Line 28(f) - Line 5(f)
- 32 Page 1, Line 30 + Page 2 Line 30
- 34 Attachment DIV 40-1
- 36 Line 32 - Line 34

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

Line	Description	Rate		Portion of Year		Union		Non-Union		Rate Year Amount		Test Year Amount	
		Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas		
		(a)	(b)	(c)	(d)	(e)	(f)						
Service Company Employees													
1	Test Year GCR-Related O&M Wages			\$1,856		\$189,044						\$190,901	
2													
3	Test Year GCR-Related O&M Variable Pay			\$0		\$31,012						\$31,012	
4	Test Year GCR-Related O&M Overtime Wages			\$9		\$0						\$9	
5	Total Test Year GCR-Related O&M Wages			<u>\$1,866</u>		<u>\$220,056</u>						<u>\$221,921</u>	
6													
7	Weighted Union Wage Increases Effective 07/01/2017 through 06/30/2018	0.72%	100.00%	\$13						\$13			
8	Non-Union Wage Increase Effective 07/01/17 through 06/30/18 (12 Months)	3.64%	100.00%			\$8,010				\$8,010			
9													
10	Subtotal			\$1,870		\$197,054				\$198,924			
11													
12	Weighted Union Wage Increases Effective 07/01/2018 through 06/30/2019	3.02%	100.00%	\$56						\$56			
13	Non-Union Wage Increase Effective 07/01/18 through 06/30/19 (12 Months)	3.00%	100.00%			\$5,912				\$5,912			
14													
15	Subtotal			\$1,926		\$202,966				\$204,892			
16													
17	Weighted Union Wage Increases Effective 07/01/2019 through 08/31/2019	4.20%	16.99%	\$14						\$14			
18	Non-Union Wage Increase Effective 07/01/19 through 08/31/19 (2 Months)	3.00%	0.00%			\$0				\$0			
19													
20	Rate Year 8/31/2019 Wages			\$1,940		\$202,966				\$204,906			
21													
22	Test Year GCR-Related O&M Non-Financial Variable Pay			\$0		\$31,012				\$31,012			
23	Test Year GCR-Related O&M Overtime Wages			\$9		\$0				\$9			
24	Increase Through Rate Year			4.50%		6.75%							
25	Impact of GCR-Related O&M Non-Financial Variable Pay Increase Through Rate Year			\$0		\$2,093				\$2,093			
26	Impact of GCR-Related O&M Overtime Wages Increase Through Rate Year			\$0		\$0				\$0			
27													
28	Rate Year 8/31/2019 GCR-Related O&M Wages			<u>\$1,950</u>		<u>\$236,071</u>				<u>\$238,020</u>		<u>\$238,020</u>	
29													
30	Service Company Wage Adjustment											<u>\$16,099</u>	

Line Notes

- 1-4 Per Company books
- 5 Line 1 + Line 2 + Line 4
- 7+8 Line 1 x Column (a) x Column (b) Line 7 or Line 8, respectively
- 10 Sum of Lines 1, 7 and 8
- 12+13 Line 10 x Column (a) x Column (b) Line 12 or Line 13, respectively
- 15 Sum of Lines 10 through 13
- 17+18 Line 15 x Column (a) x Column (b) Line 17 or Line 18, respectively
- 20 Sum of Lines 15 through 18
- 22 Line 3
- 23 Line 4
- 24 (1 + Column (a) x Column (b), Line 7 or Line 8, respectively) x (1 + Column (a) x Column (b), Line 12 or Line 13, respectively) x (1 + Column (a) x Column (b), Line 17 or Line 18, respectively) - 1
- 25 Line 22 x Line 24
- 26 Line 23 x Line 24
- 28 Sum of Lines 20 through 23 + Line 25 + Line 26
- 30 Line 28(f) - Line 5(f)

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

	Test Year Ended June 30, 2017			Normalizing Adjustments			Test Year Ended June 30, 2017			
	(Per Books)						(as Adjusted)			
	Total (a) = (b) + (c)	Electric (b)	Gas (c)	Total (d) = (e) + (f)	Electric (e)	Gas (f)	Total (g) = (h) + (i)	Electric (h) = (b) + (e)	Gas (i) = (c) + (f)	
Provider Company:										
1	Narragansett Electric Company	\$0	\$0	\$0	\$1,132,067	\$0	\$1,132,067	\$1,132,067	\$0	\$1,132,067
2	National Grid USA Service Company	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	All Other Companies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Total	\$0	\$0	\$0	\$1,132,067	\$0	\$1,132,067	\$1,132,067	\$0	\$1,132,067
5										
6										
7	Operation:									
8	Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Power Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Natural Gas Storage, Terminating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	and Processing Exp.			\$0						
12	Transmission Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Regional Market Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Distribution Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Customer Accounts Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Customer Service and	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Informational Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Administrative & General Expenses	\$0	\$0	\$0	\$1,132,067	\$0	\$1,132,067	\$1,132,067	\$0	\$1,132,067
20	Sub Total	\$0	\$0	\$0	\$1,132,067	\$0	\$1,132,067	\$1,132,067	\$0	\$1,132,067
21										
22	Maintenance:									
23	Transmission Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Distribution Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Administrative & General Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Sub Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27										
28	TOTAL	\$0	\$0	\$0	\$1,132,067	\$0	\$1,132,067	\$1,132,067	\$0	\$1,132,067
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Line Notes

- 4 Sum of Line 1 through Line 3
- 20 Sum of Line 8 through Line 19
- 26 Sum of Line 23 through Line 25
- 28 Sum of Line 20 Line 28

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

	Test Year Ended June 30, 2017			Proforma Adjustments			Rate Year Ending August 31, 2019			
	(as Adjusted)									
	Total (a) = (b) + (c)	Electric (b)	Gas (c)	Total (d) = (e) + (f)	Electric (e)	Gas (f)	Total (g) = (h) + (i)	Electric (h) = (b) + (e)	Gas (i) = (c) + (f)	
Provider Company:										
1	Narragansett Electric Company	\$1,132,067	\$0	\$1,132,067	(\$1,132,067)	\$0	(\$1,132,067)	\$0	\$0	\$0
2	National Grid USA Service Company	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	All Other Companies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Total	<u>\$1,132,067</u>	<u>\$0</u>	<u>\$1,132,067</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Operation:										
8	Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Power Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Natural Gas Storage, Terminating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	and Processing Exp.									
12	Transmission Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Regional Market Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Distribution Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Customer Accounts Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Customer Service and	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Informational Expenses									
18	Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Administrative & General Expenses	<u>\$1,132,067</u>	<u>\$0</u>	<u>\$1,132,067</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
20	Sub Total	<u>\$1,132,067</u>	<u>\$0</u>	<u>\$1,132,067</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Maintenance:										
23	Transmission Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Distribution Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Administrative & General Expenses	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
26	Sub Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
27										
28	TOTAL	<u>\$1,132,067</u>	<u>\$0</u>	<u>\$1,132,067</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>(\$1,132,067)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Line Notes:

- 4 Sum of Line 1 through Line 3
- 20 Sum of Line 8 through Line 19
- 26 Sum of Line 23 through Line 25
- 28 Sum of Line 20 Line 28

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

	Rate Year Ending August 31, 2019 Electric (a)	Adjustments to Reflect Conditions in Data Year Electric (b)	Data Year 1 Ending August 31, 2020 Electric (c) = (a) + (b)	Adjustments to Reflect Conditions in Data Year Electric (d)	Data Year 2 Ending August 31, 2021 Electric (e) = (c) + (d)
Provider Company:					
1	Narragansett Electric Company	\$0	\$0	\$0	\$0
2	National Grid USA Service Company	\$0	\$0	\$0	\$0
3	All Other Companies	\$0	\$0	\$0	\$0
4	Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5					
6					
7	Operation:				
8	Production Expenses	\$0	\$0	\$0	\$0
9	Power Production Expenses	\$0	\$0	\$0	\$0
10	Natural Gas Storage, Terminaling and Processing Exp.	\$0	\$0	\$0	\$0
11					
12	Transmission Expenses	\$0	\$0	\$0	\$0
13	Regional Market Expenses	\$0	\$0	\$0	\$0
14	Distribution Expenses	\$0	\$0	\$0	\$0
15	Customer Accounts Expenses	\$0	\$0	\$0	\$0
16	Customer Service and Informational Expenses	\$0	\$0	\$0	\$0
17					
18	Sales Expenses	\$0	\$0	\$0	\$0
19	Administrative & General Expenses	\$0	\$0	\$0	\$0
20	Sub Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
21					
22	Maintenance:				
23	Transmission Expenses	\$0	\$0	\$0	\$0
24	Distribution Expenses	\$0	\$0	\$0	\$0
25	Administrative & General Expenses	\$0	\$0	\$0	\$0
26	Sub Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
27					
28	TOTAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
		\$0	\$0	\$0	\$0

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

	Rate Year Ending August 31, 2019	Adjustments to Reflect Conditions in Data Year	Data Year 1 Ending August 31, 2020	Adjustments to Reflect Conditions in Data Year	Data Year 2 Ending August 31, 2021
	Gas	Gas	Gas	Gas	Gas
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) + (d)
Provider Company:					
1	Narragansett Electric Company	\$0	\$0	\$0	\$0
2	National Grid USA Service Company	\$0	\$0	\$0	\$0
3	All Other Companies	\$0	\$0	\$0	\$0
4	Total	\$0	\$0	\$0	\$0
5					
6					
7	Operation:				
8	Production Expenses	\$0	\$0	\$0	\$0
9	Power Production Expenses	\$0	\$0	\$0	\$0
10	Natural Gas Storage, Terminaling and Processing Exp.	\$0	\$0	\$0	\$0
12	Transmission Expenses	\$0	\$0	\$0	\$0
13	Regional Market Expenses	\$0	\$0	\$0	\$0
14	Distribution Expenses	\$0	\$0	\$0	\$0
15	Customer Accounts Expenses	\$0	\$0	\$0	\$0
16	Customer Service and Informational Expenses	\$0	\$0	\$0	\$0
17	Sales Expenses	\$0	\$0	\$0	\$0
19	Administrative & General Expenses	\$0	\$0	\$0	\$0
20	Sub Total	\$0	\$0	\$0	\$0
21					
22	Maintenance:				
23	Transmission Expenses	\$0	\$0	\$0	\$0
24	Distribution Expenses	\$0	\$0	\$0	\$0
25	Administrative & General Expenses	\$0	\$0	\$0	\$0
26	Sub Total	\$0	\$0	\$0	\$0
27					
28	TOTAL	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

Explanation of Adjustments:			Provider Company	Source Workpaper	Total	Electric	Gas
					(a)	(b)	(c)
1	HTY Adjustment	Page 1	Adjustments: (to normalize Historic Year)				
2	Consultants		Narragansett Electric Company	Page 6	\$17,625	\$0	\$17,625
3	Contractors		Narragansett Electric Company	Page 6	\$70,377	\$0	\$70,377
4	Employee Expenses		Narragansett Electric Company	Page 6	\$14,923	\$0	\$14,923
5	Hardware		Narragansett Electric Company	Page 6	\$4	\$0	\$4
6	Materials From Inventory		Narragansett Electric Company	Page 6	\$1,635	\$0	\$1,635
7	Materials Outside Vendor		Narragansett Electric Company	Page 6	\$31,811	\$0	\$31,811
8	Other Expenses		Narragansett Electric Company	Page 6	\$101,725	\$0	\$101,725
9	Rents		Narragansett Electric Company	Page 6	\$0	\$0	\$0
10	Software		Narragansett Electric Company	Page 6	\$389	\$0	\$389
11	Transportation		Narragansett Electric Company	Page 6	\$20,343	\$0	\$20,343
12	Labor		Narragansett Electric Company	Page 6	\$829,823	\$0	\$829,823
13	Labor Adjustment for GCR		Narragansett Electric Company	Page 6	\$31,427	\$0	\$31,427
14	Non Labor adjustment for GCR		Narragansett Electric Company	Page 6	\$11,984	\$0	\$11,984
15			Total		<u>\$1,132,067</u>	<u>\$0</u>	<u>\$1,132,067</u>
16							
17	Page 2		Adjustments: (to reflect conditions in the Rate Year 2019)				
18			Narragansett Electric Company				
19			General Inflation%				
20			4.63%	Narragansett Electric Company	\$0	\$0	\$0
21				National Grid USA Service Company	\$0	\$0	\$0
22				All Other Companies	\$0	\$0	\$0
23			Adjustment to remove GCR Costs		<u>(\$1,132,067)</u>	<u>\$0</u>	<u>(\$1,132,067)</u>
24			TOTAL		<u>(\$1,132,067)</u>	<u>\$0</u>	<u>(\$1,132,067)</u>
25							
26	Page 3 & 4		Adjustments: (to reflect conditions in the Rate Year 2020)				
27			General inflation %				
28			2.66%	Narragansett Electric Company	\$0	\$0	\$0
29				National Grid USA Service Co.	\$0	\$0	\$0
30				National Grid USA Service Co.	\$0	\$0	\$0
31			TOTAL		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
32							
33	Page 3 & 4		Adjustments: (to reflect conditions in the Rate Year 2021)				
34			General inflation %				
35			2.43%	Production Expenses	\$0	\$0	\$0
36				National Grid USA Service Co.	\$0	\$0	\$0
37				National Grid USA Service Co.	\$0	\$0	\$0
38			TOTAL		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
GCR-Related Operation & Maintenance

	(a) Test Year	(b) Increase %	(a) x (b) (c) Proforma	(a) + (c) (d) Rate Year
1 Labor	\$829,823	3.79%	31,427	\$861,251
2				
3				
4 Consultants	\$17,625	4.63%	\$816	\$18,441
5 Contractors	\$70,377	4.63%	\$3,258	\$73,636
6 Employee Expenses	\$14,923	4.63%	\$691	\$15,614
7 Hardware	\$4	4.63%	\$0	\$4
8 Materials From Inventory	\$1,635	4.63%	\$76	\$1,710
9 Materials Outside Vendor	\$31,811	4.63%	\$1,473	\$33,284
10 Other Expenses	\$101,725	4.63%	\$4,710	\$106,435
11 Rents	\$0	0.00%	\$0	\$0
12 Software	\$389	4.63%	\$18	\$407
13 Transportation	\$20,343	4.63%	\$942	\$21,285
14 Total O&M Expense	\$1,088,655		\$43,411	\$1,132,067

Line Notes

- 1(a)-13(a) Per Company Books
- 1(b)-13(b) Schedule MAL-3 Page 8
- 14 Sum of Lines 1-13

The Narragansett Electric Company d/b/a National Grid
Illustrative Statement of Gas Operations Income and Revenue Deficiency Summary
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2019

Schedule Reference	Test Year Ended June 30, 2017 (a)	Normalizing Adjustments (b)	Test Year Ended June 30, 2017 Adjusted (c) = (a) + (b)	Proforma Adjustments (d)	Rate Year Ending August 31, 2019 (e) = (c) + (d)	Base Revenue Increase Required (f)	Rate Year Ending August 31, 2019 with Base Revenue Requirement (g) = (e) + (f)	
Revenues	Schedule MAL-2-GAS (Rev-2)	\$377,158,225	(\$199,762,322)	\$177,395,903	\$35,367,585	\$212,763,488	\$15,451,038	\$228,214,526
Purchased Power & Other Reconciling Expense	Schedule MAL-3 (Rev-2)	\$136,269,302	(\$136,269,302)	\$0	\$0	\$0	\$0	\$0
Net Distribution Revenues		\$240,888,923	(\$63,493,020)	\$177,395,903	\$35,367,585	\$212,763,488	\$15,451,038	\$228,214,526
Operation & Maintenance Expenses	Schedule MAL-3 (Rev-2)	\$115,479,365	(\$27,739,197)	\$87,740,168	\$263,868	\$88,004,036	\$321,618	\$88,325,654
Amortization of Regulatory Deferrals	Schedule MAL-4-GAS (Rev-2)	\$705,953	\$1,309,738	\$2,015,691	(\$485,647)	\$1,530,044	\$0	\$1,530,044
Amortization of Utility Plant	Schedule MAL-5-GAS (Rev-2)	\$1,874,224	\$106,546	\$1,980,770	(\$1,554,586)	\$426,184	\$0	\$426,184
Depreciation	Schedule MAL-6-GAS (Rev-2)	\$33,311,851	(\$15,649)	\$33,296,202	\$7,809,174	\$41,105,376	\$0	\$41,105,376
Municipal Taxes	Schedule MAL-7-GAS (Rev-2)	\$22,542,352	(\$453,318)	\$22,089,035	\$4,780,420	\$26,869,455	\$0	\$26,869,455
Payroll Taxes	Schedule MAL-8 (Rev-2)	(\$1,294,241)	\$3,763,829	\$2,469,588	\$225,665	\$2,695,253	\$0	\$2,695,253
Gross Receipts Taxes	Schedule MAL-9 (Rev-2)	\$11,166,309	(\$11,166,309)	\$0	\$0	\$0	\$0	\$0
Other Taxes	Schedule MAL-9 (Rev-2)	\$217,464	\$0	\$217,464	\$10,069	\$227,533	\$0	\$227,533
Interest on Customer Deposits	Workpaper MAL-2-GAS (Rev-2)	\$0	\$0	\$0	\$35,184	\$35,184	\$0	\$35,184
Total Operating Revenue Deductions		\$184,003,277	(\$34,194,359)	\$149,808,918	\$11,084,146	\$160,893,064	\$321,618	\$161,214,682
Operating Income Before Income Taxes		\$56,885,646	(\$29,298,661)	\$27,586,985	\$24,283,439	\$51,870,424	\$15,129,420	\$66,999,844
Income Taxes	Schedule MAL-10-GAS (Rev-2)					\$5,130,198	\$3,177,178	\$8,307,376
Operating Income After Income Taxes						\$46,740,226	\$11,952,242	\$58,692,468
Rate Base	Schedule MAL-11-GAS (Rev-2)					\$765,221,223		\$765,221,223
Rate of Return						6.11%	Line 31(e) / Line 33(e)	
						<u>Revenue Deficiency</u>		
						Earned Rate of Return	6.11%	Line 35 (e)
						Rate Year Required Rate of Return	7.67%	Page 4, Line 9 (c)
						Rate of Return Deficiency	1.56%	Line 40 - Line 39
						Rate Base	\$765,221,223	Line 33 (e)
						Net Operating Income Deficiency	\$11,952,242	
						Gross Revenue Conversion Factor	1.292731	Line 53
						<u>Revenue Deficiency</u>	\$15,451,038	Line 43 / Line 44
						<u>Gross Revenue Conversion Factor</u>		
						Gross Revenue	1.000000	
						Uncollectible expense	(0.020815)	Schedule MAL-22, Page 7, Line 15
						Revenue net of Uncollectibles	0.979185	
						Composite income tax rate	(0.20563)	Line 50 x (- 21%)
						Net income effect of 1.000 Revenue	0.773556	Line 50 + Line 51
						Gross Revenue Conversion Factor	1.2927314	1 / Line 52

The Narragansett Electric Company d/b/a National Grid
Illustrative Statement of Gas Operations Income and Revenue Deficiency Summary
For Rate Year Ending August 31, 2019 to Data Year 1 Ending August 31, 2020

	Schedule Reference	Rate Year Ending August 31, 2019 (a)	Reflect Conditions in the Rate Year (b)	Data Year 1 Ending August 31, 2020 (c) = (a) + (b)	Base Revenue Increase Required (d)	Data Year 1 Ending August 31, 2020 with Base Revenue Requirement (e) = (c) + (d)	
1	Revenues	Schedule MAL-2-GAS (Rev-2)	\$228,214,526	\$8,191,069	\$236,405,595	\$7,459,951	\$243,865,546
2							
3	Purchased Power & Other Reconciling Exp	Schedule MAL-3 (Rev-2)	\$0	\$0	\$0	\$0	\$0
4							
5	Net Distribution Revenues		\$228,214,526	\$8,191,069	\$236,405,595	\$7,459,951	\$243,865,546
6							
7	Operation & Maintenance Expenses	Schedule MAL-3 (Rev-2)	\$88,325,654	\$2,832,415	\$91,158,069	\$155,281	\$91,313,350
8							
9	Amortization of Regulatory Deferrals	Schedule MAL-4-GAS (Rev-2)	\$1,530,044	\$0	\$1,530,044	\$0	\$1,530,044
10							
11	Amortization of Utility Plant	Schedule MAL-5-GAS (Rev-2)	\$426,184	\$0	\$426,184	\$0	\$426,184
12							
13	Depreciation	Schedule MAL-6-GAS (Rev-2)	\$41,105,376	\$3,462,902	\$44,568,277	\$0	\$44,568,277
14							
15	Municipal Taxes	Schedule MAL-7-GAS (Rev-2)	\$26,869,455	\$3,039,211	\$29,908,666	\$0	\$29,908,666
16							
17	Payroll Taxes	Schedule MAL-8 (Rev-2)	\$2,695,253	\$56,992	\$2,752,244	\$0	\$2,752,244
18							
19	Gross Receipts Taxes	Schedule MAL-9 (Rev-2)	\$0	\$0	\$0	\$0	\$0
20							
21	Other Taxes	Schedule MAL-9 (Rev-2)	\$227,533	\$6,052	\$233,585	\$0	\$233,585
22							
23	Interest on Customer Deposits	Workpaper MAL-2-GAS (Rev-2)	\$35,184	\$45,892	\$81,076	\$0	\$81,076
24							
25	Total Operating Revenue Deductions		\$161,214,682	\$9,443,464	\$170,658,146	\$155,281	\$170,813,427
26							
27	Operating Income Before Income Taxes		\$66,999,844	(\$1,252,395)	\$65,747,449	\$7,304,670	\$73,052,119
28							
29	Income Taxes	Schedule MAL-10-GAS (Rev-2)			\$7,690,034	\$1,533,981	\$9,224,015
30							
31	Operating Income After Income Taxes				\$58,057,414	\$5,770,690	\$63,828,104
32							
33	Rate Base	Schedule MAL-11-GAS (Rev-2)			\$832,178,670		\$832,178,670
34							
35	Rate of Return				6.98%	Line 31(c) / Line 33(c)	
36							
37							
38							
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53							

	Revenue Deficiency		
	Earned Rate of Return	6.98%	Line 35 (c)
	Rate Year Required Rate of Return	7.67%	Page 4, Line 9 (c)
	Rate of Return Deficiency	0.69%	Line 40 - Line 39
	Rate Base	\$832,178,670	Line 33 (c)
	Net Operating Income Deficiency	\$5,770,690	
	Gross Revenue Conversion Factor	1.292731	Line 53
	Revenue Deficiency	\$7,459,951	Line 43 / Line 44
	Gross Revenue Conversion Factor		
	Gross Revenue	1.000000	
	Uncollectible expense	(0.020815)	Schedule MAL-22, Page 7, Line 15
	Revenue net of Uncollectibles	0.979185	
	Composite income tax rate	(0.20563)	Line 50 x (- 21%)
	Net income effect of 1.000 Revenue	0.773556	Line 50 + Line 51
	Gross Revenue Conversion Factor	1.2927314	1 / Line 52

The Narragansett Electric Company d/b/a National Grid
Illustrative Statement of Gas Operations Income and Revenue Deficiency Summary
For Data Year 1 Ending August 31, 2020 to Data Year 2 Ending August 31, 2021

	Schedule Reference	Data Year 1 Ending August 31, 2020 (a)	Reflect Conditions in the Rate Year (b)	Data Year 1 Ending August 31, 2020 Adjusted (c) = (a) + (b)	Base Revenue Increase Required (d)	Data Year 2 Ending August 31, 2021 with Base Revenue Requirement (e) = (c) + (d)	
1	Revenues	Schedule MAL-2-GAS (Rev-2)	\$243,865,546	\$8,191,069	\$252,056,615	\$6,225,773	\$258,282,388
2							
3	Purchased Power & Other Reconciling Exp	Schedule MAL-3 (Rev-2)	\$0	\$0	\$0	\$0	\$0
4							
5	Net Distribution Revenues		\$243,865,546	\$8,191,069	\$252,056,615	\$6,225,773	\$258,282,388
6							
7	Operation & Maintenance Expenses	Schedule MAL-3 (Rev-2)	\$91,313,350	\$2,027,481	\$93,340,831	\$129,591	\$93,470,422
8							
9	Amortization of Regulatory Deferrals	Schedule MAL-4-GAS (Rev-2)	\$1,530,044	\$0	\$1,530,044	\$0	\$1,530,044
10							
11	Amortization of Utility Plant	Schedule MAL-5-GAS (Rev-2)	\$426,184	\$0	\$426,184	\$0	\$426,184
12							
13	Depreciation	Schedule MAL-6-GAS (Rev-2)	\$44,568,277	\$3,410,468	\$47,978,745	\$0	\$47,978,745
14							
15	Municipal Taxes	Schedule MAL-7-GAS (Rev-2)	\$29,908,666	\$3,382,977	\$33,291,643	\$0	\$33,291,643
16							
17	Payroll Taxes	Schedule MAL-8 (Rev-2)	\$2,752,244	\$47,673	\$2,799,917	\$0	\$2,799,917
18							
19	Gross Receipts Taxes	Schedule MAL-9 (Rev-2)	\$0	\$0	\$0	\$0	\$0
20							
21	Other Taxes	Schedule MAL-9 (Rev-2)	\$233,585	\$5,676	\$239,261	\$0	\$239,261
22							
23	Interest on Customer Deposits	Workpaper MAL-2-GAS (Rev-2)	\$81,076	(\$1,147)	\$79,929	\$0	\$79,929
24							
25	Total Operating Revenue Deductions		\$170,813,427	\$8,873,128	\$179,686,555	\$129,591	\$179,816,146
26							
27	Operating Income Before Income Taxes		\$73,052,119	(\$682,059)	\$72,370,060	\$6,096,181	\$78,466,241
28							
29	Income Taxes	Schedule MAL-10-GAS (Rev-2)			\$8,763,805	\$1,280,198	\$10,044,003
30							
31	Operating Income After Income Taxes				\$63,606,255	\$4,815,983	\$68,422,238
32							
33	Rate Base	Schedule MAL-11-GAS (Rev-2)			\$892,076,113		\$892,076,113
34							
35	Rate of Return			7.13%		Line 31(c) / Line 33(c)	
36							
37							
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53							

	Revenue Deficiency		
	Earned Rate of Return	7.13%	Line 35 (c)
	Rate Year Required Rate of Return	7.67%	Page 4, Line 9 (c)
	Rate of Return Deficiency	0.54%	Line 40 - Line 39
	Rate Base	\$892,076,113	Line 33 (c)
	Net Operating Income Deficiency	\$4,815,983	
	Gross Revenue Conversion Factor	1.292731	Line 53
	Revenue Deficiency	\$6,225,773	Line 43 / Line 44
	Gross Revenue Conversion Factor		
	Gross Revenue	1.000000	
	Uncollectible expense	(0.020815)	Schedule MAL-22, Page 7, Line 15
	Revenue net of Uncollectibles	0.979185	
	Composite income tax rate	(0.20563)	Line 50 x (- 21%)
	Net income effect of 1.000 Revenue	0.773556	Line 50 + Line 51
	Gross Revenue Conversion Factor	1.2927314	1 / Line 52

The Narragansett Electric Company d/b/a National Grid
Cost of Capital
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2019

Description	Capital Structure (a)	Cost Rate (b)	Weighted Return (c) = (a) x (b)	Taxes (d)	Pre-tax Return (e) = (c)+(d)
1 Short Term Debt	0.45%	1.76%	0.01%		0.01%
2					
3 Long Term Debt	48.47%	5.18% (1)	2.51%		2.51%
4					
5 Preferred Stock	0.11%	4.50%	0.00%		
6					
7 Total Common Equity	<u>50.97%</u>	10.10%	<u>5.15%</u>	<u>1.37% (2)</u>	<u>6.52%</u>
8					
9 Total Capitalization	<u>100.00%</u>		<u>7.67%</u>	<u>1.37%</u>	<u>9.04%</u>

Notes

- (1) Company's Effective Cost of Long Term Debt
(2) Line 3(c) / (1 - 21%) - Line 3(c)

Column Notes

- (a) As referenced in Pre-filed Direct Testimony of Robert B. Hevert, page 2 of 2 Lines 14 through 18

Line Notes

- 1(b) As referenced in Pre-filed Direct Testimony of Robert B. Hevert,, page 78 of 93 Line 13
3(b) As referenced in Pre-filed Direct Testimony of Robert B. Hevert,, page 78 of 93 Line 4
5(b) As referenced in Pre-filed Direct Testimony of Robert B. Hevert,, page 78 of 93 Line 10
7(b) As referenced in Pre-filed Direct Testimony of Robert B. Hevert,, page 83 of 93 Line 13

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
Summary (ELECTRIC & GAS)

Operation & Maintenance Expenses:	Schedule Reference	Test Year Ended June 30, 2017 (Per Books)		Normalizing Adjustments		Test Year Ended June 30, 2017 (as Adjusted)		
		Total	Gas	Total	Gas	Total	Gas	
		(a) = (b) + (c)	(b)	(d) = (e) + (f)	(e)	(g) = (h) + (i)	(h) = (b) + (e)	(i) = (c) + (f)
1	Labor	\$90,778,557	\$54,756,249	(\$15,926,822)	(\$10,122,170)	\$74,851,735	\$44,634,079	\$30,217,656
2	Health Care	\$12,341,700	\$4,439,997	(\$1,186,265)	(\$1,186,265)	\$11,155,435	\$6,715,438	\$4,439,997
3	Group Life Insurance	\$930,683	\$350,981	(\$90,186)	(\$90,186)	\$840,497	\$489,516	\$350,981
4	Thrift Plan	\$3,865,292	\$1,375,749	(\$398,357)	(\$398,357)	\$3,466,934	\$2,091,185	\$1,375,749
5	FAS 112 / ASC 712	(\$572,522)	(\$333,759)	\$572,522	\$333,759	(\$0)	(\$0)	(\$0)
6	Service Company Rents	\$17,062,952	\$13,985,369	(\$6,995,280)	(\$6,644,381)	\$10,067,672	\$7,340,988	\$2,726,684
7	Joint Facilities	\$1,579,848	\$1,018,396	\$100,328	\$106,159	\$1,680,176	\$1,124,555	\$555,621
8	Uninsured Claims	\$1,648,059	\$801,565	(\$121,657)	(\$121,657)	\$1,526,402	\$1,810,745	\$846,495
9	Insurance Premium	\$2,926,210	\$2,097,226	(\$286,481)	(\$286,481)	\$2,639,729	\$4,286,454	\$1,897,662
10	Regulatory Assessment Fees	\$6,862,284	\$4,964,621	(\$678,167)	(\$678,167)	\$6,184,116	\$9,683,512	\$3,964,684
11	Schedule MAL-21 (Rev-2)	\$12,978,156	\$8,952,665	(\$3,294,644)	(\$4,987,981)	\$9,683,512	\$13,124,555	\$5,718,828
12	Uncollectible Accounts	\$3,780,429	\$2,460,952	(\$24,107)	(\$16,697)	\$3,756,323	\$2,444,255	\$1,312,068
13	Postage	\$8,194	\$8,194	(\$0)	(\$0)	\$8,194	\$8,194	\$8,194
14	Strikes Contingency	\$3,078,000	\$3,078,000	(\$0)	(\$0)	\$3,078,000	\$3,078,000	\$3,078,000
15	Environmental Response Fund	\$0	\$0	(\$0)	(\$0)	\$0	\$0	\$0
16	Paperless Bill Credit	\$7,914,078	\$5,421,584	(\$816,516)	(\$51,281)	\$816,516	\$51,281	\$265,235
17	Pension	\$22,239,834	\$14,856,485	(\$740,588)	(\$740,588)	\$7173,490	\$4,680,995	\$2,492,494
18	Energy Efficiency Program	\$97,169,672	\$73,467,743	(\$2,190,304)	(\$2,190,304)	\$20,049,530	\$12,666,181	\$7,383,350
19	Other Operating and Maintenance Expenses	\$86,785,496	\$59,391,324	(\$97,169,672)	(\$73,467,743)	\$0	\$0	\$0
20	Storm Cost Recovery	\$7,338,972	\$7,338,972	(\$27,840)	(\$27,840)	\$64,092,827	\$37,896,530	\$26,196,296
21	Gas Commodity OM	\$0	\$0	(\$0)	(\$0)	\$7,311,132	\$7,311,132	\$7,311,132
22	NEP IFA Credit	(\$138,452,360)	(\$138,452,360)	\$1,132,067	\$1,132,067	\$0	\$0	\$1,132,067
23	Wheeling	\$179,791,010	\$179,791,010	(\$179,791,010)	(\$179,791,010)	\$0	\$0	\$0
24	Energy Innovation Hub	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Gas Business Enablement	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Electric Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	Gas Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Customer Affordability Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Sub Total	\$420,054,545	\$304,575,180	(\$190,540,258)	(\$162,801,061)	\$229,514,287	\$141,774,119	\$87,740,168
30	Purchased Power/ Purchased Gas	\$440,524,701	\$304,255,398	(\$40,524,701)	(\$304,255,398)	\$0	\$0	\$0
31	Sub Total	\$440,524,701	\$304,255,398	(\$40,524,701)	(\$304,255,398)	\$0	\$0	\$0
32	TOTAL	\$860,579,245	\$608,830,578	(\$631,064,958)	(\$467,056,459)	\$229,514,287	\$141,774,119	\$87,740,168
33						\$0	\$0	\$0
34						\$0	\$0	\$0
35						\$0	\$0	\$0

The Narragansett Electric Company d/b/a National Grid
 Operating Expenses by Component
 Summary (ELECTRIC & GAS)

Schedule Reference	Test Year Ended June 30, 2017 (as Adjusted)		Profumo Adjustments		Rate Year Ending August 31, 2019	
	Total	Electric	Gas	Total	Electric	Gas
	(a) = (b) + (c)	(b)	(c)	(d) = (e) + (f)	(h) = (b) + (e)	(i) = (c) + (f)
Operation & Maintenance Expenses:						
1 Labor	\$74,851,735	\$44,634,079	\$30,217,656	\$10,807,560	\$7,132,412	\$3,674,947
2 Health Care	\$11,555,435	\$6,715,438	\$4,439,997	(\$189,446)	(\$180,064)	(\$9,381)
3 Group Life Insurance	\$840,497	\$489,516	\$350,981	\$164,458	\$77,798	\$86,660
4 Thrift Plan	\$3,466,934	\$2,091,185	\$1,175,749	\$891,463	\$334,171	\$1,07,291
5 FAS 112 / ASC 712	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
6 Service Company Rents	\$10,067,672	\$7,340,988	\$2,726,684	\$5,333,666	\$4,066,602	\$1,267,065
7 Joint Facilities	\$1,680,176	\$1,124,555	\$355,621	\$77,792	\$52,067	\$25,725
8 Uninsured Claims	\$1,526,402	\$1,180,745	\$846,495	\$956,649	\$1,163,652	(\$207,003)
9 Insurance Premium	\$2,639,729	\$1,810,745	\$828,984	\$373,090	\$280,149	\$92,940
10 Regulatory Assessment Fees	\$6,184,116	\$4,286,454	\$1,897,662	(\$0)	(\$0)	(\$0)
11 Uncollectible Accounts	\$9,683,512	\$3,964,684	\$5,718,828	(\$1,854,556)	\$157,586	(\$2,012,142)
12 Postage	\$3,756,323	\$2,444,255	\$1,312,068	\$173,918	\$113,169	\$60,749
13 Strike Contingency	\$8,194	\$8,194	(\$0)	\$379	\$379	(\$0)
14 Environmental Response Fund	\$3,078,000	\$3,078,000	(\$0)	(\$0)	(\$0)	(\$0)
15 Paperless Bill Credit	\$816,516	\$51,281	\$265,235	(\$0)	(\$0)	(\$0)
16 PPOP	\$7,173,490	\$4,680,995	\$2,492,494	(\$3,566,074)	\$150,776	(\$3,716,850)
17 Pension	\$20,049,530	\$12,666,181	\$7,383,350	(\$10,713,783)	(\$6,606,139)	(\$4,107,644)
18 Energy Efficiency Program	\$64,092,827	\$37,896,530	\$26,196,296	\$1,645,550	\$904,096	\$741,455
19 Other Operating and Maintenance Expenses	\$7,311,132	\$7,311,132	(\$0)	(\$387,406)	(\$287,406)	(\$0)
20 Storm Cost Recovery	\$1,132,067	(\$0)	\$1,132,067	(\$1,132,067)	(\$0)	(\$1,132,067)
21 Gas Commodity OMI	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
22 NIP PFA Credit	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
23 Wheeling	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
24 Energy Innovation Hub	(\$0)	(\$0)	(\$0)	\$287,379	\$186,193	\$101,186
25 Gas Business Enablement	(\$0)	(\$0)	(\$0)	\$4,520,645	\$614,904	\$3,905,741
26 Electric Operations	(\$0)	(\$0)	(\$0)	\$611,550	\$611,550	(\$0)
27 Gas Operations	(\$0)	(\$0)	(\$0)	\$1,032,482	(\$0)	\$1,032,482
28 Customer Affordability Program	(\$0)	(\$0)	(\$0)	\$906,337	\$613,623	\$292,714
29 Sub Total	\$229,514,287	\$141,774,119	\$87,740,168	\$9,649,386	\$9,385,518	\$2,63,868
30 Purchased Power/ Purchased Gas	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
31 Sub Total	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
32 TOTAL	\$229,514,287	\$141,774,119	\$87,740,168	\$9,649,386	\$9,385,518	\$2,63,868
33	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
34	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
35	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)

Column Notes
 (b) Column (h)
 (c) Column (i)

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
Summary (ELECTRIC & GAS)

	Schedule Reference	Rate Year Ending August 31, 2019		Adjustments to Reflect Conditions in Data Year		Data Year 1 Ending August 31, 2020		Adjustments to Reflect Conditions in Data Year		Data Year 2 Ending August 31, 2021	
		Electric	(a)	Electric	(b)	Electric	(c) = (a) + (b)	Electric	(d)	Electric	(e) = (c) + (d)
1	Labor		\$51,766,492		\$1,497,763		\$53,264,255		\$1,548,350		\$54,812,606
2	Health Care		\$6,535,374		\$188,872		\$6,724,246		\$195,676		\$6,919,921
3	Group Life Insurance		\$567,314		\$31,486		\$598,800		\$31,976		\$630,776
4	Thrift Plan		\$2,425,356		\$70,093		\$2,495,449		\$72,618		\$2,568,067
5	FAS 112 / ASC 712		(\$0)		\$0		(\$0)		\$0		(\$0)
6	Service Company Rents		\$11,407,590		\$517,856		\$11,925,446		\$653,897		\$12,579,343
7	Joint Facilities		\$1,176,621		\$31,298		\$1,207,920		\$29,353		\$1,237,272
8	Uninsured Claims		\$1,843,559		\$49,039		\$1,892,598		\$45,990		\$1,938,588
9	Insurance Premium		\$2,090,894		\$55,618		\$2,146,512		\$52,160		\$2,198,672
10	Regulatory Assessment Fees		\$4,286,454		\$0		\$4,286,454		\$0		\$4,286,454
11	Uncollectible Accounts		\$4,122,270		\$245,957		\$4,368,227		\$63,987		\$4,432,214
12	Postage		\$2,557,424		\$68,027		\$2,625,451		\$63,798		\$2,689,250
13	Strike Contingency		\$8,573		\$228		\$8,801		\$214		\$9,015
14	Environmental Response Fund		\$3,078,000		\$0		\$3,078,000		\$0		\$3,078,000
15	Paperless Bill Credit		\$551,281		\$0		\$551,281		\$0		\$551,281
16	PROB		\$4,831,771		\$0		\$4,831,771		\$0		\$4,831,771
17	Pension		\$6,060,042		\$0		\$6,060,042		\$0		\$6,060,042
18	Energy Efficiency Program		\$0		\$0		\$0		\$0		\$0
19	Other Operating and Maintenance Expenses		\$38,800,626		\$1,024,638		\$39,825,264		\$960,959		\$40,786,224
20	Storm Cost Recovery		\$7,023,726		\$0		\$7,023,726		\$0		\$7,023,726
21	Gas Commodity OM		\$0		\$0		\$0		\$0		\$0
22	NEP IFA Credit		\$0		\$0		\$0		\$0		\$0
23	Wheeling		\$0		\$0		\$0		\$0		\$0
24	Energy Innovation Hub		\$186,193		(\$32,395)		\$153,798		\$0		\$153,798
25	Gas Business Enablement		\$614,904		\$17,693		\$632,597		(\$23,600)		\$608,997
26	Electric Operations		\$611,550		(\$39,550)		\$572,000		\$46,083		\$618,083
27	Gas Operations		\$0		\$0		\$0		\$0		\$0
28	Customer Affordability Program		\$613,623		(\$70,367)		\$543,256		(\$255,128)		\$288,128
29	Sub Total		\$151,159,637		\$3,656,277		\$154,815,914		\$3,486,333		\$158,302,247
30	Purchased Power/ Purchased Gas		\$0		\$0		\$0		\$0		\$0
31	Sub Total		\$0		\$0		\$0		\$0		\$0
32	Sub Total		\$0		\$0		\$0		\$0		\$0
33	TOTAL		\$151,159,637		\$3,656,277		\$154,815,914		\$3,486,333		\$158,302,247
34			\$0		\$0		\$0		(\$0)		\$0
35			\$0		\$0		\$0		(\$0)		\$0

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC Docket No. 4770
Schedule MAL-3 (Rev-2)
Page 3 of 8

Column Notes
(a) Column (b)

The Narragansett Electric Company d/b/a National Grid
Operating Expenses by Component
Summary (ELECTRIC & GAS)

	Schedule Reference	Rate Year Ending August 31, 2019		Adjustments to Reflect Conditions in Data Year		Data Year 1 Ending August 31, 2020		Adjustments to Reflect Conditions in Data Year		Data Year 2 Ending August 31, 2021	
		Gas	(a)	Gas	(b)	Gas	(c) = (a) + (b)	Gas	(d)	Gas	(e) = (c) + (d)
1	Labor		\$33,892,603		\$1,086,878		\$34,979,482		\$938,583		\$35,918,065
2	Health Care		\$4,430,616		\$142,223		\$4,572,839		\$122,552		\$4,695,391
3	Group Life Insurance		\$437,641		\$25,690		\$463,331		\$23,676		\$487,007
4	Thrift Plan		\$1,543,041		\$49,532		\$1,592,573		\$42,681		\$1,635,253
5	FAS 112 / ASC 712		(\$0)		\$0		(\$0)		\$0		(\$0)
6	Service Company Rents		\$3,993,748		\$288,168		\$4,281,917		\$72,618		\$4,354,534
7	Joint Facilities		\$581,346		\$15,464		\$596,810		\$14,502		\$611,313
8	Uninsured Claims		\$639,492		\$17,010		\$656,503		\$15,953		\$672,456
9	Insurance Premium		\$921,924		\$24,441		\$946,365		\$22,328		\$968,693
10	Regulatory Assessment Fees		\$1,897,662		\$0		\$1,897,662		\$0		\$1,897,662
11	Uncollectible Accounts		\$3,706,686		\$321,618		\$4,028,304		\$155,281		\$4,183,585
12	Postage		\$1,372,817		\$36,517		\$1,409,334		\$34,247		\$1,443,580
13	Strike Contingency		\$0		\$0		\$0		\$0		\$0
14	Environmental Response Fund		\$0		\$0		\$0		\$0		\$0
15	Paperless Bill Credit		\$265,235		\$0		\$265,235		\$0		\$265,235
16	PBOP		(\$1,224,355)		\$0		(\$1,224,355)		\$0		(\$1,224,355)
17	Pension		\$3,275,705		\$0		\$3,275,705		\$0		\$3,275,705
18	Energy Efficiency Program		\$0		\$0		\$0		\$0		\$0
19	Other Operating and Maintenance Expenses		\$26,937,751		\$713,084		\$27,650,835		\$667,647		\$28,318,482
20	Storm Cost Recovery		\$0		\$0		\$0		\$0		\$0
21	Gas Commodity OM		\$0		\$0		\$0		\$0		\$0
22	NEP IFA Credit		\$0		\$0		\$0		\$0		\$0
23	Wheeling		\$0		\$0		\$0		\$0		\$0
24	Energy Innovation Hub		\$101,186		(\$17,605)		\$83,581		\$0		\$83,581
25	Gas Business Enablement		\$3,905,741		\$525,278		\$4,431,019		\$211,343		\$4,642,362
26	Electric Operations		\$0		\$0		\$0		\$0		\$0
27	Gas Operations		\$1,032,482		(\$76,782)		\$955,700		\$0		\$955,700
28	Customer Affordability Program		\$292,714		\$2,518		\$295,232		(\$138,649)		\$156,583
29	Sub Total		\$88,004,036		\$3,154,033		\$91,158,069		\$2,182,762		\$93,340,831
30			\$0		\$0		\$0		\$0		\$0
31	Purchased Power/ Purchased Gas		\$0		\$0		\$0		\$0		\$0
32			\$0		\$0		\$0		\$0		\$0
33	Sub Total		\$0		\$0		\$0		\$0		\$0
34			\$0		\$0		\$0		\$0		\$0
35	TOTAL		\$88,004,036		\$3,154,033		\$91,158,069		\$2,182,762		\$93,340,831

Column Notes
(a) Column (i)

The Narragansett Electric Company d/b/a National Grid
Calculation Of Inflation
Occurring Between The Test Year And The Rate Year

<u>Calculation of Inflation Rate:</u>	GDP-CTPI ⁽¹⁾	CPI-U ⁽²⁾	Line
Index - Midpoint of Test Year June 2017	112.4	242.7	1 2
Index - Midpoint of Rate Year Aug 2019	<u>117.5</u>	<u>254.2</u>	3 4
Increase in Index From Midpoint Of The Test Year To The Midpoint of Rate Year			5 6 7
Inflation Factor %	<u>4.52%</u>	<u>4.73%</u>	<u>4.63%</u> 8
Source: Moody's Analytics	2.26%	2.37%	9 10 11 12
	GDPIP	CPI	13
Index - Midpoint of Rate Year Aug 2019	117.5	254.2	14
Index - Midpoint of Rate Year Aug 2020	<u>120.4</u>	<u>261.3</u>	15 16
Increase in Index From Midpoint Of The Test Year To The Midpoint of Rate Year			17 18 19
Inflation Factor %	<u>2.50%</u>	<u>2.82%</u>	<u>2.66%</u> 20
Source: Moody's Analytics			21 22 23
	GDPIP	CPI	24
Index - Midpoint of Rate Year Aug 2019	120.4	261.3	25
Index - Midpoint of Rate Year Aug 2020	<u>123.2</u>	<u>268.0</u>	26 27
Increase in Index From Midpoint Of The Test Year To The Midpoint of Rate Year			28 29 30
Inflation Factor %	<u>2.32%</u>	<u>2.54%</u>	<u>2.43%</u> 31

⁽¹⁾ Gross Domestic Product Chain-type Index

⁽²⁾ LL URBAN Consumer Price Index

The Narragansett Electric Company d/b/a National Grid
Gas Income Tax Expense
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2019

	Reference	Rate Year Ending August 31, 2019 (a)	Revenue Increase Effect (b)	Rate Year Ending August 31, 2019 with Revenue Increase (c)	
1	Revenues	Schedule MAL-1-GAS	\$212,763,488	\$15,451,038	\$228,214,526
2	Expenses	Schedule MAL-1-GAS	(\$160,893,064)	(\$321,618)	(\$161,214,682)
3	Pre-tax operating income before interest		\$51,870,424	\$15,129,420	\$66,999,844
4					
5	<u>Synchronized Interest Expense</u>				
6	Rate Base	Schedule MAL-11-GAS	\$765,221,223		\$765,221,223
7	Weighted Debt Component	2.52%	2.52%	2.52%	2.52%
8	Synchronized Interest Expense		\$19,283,575		\$19,283,575
9					
10	Pre-tax income- State		\$32,586,849	\$15,129,420	\$47,716,269
11	State statutory tax rate	0.00%	0.00%	0.00%	0.00%
12	Normalized State income tax expense		\$0	\$0	\$0
13					
14	Pre-tax income- State		\$32,586,849	\$15,129,420	\$47,716,269
15	Normalized State income tax expense		\$0	\$0	\$0
16	Pre-tax income- Federal		\$32,586,849	\$15,129,420	\$47,716,269
17	Federal statutory tax rate	21.00%	21.00%	21.00%	21.00%
18	Normalized Federal income tax expense		\$6,843,238	\$3,177,178	\$10,020,417
19	Effective combined statutory tax rate	21.00%	21.00%	21.00%	21.00%
20	Excess Deferred Tax		(1,736,110)	\$0	(\$1,736,110)
21	Equity AFUDC		\$0	\$0	\$0
22	AFUDC Amortization		\$23,070	\$0	\$23,070
23	Normalized State income tax expense		\$0	\$0	\$0
24	Normalized Federal income tax expense		\$6,843,238	\$3,177,178	\$10,020,417
25	Normalized Federal plus State income tax expense revised		\$5,130,198	\$3,177,178	\$8,307,376
26					
27	After-tax income		\$46,740,226	\$11,952,242	\$58,692,468

Line Notes

1	Schedule MAL-1-GAS, Page 1, Line 1(e) through 1(g)	15	Less Line 12
2	Schedule MAL-1-GAS, Page 1, Line 25(e) through 25(g)	16	Line 14 + Line 15
3	Line 1 + Line 2	17	Federal income tax rate
6	Schedule MAL-11-GAS, Page 1, Line 36(c)	18	Line 16 x Line 17
7	Schedule MAL-1-GAS, Page 4, Line 1(c) + Line 3(c)	19	Line 11 + Line 17 - (Line 11 x Line 17)
8	Line 6 x Line 7	21	Per Tax Dept
10	Line 3 - Line 8	22	Per Tax Dept
11	State income tax rate	23	Equals Line 12
12	Line 10 x Line 11	24	Equals Line 18
14	Equals Line 10	25	Sum of Lines 21 through 25
		27	Line 3 - Line 25

The Narragansett Electric Company d/b/a National Grid
Gas Income Tax Expense
For the Test Year Ended June 30, 2017 and the Data Year 1 Ending August 31, 2020

	Reference	Rate Year Ending August 31, 2020 (a)	Revenue Increase Effect (b)	Rate Year Ending August 31, 2020 with Revenue Increase (c)	
1	Revenues	Schedule MAL-1-GAS	\$236,405,595	\$7,459,951	\$243,865,546
2	Expenses	Schedule MAL-1-GAS	(\$170,658,146)	(\$155,281)	(\$170,813,427)
3	Pre-tax operating income before interest		\$65,747,449	\$7,304,670	\$73,052,119
4					
5	<u>Synchronized Interest Expense</u>				
6	Rate Base	Schedule MAL-11-GAS	\$832,178,670		\$832,178,670
7	Weighted Debt Component	2.52%	2.52%	2.52%	2.52%
8	Synchronized Interest Expense		\$20,970,902		\$20,970,902
9					
10	Pre-tax income- State		\$44,776,546	\$7,304,670	\$52,081,217
11	State statutory tax rate	0.00%	0.00%	0.00%	0.00%
12	Normalized State income tax expense		\$0	\$0	\$0
13					
14	Pre-tax income- State		\$44,776,546	\$7,304,670	\$52,081,217
15	Normalized State income tax expense		\$0	\$0	\$0
16	Pre-tax income- Federal		\$44,776,546	\$7,304,670	\$52,081,217
17	Federal statutory tax rate	21.00%	21.00%	21.00%	21.00%
18	Normalized Federal income tax expense		\$9,403,075	\$1,533,981	\$10,937,055
19	Effective combined statutory tax rate	21.00%	21.00%	21.00%	21.00%
20	Excess Deferred Tax		(1,736,110)	\$0	(\$1,736,110)
21	Equity AFUDC		\$0	\$0	\$0
22	AFUDC Amortization		\$23,070	\$0	\$23,070
23	Normalized State income tax expense		\$0	\$0	\$0
24	Normalized Federal income tax expense		\$9,403,075	\$1,533,981	\$10,937,055
25	Normalized Federal plus State income tax expense revised		\$7,690,034	\$1,533,981	\$9,224,015
26					
27	After-tax income		\$58,057,414	\$5,770,690	\$63,828,104

Line Notes

1	Schedule MAL-1-GAS, Page 2, Line 1(c) through 1(e)	15	Less Line 12
2	Schedule MAL-1-GAS, Page 2, Line 23(c) through 23(e)	16	Line 14 + Line 15
3	Line 1 + Line 2	17	Federal income tax rate
6	Schedule MAL-11-GAS, Page 1, Line 36(d)	18	Line 16 x Line 17
7	Schedule MAL-1-GAS, Page 4, Line 1(c) + Line 3(c)	19	Line 11 + Line 17 - (Line 11 x Line 17)
8	Line 6 x Line 7	21	Per Tax Dept
10	Line 3 - Line 8	22	Per Tax Dept
11	State income tax rate	23	Equals Line 12
12	Line 10 x Line 11	24	Equals Line 18
14	Equals Line 10	25	Sum of Lines 21 through 25
		27	Line 3 - Line 25

The Narragansett Electric Company d/b/a National Grid
Gas Income Tax Expense
For the Test Year Ended June 30, 2017 and the Data Year 2 Ending August 31, 2021

	Reference	Rate Year Ending August 31, 2021 (a)	Revenue Increase Effect (b)	Rate Year Ending August 31, 2021 with Revenue Increase (c)	
1	Revenues	Schedule MAL-1-GAS	\$252,056,615	\$6,225,773	\$258,282,388
2	Expenses	Schedule MAL-1-GAS	(\$179,686,555)	(\$129,591)	(\$179,816,146)
3	Pre-tax operating income before interest		\$72,370,060	\$6,096,181	\$78,466,241
4					
5	<u>Synchronized Interest Expense</u>				
6	Rate Base	Schedule MAL-11-GAS	\$892,076,113		\$892,076,113
7	Weighted Debt Component	2.52%	2.52%	2.52%	2.52%
8	Synchronized Interest Expense		\$22,480,318		\$22,480,318
9					
10	Pre-tax income- State		\$49,889,742	\$6,096,181	\$55,985,923
11	State statutory tax rate	0.00%	0.00%	0.00%	0.00%
12	Normalized State income tax expense		\$0	\$0	\$0
13					
14	Pre-tax income- State		\$49,889,742	\$6,096,181	\$55,985,923
15	Normalized State income tax expense		\$0	\$0	\$0
16	Pre-tax income- Federal		\$49,889,742	\$6,096,181	\$55,985,923
17	Federal statutory tax rate	21.00%	21.00%	21.00%	21.00%
18	Normalized Federal income tax expense		\$10,476,846	\$1,280,198	\$11,757,044
19	Effective combined statutory tax rate	21.00%	21.00%	21.00%	21.00%
20	Excess Deferred Tax		(1,736,110)	\$0	(\$1,736,110)
21	Equity AFUDC		\$0	\$0	\$0
22	AFUDC Amortization		\$23,070	\$0	\$23,070
23	Normalized State income tax expense		\$0	\$0	\$0
24	Normalized Federal income tax expense		\$10,476,846	\$1,280,198	\$11,757,044
25	Normalized Federal plus State income tax expense revised		\$8,763,805	\$1,280,198	\$10,044,003
26					
27	After-tax income		\$63,606,255	\$4,815,983	\$68,422,238

Line Notes

1	Schedule MAL-1-GAS, Page 3, Line 1(c) - 1(e)	15	Less Line 12
2	Schedule MAL-1-GAS, Page 3, Line 23(c) - 23(e)	16	Line 14 + Line 15
3	Line 1 + Line 2	17	Federal income tax rate
6	Schedule MAL-11-GAS, Page 1, Line 36(e)	18	Line 16 x Line 17
7	Schedule 1, Page 4, Line 1(c) + Line 3(c)	19	Line 11 + Line 17 - (Line 11 x Line 17)
8	Line 6 x Line 7	21	Per Tax Dept
10	Line 3 - Line 8	22	Per Tax Dept
11	State income tax rate	23	Equals Line 12
12	Line 10 x Line 11	24	Equals Line 18
14	Equals Line 10	25	Sum of Lines 21 through 25
		27	Line 3 - Line 25

The Narragansett Electric Company d/b/a National Grid
Rate Base Summary
Five Quarter Average Ending June 30, 2017 through Data Year 2 Ending August 31, 2021

Description	Five Quarter Average Ending June 30, 2017 (a)	Adjustments (b)	Rate Year 1 Ending August 31, 2019 (c)	Data Year 1 Ending August 31, 2020 (d)	Data Year 2 Ending August 31, 2021 (e)
1 Gas Plant In Service	\$1,092,141,316	\$218,491,615	\$1,310,632,931	\$1,419,005,521	\$1,525,737,188
2 Normalizing Adjustment: Smallworld GIS ¹	\$3,996,550	\$0	\$3,996,550	\$3,996,550	\$3,996,550
3 Gas Plant In Service	\$1,096,137,866	\$218,491,615	\$1,314,629,481	\$1,423,002,071	\$1,529,733,738
4					
5 Construction Work In Progress	\$49,783,414	(\$5,570,043)	\$44,213,371	\$45,444,229	\$46,739,869
6					
7 Less: Accumulated Depreciation	\$389,907,868	\$37,784,310	\$427,692,178	\$456,506,781	\$488,970,386
8 Normalizing Adjustment: Smallworld GIS1	\$2,987,945	\$0	\$2,987,945	\$3,414,129	\$3,840,314
9 Test Year Adjusted Accumulated Depreciation	\$392,895,813	\$37,784,310	\$430,680,123	\$459,920,910	\$492,810,699
10					
11 Less: Contribution in Aid of Construction	\$38	(\$984)	(\$946)	(\$2,250)	(\$3,622)
12					
13 Net Plant	\$753,025,429	\$175,138,246	\$928,163,675	\$1,008,527,639	\$1,083,666,530
14					
15 Additions:					
16 Materials and Supplies	\$3,941,353	(\$1,261,179)	\$2,680,174	\$2,159,157	\$1,610,719
17 Prepaid Expenses, Excluding Taxes	\$393,734	(\$189,233)	\$204,501	\$276,014	\$351,290
18 Deferred Debits	\$411,653	(\$411,653)	\$0	\$0	\$0
19 Cash Working Capital	\$8,974,216	(\$2,132,980)	\$6,841,236	\$6,841,236	\$6,841,236
20 Unamortized Interest Lock expense \$550M	\$0	\$717,273	\$717,273	\$555,375	\$393,477
21 Unamortized Issuance Costs \$300M	\$0	\$368,550	\$368,550	\$351,035	\$333,519
22 Unamortized Issuance Costs \$250M	\$81,303	(\$54,906)	\$26,397	\$4,434	\$0
23 Unamortized Issuance Costs \$200M	\$274,996	(\$23,064)	\$251,932	\$241,287	\$230,642
24 Unamortized Issuance Costs \$250M	\$0	\$2,302,437	\$2,302,437	\$2,259,062	\$2,255,687
25 Unamortized Issuance Costs Mortgage Bonds	\$103,899	(\$49,670)	\$54,229	\$31,304	\$8,379
26 Total Additions	\$14,181,153	(\$734,425)	\$13,446,728	\$12,738,904	\$12,024,950
27					
28 Deductions:					
29 Accumulated Deferred FIT	\$111,588,901	\$44,670,046	\$156,258,947	\$171,302,991	\$188,533,417
30 Merger Hold Harmless Adjustment	\$22,255,350	(\$3,592,594)	\$18,662,756	\$16,576,053	\$14,145,381
31 Customer Deposits	\$2,342,658	(\$875,181)	\$1,467,477	\$1,208,830	\$936,570
32 Total Deductions	\$136,186,909	\$40,202,271	\$176,389,180	\$189,087,873	\$203,615,368
33					
34 Rate Base	\$631,019,674	\$134,201,549	\$765,221,223	\$832,178,670	\$892,076,113
35					
36 Total Rate Base			\$765,221,223	\$832,178,670	\$892,076,113

¹Gas Information System

Column Notes

- (a) Page 2 of 23 Column (f)
- (b) (c) minus (a)

Line Notes

- 1(c) Page 3 of 23 Line 30 Column (b)
- 1(d) Page 4 of 23 Line 16 Column (b)
- 1(e) Page 4 of 23 Line 33 Column (b)
- 5(c) Line 47 Column (a)
- 5(d) Line 48 Column (a)
- 5(e) Line 49 Column (a)
- 8(d) 8(c) plus Schedule MAL-5-GAS (Rev-2) Page 1 of 1 Column Notes (e)
- 8(e) 8(d) plus Schedule MAL-5-GAS (Rev-2) Page 1 of 1 Column Notes (e)
- 11(c) Line 47 Column (b)
- 11(d) Line 48 Column (b)
- 11(e) Line 49 Column (b)
- 16(c) Line 47 Column (c)
- 16(d) Line 48 Column (c)
- 16(e) Line 49 Column (c)
- 17(c) Line 47 Column (d)
- 17(d) Line 48 Column (d)
- 17(e) Line 49 Column (d)
- 18(c) Line 47 Column (e)
- 18(d) Line 48 Column (e)
- 18(e) Line 49 Column (e)
- 19(c) Cash Working Capital Page 1 of 25 Line 15 Column CWC Dollars
- 20(c) Line 47 Column (g)
- 20(d) Line 48 Column (g)
- 20(e) Line 49 Column (g)
- 21(c) Line 47 Column (h)
- 21(d) Line 48 Column (h)
- 21(e) Line 49 Column (h)
- 22(c) Line 47 Column (i)
- 22(d) Line 48 Column (i)
- 22(e) Line 49 Column (i)
- 23(c) Line 47 Column (j)
- 23(d) Line 48 Column (j)
- 23(e) Line 49 Column (j)
- 24(c) Line 47 Column (k)
- 24(d) Line 48 Column (k)
- 24(e) Line 49 Column (k)
- 25(c) Line 47 Column (l)
- 25(d) Line 48 Column (l)
- 25(e) Line 49 Column (l)
- 29(c) Page 11 of 23 Line 24 Column (c)
- 29(d) Page 12 of 23 Line 16 Column (c)
- 29(e) Page 12 of 23 Line 31 Column (c)
- 30(c) Page 9 of 23 Line 24 Column (c)
- 30(d) Page 10 of 23 Line 15 Column (c)
- 30(e) Page 10 of 23 Line 31 Column (c)
- 31(c) Line 47 Column (f)
- 31(d) Line 48 Column (f)
- 31(e) Line 49 Column (f)

The Narragansett Electric Company d/b/a National Grid
Adjustments To Rate Base
Five-Quarter Average Ending June 31, 2017

Description	June	September	Quarter Ending	March	June	Five Quarter
	2016	2016	December	2017	2017	Average
	(a)	(b)	(c)	(d)	(e)	(f)
1 Gas Plant In Service	\$1,064,548,669	\$1,082,547,975	\$1,092,122,373	\$1,103,935,113	\$1,117,552,449 1/	\$1,092,141,316
2 Normalizing Adjustment: Smallworld GIS	\$0	\$0	\$0	\$9,991,374	\$9,991,374	\$3,996,550
3 Test Year Adjusted Gas Plant in Service	\$1,064,548,669	\$1,082,547,975	\$1,092,122,373	\$1,113,926,487	\$1,127,543,823	\$1,096,137,866
4						
5 Construction Work In Progress	\$45,838,370	\$51,024,819	\$59,381,840	\$49,279,243	\$43,392,799	\$49,783,414
6						
7 Less: Accumulated Depreciation	\$394,425,115	\$394,671,874	\$394,265,448	\$388,553,414	\$377,623,487	\$389,907,868
8 Normalizing Adjustment: Smallworld GIS	\$0	\$0	\$0	\$7,523,135	\$7,416,589	\$2,987,945
9 Test Year Adjusted Accumulated Depreciation	\$394,425,115	\$394,671,874	\$394,265,448	\$396,076,549	\$385,040,076	\$392,895,813
10						
11 Less: Contribution in Aid of Construction	\$38	\$38	\$38	\$38	\$38	\$38
12						
13 Net Plant	\$715,961,886	\$738,900,882	\$757,238,727	\$767,129,143	\$785,896,508	\$753,025,429
14						
15 Additions:						
16 Materials and Supplies	\$4,721,557	\$4,722,950	\$3,891,605	\$3,297,430	\$3,073,221	\$3,941,353
17 Prepaid Expenses, Excluding Taxes	\$172,681	\$97,000	\$853,452	\$694,983	\$150,553	\$393,734
18 Deferred Debits	\$764,498	\$588,076	\$411,653	\$235,230	\$58,807	\$411,653
19 Cash Working Capital	\$8,974,216	\$8,974,216	\$8,974,216	\$8,974,216	\$8,974,216	\$8,974,216
20 Unamortized Interest Lock expense \$550M	\$1,149,000	\$1,108,526	\$1,068,051	\$1,027,577	\$987,102	
21 Unamortized Issuance Costs \$300M	\$415,258	\$410,879	\$406,500	\$402,121	\$397,742	
22 Unamortized Issuance Costs \$250M	\$93,973	\$87,638	\$81,303	\$74,967	\$68,632	\$81,303
23 Unamortized Issuance Costs \$200M	\$280,318	\$277,657	\$274,996	\$272,335	\$269,674	\$274,996
24 Unamortized Issuance Costs \$250M	\$0	\$0	\$0	\$0	\$0	\$0
25 Unamortized Issuance Costs Mortgage Bonds	\$115,362	\$109,631	\$103,899	\$98,168	\$92,437	\$103,899
26 Total Additions	\$16,686,863	\$16,376,572	\$16,065,675	\$15,077,027	\$14,072,384	\$14,181,153
27						
28 Deductions:						
29 Accumulated Deferred FIT	\$93,485,567	\$91,026,451	\$128,345,105	\$122,162,393	\$122,924,988	\$111,588,901
30 Hold Harmless	\$22,928,782	\$22,610,421	\$22,292,061	\$21,912,516	\$21,532,971	\$22,255,350
32 Customer Deposits	\$1,912,168	\$3,005,416	\$2,524,080	\$2,359,458	\$1,912,168	\$2,342,658
33 Total Deductions	\$118,326,517	\$116,642,288	\$153,161,246	\$146,434,367	\$146,370,127	\$136,186,909
34						
35 Rate Base	\$614,322,232	\$638,635,166	\$620,143,156	\$635,771,804	\$653,598,765	\$631,019,674
36						
37 Total Rate Base						\$631,019,674
38						
39				1/ Utility Plant	\$1,123,631,722	
40				Asset Retirement Obligation (ARO)	(\$6,079,273)	
41				Net Utility Plant	\$1,117,552,449	

Column Notes

(a) through (e) PER ESM Q1 filing RIPUC docket number 4708 schedule except as indicated in line notes
(f) ((a)+(b)+(c)+(d)+(e)) / 5

Line Notes

5(e) NECO FERC FORM 3Q JUNE 2017_FINAL page 201 Line 11 Column (d)
7(e) Schedule MAL-6-GAS (Rev-2) Page 5 of 5 Line 70 Column (d) less line 8 Column (e)
8(d) Schedule MAL-5-GAS (Rev-2) Page 1 of 1 Column Notes Acc. Amortization
8(e) 8(d) less Schedule MAL-5-GAS (Rev-2) Page 1 of 1 Column Notes (b) 3
20(a) Workpaper MAL-3 Page 5 of 27 Line 5 Column (a)
20(b) Workpaper MAL-3 Page 5 of 27 Line 15 Column (c)
20(c) Workpaper MAL-3 Page 5 of 27 Line 15 Column (f)
20(d) Workpaper MAL-3 Page 5 of 27 Line 15 Column (i)
20(e) Workpaper MAL-3 Page 5 of 27 Line 5 Column (l)
21(a) Workpaper MAL-3 Page 9 of 27 Line 27 Column (b)
21(b) Workpaper MAL-3 Page 9 of 27 Line 30 Column (b)
21(c) Workpaper MAL-3 Page 9 of 27 Line 33 Column (b)
21(d) Workpaper MAL-3 Page 9 of 27 Line 36 Column (b)
21(e) Workpaper MAL-3 Page 9 of 27 Line 27 Column (c)
22(a) Workpaper MAL-3 Page 14 of 27 Line 27 Column (h)
22(b) Workpaper MAL-3 Page 14 of 27 Line 30 Column (h)
22(c) Workpaper MAL-3 Page 14 of 27 Line 33 Column (h)
22(d) Workpaper MAL-3 Page 14 of 27 Line 36 Column (h)
22(e) Workpaper MAL-3 Page 14 of 27 Line 27 Column (i)
23(a) Workpaper MAL-3 Page 19 of 27 Line 26 Column (f)
23(b) Workpaper MAL-3 Page 19 of 27 Line 29 Column (f)
23(c) Workpaper MAL-3 Page 19 of 27 Line 32 Column (f)
23(d) Workpaper MAL-3 Page 19 of 27 Line 35 Column (f)
23(e) Workpaper MAL-3 Page 19 of 27 Line 26 Column (g)
25(a) Workpaper MAL-3 Page 27 of 27 Line 31 Column (j)
25(b) Workpaper MAL-3 Page 27 of 27 Line 34 Column (j)
25(c) Workpaper MAL-3 Page 27 of 27 Line 37 Column (j)
25(d) Workpaper MAL-3 Page 27 of 27 Line 40 Column (j)
25(e) Workpaper MAL-3 Page 27 of 27 Line 31 Column (k)
29(a) through (e) Per Tax Department
30(a) Page 21 of 23 Line 1 Column (e)
30(b) Page 21 of 23 Line 2 Column (e)
30(c) Page 21 of 23 Line 3 Column (e)
30(d) Page 21 of 23 Line 4 Column (e)
30(e) Page 21 of 23 Line 5 Column (e)
39 NECO FERC FORM 3Q JUNE 2017_FINAL page 201 Line 8 Column (d)
40 Schedule MAL-6-GAS (Rev-2) Line 17 Column (b)
ARO total in FY 2018 ESM Q1 differs from Ratebase-Depreciation-Gas

The Narragansett Electric Company d/b/a National Grid
Plant Adjustments to Rate Base
Test Year Ending June 31,2017 through Rate Year 1 Ending August 31, 2019
Gas Plant in Service Forecast

	Description	Period	Gas Plant in Service
		(a)	(b)
1	Balance at June 30, 2017		\$1,127,543,823
2			
3	Subsequent 2 months		
4	Plus: Added Plant 2 Months Ended 08/31/2017		\$19,087,111
5	Less: Retired Plant 2 Months Ended 08/31/2017		<u>(\$1,311,285)</u>
6	Depreciable Utility Plant 08/31/17		\$17,775,827
7			
8	Balance at August 31, 2017		\$1,145,319,650
9			
10	Activity prior to Rate Year 1		
11	Plus: Plant Additions 12 Months Ended 08/31/2018		\$118,238,399
12	Less: Plant Retirements 12 Months Ended 08/31/2018	1/	<u>(\$8,122,978)</u>
13	Net Increase / (Decrease)		\$110,115,421
14			
15	Balance at August 31, 2018		\$1,255,435,071
16			
17	Balance as of:	09/30/18 2/	\$1,264,634,714
18		10/31/18 2/	\$1,273,834,357
19		11/30/18 2/	\$1,283,034,001
20		12/31/18 2/	\$1,292,233,644
21		01/31/19 2/	\$1,301,433,288
22		02/28/19 2/	\$1,310,632,931
23		03/31/19 2/	\$1,319,832,575
24		04/30/19 2/	\$1,329,032,218
25		05/31/19 2/	\$1,338,231,861
26		06/30/19 2/	\$1,347,431,505
27		07/31/19 2/	\$1,356,631,148
28	Balance at August 31, 2019	2/	\$1,365,830,792
29			
30	Rate Year Plant in Service - 5 Quarter Average		<u>\$1,310,632,931</u>
31			
32	1/ 3 year average retirement over plant addition in service FY 15 ~ FY17		
33			
34	2/ Rate Year 1 ending 08/31/19 Adjustment Detail:		
35	Plant Additions 12 Months Ended 08/31/2019		\$118,539,376
36	Plant Retirements 12 Months Ended 08/31/2019		<u>(\$8,143,655)</u>
37	Net Increase / (Decrease)		<u>\$110,395,721</u>
38			
39	Monthly Increase / (Decrease)		<u>\$9,199,643</u>

Line Notes

- 1(b) Page 2 of 23 Line 1 Column (e)
- 4(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 13 Column (a)
- 5(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 14 Column (a)
- 11(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 32 Column (a)
- 12(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 33 Column (a)
- 35(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 6 Column (a)
- 36(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 7 Column (a)

The Narragansett Electric Company d/b/a National Grid
Plant Adjustments to Rate Base
Rate Year 1 Ending August 31, 2019 through Data Year 2 Ending August 31, 2021
Gas Plant in Service Forecast

Description	Period		Gas Plant
	(a)		in Service
			(b)
1 Balance at August 31, 2019			\$1,365,830,792
2			
3 Balance as of:	09/30/19	1/	\$1,374,693,247
4	10/31/19	1/	\$1,383,555,701
5	11/30/19	1/	\$1,392,418,156
6	12/31/19	1/	\$1,401,280,611
7	01/31/20	1/	\$1,410,143,066
8	02/28/20	1/	\$1,419,005,521
9	03/31/20	1/	\$1,427,867,976
10	04/30/20	1/	\$1,436,730,431
11	05/31/20	1/	\$1,445,592,886
12	06/30/20	1/	\$1,454,455,340
13	07/31/20	1/	\$1,463,317,795
14 Balance at August 31, 2020		1/	\$1,472,180,250
15			
16 Data Year 1 Plant in Service - 5 Quarter Average			<u>\$1,419,005,521</u>
17			
18 Balance at August 31, 2020			\$1,472,180,250
19			
20 Balance as of:	09/30/20	2/	\$1,481,106,407
21	10/31/20	2/	\$1,490,032,563
22	11/30/20	2/	\$1,498,958,719
23	12/31/20	2/	\$1,507,884,875
24	01/31/21	2/	\$1,516,811,032
25	02/28/21	2/	\$1,525,737,188
26	03/31/21	2/	\$1,534,663,344
27	04/30/21	2/	\$1,543,589,501
28	05/31/21	2/	\$1,552,515,657
29	06/30/21	2/	\$1,561,441,813
30	07/31/21	2/	\$1,570,367,969
31 Balance at August 31, 2021		2/	\$1,579,294,126
32			
33 Data Year 2 Plant in Service - 5 Quarter Average			<u>\$1,525,737,188</u>
34			
35 1/ Data Year 1 ending 08/31/20 Adjustment Detail:			
36 Plant Additions 12 Months Ended 08/31/2020			\$114,194,630
37 Plant Retirements 12 Months Ended 08/31/2020			<u>(\$7,845,171)</u>
38 Net Increase / (Decrease)			<u>\$106,349,459</u>
39			
40			
41 Monthly Increase / (Decrease)			<u>\$8,862,455</u>
42			
43 2/ Data Year 2 ending 08/31/21 Adjustment Detail:			
44 Plant Additions 12 Months Ended 08/31/2021			\$115,015,436
45 Plant Retirements 12 Months Ended 08/31/2021			<u>(\$7,901,560)</u>
46 Net Increase / (Decrease)			<u>\$107,113,875</u>
47			
48			
49 Monthly Increase / (Decrease)			<u>\$8,926,156</u>

Line Notes

- 36(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 27 Column (a)
37(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 28 Column (a)
44(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 48 Column (a)
45(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 49 Column (a)

The Narragansett Electric Company d/b/a National Grid
 Adjustments to Rate Base
 Analysis of Test Year through Rate Year Capital Investment

	FY18	FY19	FY20	Rate Year 1	FY20	FY21	Data Year 1	FY21	FY22	Data Year 2
	04/01/17 - 06/30/17	04/01/18 - 08/31/18	04/01/19 - 08/31/19	09/01/18 - 08/31/19	09/01/19 - 03/31/20	04/01/20 - 08/31/21	09/01/19 - 08/31/20	09/01/20 - 03/31/21	04/01/21 - 08/31/21	09/01/20 - 08/31/21
	(a)	(c)	(d)	(e)	(g)	(h)	(i)=(g)+(h)	(j)	(k)	(l)=(j)+(k)
Distribution										
1 FY 2018 Approved ISR Plan	\$21,037,000	\$72,140,000	\$54,355,250	\$38,823,750	\$54,355,250	\$38,823,750	\$93,177,000	\$54,355,250	\$38,823,750	\$93,177,000
2 Gas Expansion	\$0	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Growth (adj DIV 16-24)	\$4,564,000	\$13,103,000	\$14,821,900	\$9,192,476	\$11,210,650	\$9,056,980	\$20,267,630	\$11,121,216	\$9,967,220	\$21,088,436
4 Total Distribution	\$25,601,000	\$85,743,000	\$69,177,150	\$48,016,226	\$65,565,900	\$47,880,730	\$113,444,630	\$65,474,466	\$48,790,970	\$114,265,436
5										
General Plant										
6 Facilities	\$0	\$0	\$624,167	\$445,833	\$437,500	\$312,500	\$750,000	\$437,500	\$312,500	\$750,000
8 IS	\$0	\$149,000	\$278,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Total General	\$0	\$149,000	\$902,167	\$445,833	\$437,500	\$312,500	\$750,000	\$437,500	\$312,500	\$750,000
10										
11 Distribution and General	\$25,601,000	\$85,892,000	\$70,077,316	\$48,462,060	\$66,001,400	\$48,193,230	\$114,194,630	\$65,911,966	\$49,103,470	\$115,015,436

Line Notes
 2(b) FY18 gas expansion/Southern RI capacity/engineering not included in ISR
 3 Per Company Books
 7 Per Company Books

8(b) RI Gas Only Physical Security Replacements - FY18
 8(d) RI Gas Only Physical Security Replacements - FY19

The Narragansett Electric Company d/b/a National Grid
Accumulated Depreciation Adjustments To Rate Base
Test Year Ending June 31, 2017 through Rate Year 1 Ending August 31, 2019

	Description	Period (a)	Accumulated Depreciation (b)
1	Balance at June 30, 2017		\$385,040,076
2			
3	Depreciation Expense 07/01/2017 - 08/31/2017		\$6,232,539
4	Less: Net Cost of Removal / (Salvage)		(\$988,712)
5	Less: Retirements		(\$1,311,285)
6	Net Increase / (Decrease)		\$3,932,542
7			
8	Balance at August 31, 2017		\$388,972,619
9			
10	Depreciation Expense 09/01/17 - 08/31/18		\$39,556,596
11	Less: Net Cost of Removal / (Salvage)		(\$6,124,749)
12	Less: Retirements		(\$8,122,978)
13	Net Increase / (Decrease)		\$25,308,869
14			
15	Balance at August 31, 2018		\$414,281,488
16			
17	Balance as of:	09/30/18 1/	\$416,516,603
18		10/31/18 1/	\$418,751,718
19		11/30/18 1/	\$420,986,833
20		12/31/18 1/	\$423,221,948
21		01/31/19 1/	\$425,457,063
22		02/28/19 1/	\$427,692,178
23		03/31/19 1/	\$429,927,293
24		04/30/19 1/	\$432,162,408
25		05/31/19 1/	\$434,397,523
26		06/30/19 1/	\$436,632,638
27		07/31/19 1/	\$438,867,753
28	Balance at August 31, 2019	1/	\$441,102,868
29			
30	Rate Year Accumulated Depreciation - 5 Quarter Average		<u>\$427,692,178</u>
31			
32			
33	1/ Rate Year Ended 08/31/19 Depreciation Reserve Detail:		
34	Depreciation Expense 09/01/18 - 08/31/19		\$40,918,876
35	Plus: Unrecovered Reserve Adjustment		\$186,500
36	Net Cost of Removal / (Salvage)		(\$6,140,340)
37	Less: Retirements		(\$8,143,655)
38	Net Increase / (Decrease)		<u>\$26,821,381</u>
39			
40	Monthly Increase / (Decrease)		<u>\$2,235,115</u>

Line Notes

- 1(b) Page 2 of 23 Line 7 Column (e)
- 3(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 22 Column (a)
- 4(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 23 Column (a)
- 5(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 24 Column (a)
- 10(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 41 Column (a)
- 11(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 42 Column (a)
- 12(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 43 Column (a)
- 34(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 16 Column (a)
- 35(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 17 Column (a)
- 36(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 18 Column (a)
- 37(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 19 Column (a)

The Narragansett Electric Company d/b/a National Grid
Accumulated Depreciation Adjustments To Rate Base
Rate Year 1 Ending August 31, 2019 through Data Year 2 Ending August 31, 2021

Description	Period	Accumulated Depreciation
	(a)	(b)
1 Balance at August 31, 2019		\$441,102,868
2		
3 Balance as of:	09/30/19 1/	\$443,670,187
4	10/31/19 1/	\$446,237,506
5	11/30/19 1/	\$448,804,825
6	12/31/19 1/	\$451,372,143
7	01/31/20 1/	\$453,939,462
8	02/28/20 1/	\$456,506,781
9	03/31/20 1/	\$459,074,099
10	04/30/20 1/	\$461,641,418
11	05/31/20 1/	\$464,208,737
12	06/30/20 1/	\$466,776,056
13	07/31/20 1/	\$469,343,374
14 Balance at August 31, 2020	1/	\$471,910,693
15		
16 Data Year 1 Accumulated Depreciation - 5 Quarter Average		<u>\$456,506,781</u>
17		
18 Balance at August 31, 2020		\$471,910,693
19		
20 Balance as of:	09/30/20 2/	\$474,753,975
21	10/31/20 2/	\$477,597,257
22	11/30/20 2/	\$480,440,539
23	12/31/20 2/	\$483,283,821
24	01/31/21 2/	\$486,127,104
25	02/28/21 2/	\$488,970,386
26	03/31/21 2/	\$491,813,668
27	04/30/21 2/	\$494,656,950
28	05/31/21 2/	\$497,500,232
29	06/30/21 2/	\$500,343,514
30	07/31/21 2/	\$503,186,796
31 Balance at August 31, 2021	2/	\$506,030,078
32		
33 Data Year 2 Accumulated Depreciation - 5 Quarter Average		<u>\$488,970,386</u>
34		
35 1/ Data Year 1 Ended 08/31/20 Depreciation Reserve Detail:		
36 Depreciation Expense 09/01/19 - 08/31/20		\$44,381,777
37 Plus: Unrecovered Reserve Adjustment		\$186,500
38 Net Cost of Removal / (Salvage)		(\$5,915,282)
39 Less: Retirements		(\$7,845,171)
40 Net Increase / (Decrease)		<u>\$30,807,824</u>
41		
42 Monthly Increase / (Decrease)		<u>\$2,567,319</u>
43		
44 2/ Data Year 2 Ended 08/31/21 Depreciation Reserve Detail:		
45 Depreciation Expense 09/01/20 - 08/31/21		\$47,792,245
46 Plus: Unrecovered Reserve Adjustment		\$186,500
47 Net Cost of Removal / (Salvage)		(\$5,957,800)
48 Less: Retirements		(\$7,901,560)
49 Net Increase / (Decrease)		<u>\$34,119,385</u>
50		
51 Monthly Increase / (Decrease)		<u>\$2,843,282</u>

Line Notes

- 36(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 37 Column (a)
- 37(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 38 Column (a)
- 38(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 39 Column (a)
- 39(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 40 Column (a)
- 45(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 58 Column (a)
- 46(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 59 Column (a)
- 47(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 60 Column (a)
- 48(b) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 61 Column (a)

The Narragansett Electric Company d/b/a National Grid
Merger Hold Harmless Rate Base Credit Adjustments To Rate Base
Test Year Ending June 31,2017 through Rate Year 1 Ending August 31, 2019

	Description	Period (a)	Monthly Expense (b)	Merger Hold Harmless Rate Base Credit (c)
1	Balance at June 30, 2017			\$21,532,971
2				
3	Subsequent 2 months			(\$253,030)
4				
5	Balance at August 31, 2017			\$21,279,942
6				
7				
8	Increase/(Decrease) 12 Months Ended	08/31/18		(\$1,674,988)
9				
10	Balance at August 31, 2018			\$19,604,953
11		09/30/18	(\$146,116)	\$19,458,837
12		10/31/18	(\$146,116)	\$19,312,721
13		11/30/18	(\$146,116)	\$19,166,605
14		12/31/18	(\$146,116)	\$19,020,489
15		01/31/19	(\$167,950)	\$18,852,539
16		02/28/19	(\$167,950)	\$18,684,590
17		03/31/19	(\$167,950)	\$18,516,640
18		04/30/19	(\$167,950)	\$18,348,691
19		05/31/19	(\$167,950)	\$18,180,741
20		06/30/19	(\$167,950)	\$18,012,792
21		07/31/19	(\$167,950)	\$17,844,842
22	Balance at August 31, 2019	08/31/19	(\$167,950)	\$17,676,893
23				
24	Rate Year 1 Merger Hold Harmless - 5 Quarter Average			\$18,662,756

Line Notes

- 1(c) Page 21 of 23 Line 5 Column (e)
- 3(c) Page 21 of 23 Line 6 Column (f) divide by 3 times 2
- 5(c) Line 1 + Line 8
- 11(b) Page 21 of 23 Line 10 Column (f) divide by 3 times 1
- 12(b) Page 21 of 23 Line 11 Column (f) divide by 3 times 1
- 13(b) Page 21 of 23 Line 11 Column (f) divide by 3 times 1
- 14(b) Page 21 of 23 Line 11 Column (f) divide by 3 times 1
- 15(b) Page 21 of 23 Line 12 Column (f) divide by 3 times 1
- 16(b) Page 21 of 23 Line 12 Column (f) divide by 3 times 1
- 17(b) Page 21 of 23 Line 12 Column (f) divide by 3 times 1
- 18(b) Page 21 of 23 Line 13 Column (f) divide by 3 times 1
- 19(b) Page 21 of 23 Line 13 Column (f) divide by 3 times 1
- 20(b) Page 21 of 23 Line 13 Column (f) divide by 3 times 1
- 21(b) Page 21 of 23 Line 14 Column (f) divide by 3 times 1
- 22(b) Page 21 of 23 Line 14 Column (f) divide by 3 times 1

The Narragansett Electric Company d/b/a National Grid
Merger Hold Harmless Rate Base Credit Adjustments To Rate Base
Rate Year 1 Ending August 31, 2019 through Data Year 2 Ending August 31, 2021

	Description	Period (a)	Monthly Expense (b)	Merger Hold Harmless Rate Base Credit (c)
1	Balance at August 31, 2019			\$17,676,893
2		09/30/19	(\$167,950)	\$17,508,943
3		10/31/19	(\$167,950)	\$17,340,994
4		11/30/19	(\$167,950)	\$17,173,044
5		12/31/19	(\$167,950)	\$17,005,095
6		01/31/20	(\$198,997)	\$16,806,098
7		02/29/20	(\$198,997)	\$16,607,100
8		03/31/20	(\$198,997)	\$16,408,103
9		04/30/20	(\$198,997)	\$16,209,106
10		05/31/20	(\$198,997)	\$16,010,109
11		06/30/20	(\$198,997)	\$15,811,112
12		07/31/20	(\$198,997)	\$15,612,115
13	Balance at August 31, 2020	08/31/20	(\$198,997)	\$15,413,118
14				
15	Rate Year 2 Merger Hold Harmless - 5 Quarter Average			<u>\$16,576,053</u>
16				
17	Balance at August 31, 2020			\$15,413,118
18		09/30/20	(\$198,997)	\$15,214,120
19		10/31/20	(\$198,997)	\$15,015,123
20		11/30/20	(\$198,997)	\$14,816,126
21		12/31/20	(\$198,997)	\$14,617,129
22		01/31/21	(\$223,582)	\$14,393,547
23		02/28/21	(\$223,582)	\$14,169,965
24		03/31/21	(\$223,582)	\$13,946,383
25		04/30/21	(\$223,582)	\$13,722,802
26		05/31/21	(\$223,582)	\$13,499,220
27		06/30/21	(\$223,582)	\$13,275,638
28		07/31/21	(\$223,582)	\$13,052,056
29	Balance at August 31, 2021	08/31/21	(\$223,582)	\$12,828,474
30				
31	Rate Year 3 Merger Hold Harmless - 5 Quarter Average			<u>\$14,145,381</u>

Line Notes

- 1(c) Page 9 of 23 Line 22 Column (c)
- 2(b) Page 21 of 23 Line 14 Column (f) divide by 3 times 1
- 3(b) Page 21 of 23 Line 15 Column (f) divide by 3 times 1
- 4(b) Page 21 of 23 Line 15 Column (f) divide by 3 times 1
- 5(b) Page 21 of 23 Line 15 Column (f) divide by 3 times 1
- 6(b) Page 21 of 23 Line 16 Column (f) divide by 3 times 1
- 7(b) Page 21 of 23 Line 16 Column (f) divide by 3 times 1
- 8(b) Page 21 of 23 Line 16 Column (f) divide by 3 times 1
- 9(b) Page 21 of 23 Line 17 Column (f) divide by 3 times 1
- 10(b) Page 21 of 23 Line 17 Column (f) divide by 3 times 1
- 11(b) Page 21 of 23 Line 17 Column (f) divide by 3 times 1
- 12(b) Page 21 of 23 Line 18 Column (f) divide by 3 times 1
- 13(b) Page 21 of 23 Line 18 Column (f) divide by 3 times 1
- 18(b) Page 21 of 23 Line 18 Column (f) divide by 3 times 1
- 19(b) Page 21 of 23 Line 19 Column (f) divide by 3 times 1
- 20(b) Page 21 of 23 Line 19 Column (f) divide by 3 times 1
- 21(b) Page 21 of 23 Line 19 Column (f) divide by 3 times 1
- 22(b) Page 21 of 23 Line 20 Column (f) divide by 3 times 1
- 23(b) Page 21 of 23 Line 20 Column (f) divide by 3 times 1
- 24(b) Page 21 of 23 Line 20 Column (f) divide by 3 times 1
- 25(b) Page 21 of 23 Line 21 Column (f) divide by 3 times 1
- 26(b) Page 21 of 23 Line 21 Column (f) divide by 3 times 1
- 27(b) Page 21 of 23 Line 21 Column (f) divide by 3 times 1
- 28(b) Page 21 of 23 Line 22 Column (f) divide by 3 times 1
- 29(b) Page 21 of 23 Line 22 Column (f) divide by 3 times 1

The Narragansett Electric Company d/b/a National Grid
Accumulated Deferred Tax Forecast Rate Base Adjustments
Test Year Ending June 31,2017 through Rate Year 1 Ending August 31, 2019

Description	Period or	Accumulated	
	Amount	(b)	Deferred Income Tax (c)
(a)	(b)	(c)	(c)
1 Balance at June 30, 2017			\$122,924,988
2			
3 Increase/(Decrease) 2 Month Ended		1/	\$5,164,175
4 Adjustment for decrease in federal tax rate			(\$75,170)
5 Balance at August 31, 2017			\$128,013,993
6			
7 Increase/(Decrease) 12 Month Ended		2/	\$20,896,083
8			
9 Balance at August 31, 2018			\$148,910,075
10			
11 Balance as of:	09/30/18	3/	\$150,134,887
12	10/31/18	3/	\$151,359,699
13	11/30/18	3/	\$152,584,511
14	12/31/18	3/	\$153,809,323
15	01/31/19	3/	\$155,034,135
16	02/28/19	3/	\$156,258,947
17	03/31/19	3/	\$157,483,759
18	04/30/19	3/	\$158,708,571
19	05/31/19	3/	\$159,933,383
20	06/30/19	3/	\$161,158,195
21	07/31/19	3/	\$162,383,007
22 Balance at August 31, 2019		3/	\$163,607,819
23			
24 Rate Year 1 Accumulated Deferred Income Tax - Five Quarter Average			\$156,258,947
25			
26	Book	Tax	Difference
27	(a)	(b)	(c)
28 1/ 2 Months Ending 08/30/17			
29 Depreciation	\$6,232,539	\$22,600,764	\$16,368,225
30 Income Tax Rate			31.55%
31 2 Month Change to Accumulated Deferred Taxes			\$5,164,175
32 Net Operating Loss Utilization			\$0
33 Proration Adjustment			\$0
34 Net Annual Change			\$5,164,175
35			
36 2/ 12 Months Ended 08/31/18:			
37 Depreciation	\$39,556,596	\$116,510,100	\$76,953,504
38 Income Tax Rate			27.15%
39 Annual Change to Accumulated Deferred Taxes			\$20,896,083
40 Net Operating Loss Utilization			\$0
41 Proration Adjustment			\$0
42 Net Annual Change			\$20,896,083
43			
44 3/ 12 Months Ended 08/31/19:			
45 Depreciation	\$40,918,876	\$117,594,245	\$76,675,369
46 Income Tax Rate			21.00%
47 Annual Change to Accumulated Deferred Taxes			\$16,101,827
48 Net Operating Loss Utilization			\$1,379,604
49 Proration Adjustment			(\$1,047,578)
50 Net Annual Change			\$16,433,854
51 Net of Amortization of Excess Deferred Tax		(\$1,736,110)	\$14,697,744
52 Monthly Change to Accumulated Deferred Taxes			\$1,224,812

Column Notes
(b) Per Tax Department

Line Notes
1(c) Page 2 of 23 Line 29 Column (e)
29(a) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 22 Column (a)
29(b) Page 14 of 23 Line 3 Column (b)
37(a) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 41 Column (a)
37(b) Page 14 of 23 Line 3 Column (c)
45(a) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 16 Column (a)
45(b) Page 14 of 23 Line 3 Column (d)

The Narragansett Electric Company d/b/a National Grid
Accumulated Deferred Tax Forecast Rate Base Adjustments
Rate Year 1 Ending August 31, 2019 through Data Year 2 Ending August 31, 2021

Description	Period or	(b)	Accumulated
	Amount		Deferred
	(a)		Income Tax
			(c)
1 Balance at August 31, 2019			\$163,607,819
2			
3 Balance as of:	09/30/19	1/	\$164,890,348
4	10/31/19	1/	\$166,172,876
5	11/30/19	1/	\$167,455,405
6	12/31/19	1/	\$168,737,934
7	01/31/20	1/	\$170,020,462
8	02/29/20	1/	\$171,302,991
9	03/31/20	1/	\$172,585,520
10	04/30/20	1/	\$173,868,048
11	05/31/20	1/	\$175,150,577
12	06/30/20	1/	\$176,433,106
13	07/31/20	1/	\$177,715,634
14 Balance at August 31, 2020		1/	\$178,998,163
15			
16 Data Year 1 Accumulated Deferred Income Tax - Five Quarter Average			<u>\$171,302,991</u>
17			
18 Balance as of:	09/30/20	2/	\$180,502,977
19	10/31/20	2/	\$182,007,791
20	11/30/20	2/	\$183,512,606
21	12/31/20	2/	\$185,017,420
22	01/31/21	2/	\$186,522,234
23	02/28/21	2/	\$188,027,048
24	03/31/21	2/	\$189,531,862
25	04/30/21	2/	\$191,036,677
26	05/31/21	2/	\$192,541,491
27	06/30/21	2/	\$194,046,305
28	07/31/21	2/	\$195,551,119
29 Balance at August 31, 2021		2/	\$197,055,933
30			
31 Data Year 2 Accumulated Deferred Income Tax - Five Quarter Average			<u>\$188,533,417</u>
32			
33	Book	Tax	Difference
34	(a)	(b)	(c)
35 1/ 12 Months Ended 08/31/20:			
36 Depreciation	\$44,381,777	\$117,680,701	\$73,298,924
37 Income Tax Rate			21.00%
38 Annual Change to Accumulated Deferred Taxes			\$15,392,774
39 Net Operating Loss Utilization			\$4,265,526
40 Proration Adjustment			(\$2,531,846)
41 Net Annual Change			\$17,126,454
42 Net of Amortization of Excess Deferred Tax		(\$1,736,110)	\$15,390,344
43 Monthly Change to Accumulated Deferred Taxes			<u>\$1,282,529</u>
44			
45 2/ 12 Months Ended 08/31/21:			
46 Depreciation	\$47,792,245	\$120,920,984	\$73,128,738
47 Income Tax Rate			21.00%
48 Annual Change to Accumulated Deferred Taxes			\$15,357,035
49 Net Operating Loss Utilization			\$9,978,651
50 Proration Adjustment			(\$5,541,806)
51 Net Annual Change			\$19,793,880
52 Net of Amortization of Excess Deferred Tax		(\$1,736,110)	\$18,057,770
53 Monthly Change to Accumulated Deferred Taxes			<u>\$1,504,814</u>

Column Notes

(b) Per Tax Department

Line Notes

36(a) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 37 Column (a)
36(b) Page 14 of 23 Line 3 Column (e)
46(a) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 58 Column (a)
46(b) Page 14 of 23 Line 3 Column (f)

The Narragansett Electric Company d/b/a National Grid
Proration Adjustment
Test Year through Data Year 2

Description	2 Months Ending August 31, 2017 (a)	12 Months Ending August 31, 2018 (b)	Rate Year 1 Ending August 31, 2019 (c)	Data Year 1 Ending August 31, 2020 (d)	Data Year 2 Ending August 31, 2021 (e)
1 Proration Adjustment	\$0	\$0	\$1,047,578	\$2,531,846	\$5,541,806
2					
3 Total	\$0	\$0	\$1,047,578	\$2,531,846	\$5,541,806
4					
5					
6 NOTE: Proration is not applicable to actual ADIT					
7					
8 August 2018 Rate Calculation			# of Months		
9 Sep 2017 - 3/31/2018		31.55%	7		
10 4/1/2018 - 8/31/2018		21.00%	5		
11 Blended Rate		27.15%	12		
12					
13 Deferred Tax Subject to Proration					
14 Book Depreciation	\$6,232,539	\$39,556,596	\$40,918,876	\$44,381,777	\$47,792,245
15 Bonus Depreciation	(\$4,079,073)	(\$2,105,710)	\$0	\$0	\$0
16 Remaining MACRS Tax Depreciation	(\$6,604,013)	(\$40,578,278)	(\$43,580,207)	(\$46,379,452)	(\$49,107,237)
17					
18 Cumulative Book / Tax Timer	(\$4,450,547)	(\$3,127,392)	(\$2,661,331)	(\$1,997,675)	(\$1,314,991)
19 Effective Tax Rate	31.55%	27.15%	21.00%	21.00%	21.00%
20 Deferred Tax Reserve	(\$1,404,147)	(\$849,217)	(\$558,880)	(\$419,512)	(\$276,148)
21					
22 Net Operating Loss Utilization					
23					
24 Net Operating Loss Utilization			(\$6,569,542)	(\$20,312,027)	(\$47,517,386)
25 Effective Tax Rate			21.00%	21.00%	21.00%
26 Deferred Tax Reserve			(\$1,379,604)	(\$4,265,526)	(\$9,978,651)
27					
28 Total Accumulated Deferred Income Taxes Subject to Proration	\$0	\$0	(\$1,938,483)	(\$4,685,037)	(\$10,254,799)
29					
30		Days in Month	Proration Percentage		
31					
32 Proration Calculation					
33 September	\$0	30	92%	(\$148,263)	(\$784,328)
34 October	\$0	31	83%	(\$134,543)	(\$711,749)
35 November	\$0	30	75%	(\$121,266)	(\$641,510)
36 December	\$0	31	67%	(\$107,546)	(\$568,931)
37 January	\$0	31	58%	(\$93,826)	(\$496,351)
38 February	\$0	28	50%	(\$81,434)	(\$430,795)
39 March	\$0	31	42%	(\$67,714)	(\$358,216)
40 April	\$0	30	34%	(\$54,437)	(\$287,977)
41 May	\$0	31	25%	(\$40,717)	(\$215,398)
42 June	\$0	30	17%	(\$27,440)	(\$145,159)
43 July	\$0	31	8%	(\$13,720)	(\$72,580)
44 August	\$0	31	0%	\$0	\$0
45 Total	\$0	\$0	\$0	(\$890,906)	(\$4,712,993)
46					
47 Deferred Tax Without Proration	\$0	\$0	(\$1,938,483)	(\$4,685,037)	(\$10,254,799)
48 Proration Adjustment	\$0	\$0	\$1,047,578	\$2,531,846	\$5,541,806

Line Notes

- 14(a) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 22 Column (a)
- 14(b) Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 41 Column (a)
- 14(c) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 16 Column (a)
- 14(d) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 37 Column (a)
- 14(e) Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 58 Column (a)
- 15(a) Page 15 of 23 Line 2 Column (c) times -1
- 15(b) Page 15 of 23 Line 5 Column (c) times -1
- 15(c) Page 15 of 23 Line 8 Column (c) times -1
- 15(d) Page 15 of 23 Line 11 Column (c) times -1
- 16(a) Page 15 of 23; Line 1 Column (d) plus Line 3 Column (d)
- 16(b) Page 15 of 23; Line 1 Column (e) plus Line 3 Column (e) plus Line 6 Column (e)
- 16(c) Page 15 of 23; Line 1 Column (f) plus Line 3 Column (f) plus Line 6 Column (f) plus Line 9 Column (f)
- 16(d) Page 15 of 23; Line 1 Column (g) plus Line 3 Column (g) plus Line 6 Column (g) plus Line 9 Column (g) plus Line 12 Column (g)
- 16(e) Page 15 of 23; Line 1 Column (h) plus Line 3 Column (h) plus Line 6 Column (h) plus Line 9 Column (h) plus Line 12 Column (h) plus Line 15 Column (h)
- 18 Sum of Lines 14, 15 and 16
- 19 Per Tax Department
- 20 Line 18 times 19
- 24(c) Page 11 of 23 Line 48 Column (c) divided by Line 19 Column (c)
- 24(d) Page 12 of 23 Line 39 Column (c) divided by Line 19 Column (d)
- 24(e) Page 12 of 23 Line 49 Column (c) divided by Line 19 Column (e)
- 25 Per Tax Department
- 26 Line 25 times 24
- 28 Line 20 plus 26

The Narragansett Electric Company d/b/a National Grid
Federal Tax Depreciation
Test Year through Data Year 2
Estimated Additions

Description	Test Year Ending June 30, 2017 (a)	2 Months Ending August 31, 2017 (b)	12 Months Ending August 31, 2018 (c)	Rate Year 1 Ending August 31, 2019 (d)	Data Year 1 Ending August 31, 2020 (e)	Data Year 2 Ending August 31, 2021 (f)
1 Narragansett Gas Tax Depreciation of Embedded Plant	\$30,237,950	\$22,600,764	\$116,510,100	\$117,594,245	\$117,680,701	\$120,920,984
2						
3 Total	\$30,237,950	\$22,600,764	\$116,510,100	\$117,594,245	\$117,680,701	\$120,920,984

Line Notes

- 1(a) Per Tax Department
- 1(b) Page 15 of 23 Line 17 Column (d)
- 1(c) Page 15 of 23 Line 17 Column (e)
- 1(d) Page 15 of 23 Line 17 Column (f)
- 1(e) Page 15 of 23 Line 17 Column (g)
- 1(f) Page 15 of 23 Line 17 Column (h)

The Narragansett Electric Company d/b/a National Grid
Federal Tax Depreciation
Summary

	Narragansett Electric Company	Capital Additions (a)	Capital Repairs Current Deduct (b)	Yr 1 Bonus (c)	Total Tax Depreciation and Repairs Deduction				
					2 Months Ending August 31, 2017 (d)	12 Months Ending August 31, 2018 (e)	Rate Year 1 Ending August 31, 2019 (f)	Data Year 1 Ending August 31, 2020 (g)	Data Year 2 Ending August 31, 2021 (h)
1	Tax Depreciation on Existing Plant				\$6,451,048	\$38,467,635	\$37,911,627	\$37,405,849	\$37,132,672
2	Capital Repairs/Bonus 2 Months Ending August 31, 2017	\$19,087,111	\$10,928,966	\$4,079,073	\$15,008,038				
3	MACRS 2 Months Ending August 31, 2017				\$152,965	\$294,468	\$272,360	\$251,964	\$233,037
4	Cost of Removal 2 Months Ending August 31, 2017				\$988,712				
5	Capital Repairs/Bonus 12 Months Ending August 31, 2018	\$118,238,399	\$67,701,363	\$2,105,710		\$69,807,073			
6	MACRS 12 Months Ending August 31, 2018					\$1,816,175	\$3,496,257	\$3,233,760	\$2,991,603
7	Cost of Removal 12 Months Ending August 31, 2018					\$6,124,749			
8	Capital Repairs/Bonus Rate Year 1 Ending August 31, 2019	\$118,539,376	\$67,873,698	\$0			\$67,873,698		
9	MACRS Rate Year 1 Ending August 31, 2019						\$1,899,963	\$3,657,555	\$3,382,947
10	Cost of Removal Rate Year 1 Ending August 31, 2019						\$6,140,340		
11	Capital Repairs/Bonus Data Year 1 Ending August 31, 2020	\$114,194,630	\$65,385,967	\$0				\$65,385,967	
12	MACRS Data Year 1 Ending August 31, 2020							\$1,830,325	\$3,523,497
13	Cost of Removal Data Year 1 Ending August 31, 2020							\$5,915,282	
14	Capital Repairs/Bonus Data Year 2 Ending August 31, 2021	\$115,015,436	\$65,855,947						\$65,855,947
15	MACRS Data Year 2 Ending August 31, 2021								\$1,843,481
16	Cost of Removal Data Year 2 Ending August 31, 2021								\$5,957,800
17	Total	\$485,074,951	\$277,745,941	\$6,184,783	\$22,600,764	\$116,510,100	\$117,594,245	\$117,680,701	\$120,920,984

Line Note

- 2(a) Page 16 of 23 Line 1 Column (a)
- 2(b) Page 16 of 23 Line 5 Column (a)
- 2(c) Page 16 of 23 Line 16 Column (a)
- 2(d) Sum of 2(b) plus 2(c)
- 3(d) Page 16 of 23 Line 24 Column (a)
- 3(e) Page 16 of 23 Line 24 Column (b)
- 3(f) Page 16 of 23 Line 24 Column (c)
- 3(g) Page 16 of 23 Line 24 Column (d)
- 3(h) Page 16 of 23 Line 24 Column (e)
- 4(d) Page 16 of 23 Line 26 Column (a)
- 5(a) Page 17 of 23 Line 1 Column (a)
- 5(b) Page 17 of 23 Line 5 Column (a)
- 5(c) Page 17 of 23 Line 16 Column (a)

- 5(e) Sum of 5(b) plus 5(c)
- 6(e) Page 17 of 23 Line 24 Column (a)
- 6(f) Page 17 of 23 Line 24 Column (b)
- 6(g) Page 17 of 23 Line 24 Column (c)
- 6(h) Page 17 of 23 Line 24 Column (d)
- 7(c) Page 17 of 23 Line 26 Column (a)
- 8(a) Page 18 of 23 Line 1 Column (a)
- 8(b) Page 18 of 23 Line 5 Column (a)
- 8(c) Page 18 of 23 Line 16 Column (a)
- 8(f) Sum of 8(b) plus 8(c)
- 9(f) Page 18 of 23 Line 24 Column (a)
- 9(g) Page 18 of 23 Line 24 Column (b)
- 9(h) Page 18 of 23 Line 24 Column (c)

- 10(f) Page 18 of 23 Line 26 Column (a)
- 11(a) Page 19 of 23 Line 1 Column (a)
- 11(b) Page 19 of 23 Line 5 Column (a)
- 11(c) Page 19 of 23 Line 16 Column (a)
- 11(g) Sum of 11(b) plus 11(c)
- 12(g) Page 19 of 23 Line 24 Column (a)
- 12(h) Page 19 of 23 Line 24 Column (b)
- 13(g) Page 19 of 23 Line 26 Column (a)
- 14(a) Page 20 of 23 Line 1 Column (a)
- 14(b) Page 20 of 23 Line 5 Column (a)
- 14(h) Sum of 14(b) plus 14(c)
- 15(h) Page 20 of 23 Line 24 Column (a)
- 16(h) Page 20 of 23 Line 26 Column (a)

The Narragansett Electric Company d/b/a National Grid
Calculation of Tax Depreciation and Repairs Deduction
On Capital Investment for the 2 Months Ending August 31, 2017

	Reference	2 Months Ending August 31, 2017 (a)	12 Months Ending August 31, 2018 (b)	Rate Year 1 Ending August 31, 2019 (c)	Data Year 1 Ending August 31, 2020 (d)	Data Year 2 Ending August 31, 2021 (e)
1	<u>Capital Repairs Deduction</u>					
2	Plant Additions	Schedule MAL-11-GAS (Rev-2) Page 3 of 23 Line 4 Column (b)	\$19,087,111			
3	Plant Eligible for Capital Repairs Deduction		\$19,087,111			
4	Capital Repairs Deduction Rate	Per Tax Department	57.26%			
5	Capital Repairs Deduction	Line 3 * Line 4	\$10,928,966			
6						
7	<u>Bonus Depreciation</u>					
8	Plant Additions	Line 1	\$19,087,111			
9	Less Capital Repairs Deduction	Line 5	\$10,928,966			
10	Plant Additions Net of Capital Repairs Deduction	Line 8 - Line 9	\$8,158,145			
11	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%			
12	Plant Eligible for Bonus Depreciation	Line 10 * Line 11	\$8,158,145			
13						
14						
15	Bonus Depreciation Rate		50.00%			
16	Total Bonus Depreciation Rate	Line 12 * Line 15	\$4,079,073			
17						
18	<u>Remaining Tax Depreciation</u>					
19	Plant Additions	Line 1	\$19,087,111			
20	Less Capital Repairs Deduction	Line 5	(\$10,928,966)			
21	Less Bonus Depreciation	Line 14	(\$4,079,073)			
22	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Sum Lines 19 Through 21	\$4,079,073	\$4,079,073	\$4,079,073	\$4,079,073
23	20 YR MACRS Tax Depreciation Rates	Per Tax Department	3.75%	7.219%	6.677%	6.177%
24	Remaining Tax Depreciation	Line 23 * Line 24	\$152,965	\$294,468	\$272,360	\$251,964
25						
26	Cost of Removal	Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 23 Column (a) * -1	\$988,712			
27						
28	Total Tax Depreciation and Repairs Deduction	Line 5 + Line 16 + Line 24 + Line 26	\$16,149,716	\$294,468	\$272,360	\$251,964

The Narragansett Electric Company d/b/a National Grid
Calculation of Tax Depreciation and Repairs Deduction
On Capital Investment for the 12 Months Ending August 31, 2018

Reference	12 Months Ending August 31, 2018 (a)	Rate Year 1 Ending August 31, 2019 (b)	Data Year 1 Ending August 31, 2020 (c)	Data Year 2 Ending August 31, 2021 (d)
<u>Capital Repairs Deduction</u>				
1 Plant Additions	Schedule MAL-11-GAS (Rev-2) Page 3 of 23 Line 11 Column (f)	\$118,238,399		
2				
3 Plant Eligible for Capital Repairs Deduction		\$118,238,399		
4 Capital Repairs Deduction Rate	Per Tax Department	\$7.26%		
5 Capital Repairs Deduction	Line 3 * Line 4	\$67,701,363		
6				
<u>Bonus Depreciation</u>				
7				
8 Plant Additions	Line 1	\$118,238,399		
9 Less Capital Repairs Deduction	Line 5	\$67,701,363		
10 Plant Additions Net of Capital Repairs Deduction	Line 8 - Line 9	\$50,537,036		
11 Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	8.33%		
12 Plant Eligible for Bonus Depreciation	Line 10 * Line 11	\$4,211,420		
13 Bonus Depreciation Rate (September 2017 - December 2017)	4 months 2017 @ 50% (50%*4/12)	50.00%		
14 Bonus Depreciation Rate (January 2018 - August 2018)	8 months 2018 @ 40% (40%*8/12)	0.00%		
15 Total Bonus Depreciation Rate	Line 13 + Line 14	50.00%		
16 Total Bonus Depreciation Rate	Line 12 * Line 15	\$2,105,710		
17				
<u>Remaining Tax Depreciation</u>				
18				
19 Plant Additions	Line 1	\$118,238,399		
20 Less Capital Repairs Deduction	Line 5	(\$67,701,363)		
21 Less Bonus Depreciation	Line 16 * -1	(\$2,105,710)		
22 Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Sum Lines 19 Through 21	\$48,431,326	\$48,431,326	\$48,431,326
23 20 YR MACRS Tax Depreciation Rates	Per Tax Department	3.75%	7.219%	6.677%
24 Remaining Tax Depreciation	Line 23 * Line 24	\$1,816,175	\$3,496,257	\$3,233,760
25				
26 Cost of Removal	Schedule MAL-6-GAS (Rev-2) Page 1 of 5 Line 42 Column (a) *	\$6,124,749		
27				
28 Total Tax Depreciation and Repairs Deduction	Line 5 + Line 16 + Line 24 + Line 26	\$77,747,997	\$3,496,257	\$3,233,760
				\$2,991,603

The Narragansett Electric Company d/b/a National Grid
Calculation of Tax Depreciation and Repairs Deduction
On Capital Investment for the 12 Months Ending August 31, 2019

	Reference	Rate Year 1 Ending August 31, 2019 (a)	Data Year 1 Ending August 31, 2020 (b)	Data Year 2 Ending August 31, 2021 (c)
<u>Capital Repairs Deduction</u>				
1	Plant Additions	Schedule MAL-11-GAS (Rev-2) Page 3 of 23 Line 35 Column (t)	\$118,539,376	
2				
3	Plant Eligible for Capital Repairs Deduction		\$118,539,376	
4	Capital Repairs Deduction Rate	Per Tax Department	57.26%	
5	Capital Repairs Deduction	Line 3 * Line 4	\$67,873,698	
6				
7	<u>Bonus Depreciation</u>			
8	Plant Additions	Line 1	\$118,539,376	
9	Less Capital Repairs Deduction	Line 5	\$67,873,698	
10	Plant Additions Net of Capital Repairs Deduction	Line 8 - Line 9	\$50,665,679	
11	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	0.00%	
12	Plant Eligible for Bonus Depreciation	Line 10 * Line 11	\$0	
13	Bonus Depreciation Rate (September 2018 - December 2018)	4 months 2018 @ 40% (40%*4/12)	13.33%	
14	Bonus Depreciation Rate (January 2019 - August 2019)	8 months 2019 @ 30% (30%*8/12)	20.00%	
15	Bonus Depreciation Rate	Line 13 + Line 14	33.33%	
16	Total Bonus Depreciation Rate	Line 12 * Line 15	\$0	
17				
18				
19	<u>Remaining Tax Depreciation</u>			
20	Plant Additions	Line 1	\$118,539,376	
21	Less Capital Repairs Deduction	Line 5	(\$67,873,698)	
22	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Sum Lines 19 Through 21	\$50,665,679	\$50,665,679
23	20 YR MACRS Tax Depreciation Rates	Per Tax Department	3.750%	7.219%
24	Remaining Tax Depreciation	Line 23 * Line 24	\$1,899,963	\$3,657,555
25				\$3,382,947
26	Cost of Removal	Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 18 Column (a) *s	\$6,140,340	
27				
28	Total Tax Depreciation and Repairs Deduction	Line 5 + Line 16 + Line 24 + Line 26	\$75,914,000	\$3,657,555

The Narragansett Electric Company d/b/a National Grid
Calculation of Tax Depreciation and Repairs Deduction
On Capital Investment for the 12 Months Ending August 31, 2020

	Reference	Data Year 1 Ending August 31, 2020 (a)	Data Year 2 Ending August 31, 2021 (b)
<u>Capital Repairs Deduction</u>			
1	Plant Additions	\$114,194,630	
2			
3	Plant Eligible for Capital Repairs Deduction	\$114,194,630	
4	Capital Repairs Deduction Rate	57.26%	
5	Capital Repairs Deduction	\$65,385,967	
6			
<u>Bonus Depreciation</u>			
7	Plant Additions	\$114,194,630	
8	Less Capital Repairs Deduction	\$65,385,967	
9	Plant Additions Net of Capital Repairs Deduction	\$48,808,663	
10	Percent of Plant Eligible for Bonus Depreciation	0.00%	
11	Plant Eligible for Bonus Depreciation	\$0	
12	Bonus Depreciation Rate (September 2019 - December 2019)	10.00%	
13	Bonus Depreciation Rate (January 2020 - August 2020)	0.00%	
14	Bonus Depreciation Rate	10.00%	
15	Total Bonus Depreciation Rate	\$0	
16			
17			
18			
<u>Remaining Tax Depreciation</u>			
19	Plant Additions	\$114,194,630	
20	Less Capital Repairs Deduction	(\$65,385,967)	
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$48,808,663	\$48,808,663
22	20 YR MACRS Tax Depreciation Rates	3.750%	7.219%
23	Remaining Tax Depreciation	\$1,830,325	\$3,523,497
24			
25			
26	Cost of Removal	\$5,915,282	
27			
28	Total Tax Depreciation and Repairs Deduction	\$73,131,574	\$3,523,497

The Narragansett Electric Company d/b/a National Grid
Calculation of Tax Depreciation and Repairs Deduction
On Capital Investment for the 12 Months Ending August 31, 2021

	Reference	Data Year 2 Ending August 31, 2021 (a)
<u>Capital Repairs Deduction</u>		
1 Plant Additions	Schedule MAL-11-GAS (Rev-2) Page 4 of 23 Line 44 Column (c)	\$115,015,436
2		
3 Plant Eligible for Capital Repairs Deduction		\$115,015,436
4 Capital Repairs Deduction Rate	Per Tax Department	57.26%
5 Capital Repairs Deduction	Line 3 * Line 4	\$65,855,947
6		
<u>Bonus Depreciation</u>		
7		
8 Plant Additions	Line 1	\$115,015,436
9 Less Capital Repairs Deduction	Line 5	\$65,855,947
10 Plant Additions Net of Capital Repairs Deduction	Line 8 - Line 9	\$49,159,489
11 Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	0.00%
12 Plant Eligible for Bonus Depreciation	Line 10 * Line 11	\$0
13		
14		
15 Bonus Depreciation Rate		0.00%
16 Total Bonus Depreciation Rate	Line 12 * Line 13	\$0
17		
18		
<u>Remaining Tax Depreciation</u>		
19		
20 Plant Additions	Line 1	\$115,015,436
21 Less Capital Repairs Deduction	Line 5	(\$65,855,947)
22 Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Sum Lines 19 Through 21	\$49,159,489
23 20 YR MACRS Tax Depreciation Rates	Per Tax Department	3.750%
24 Remaining Tax Depreciation	Line 23 * Line 24	\$1,843,481
25		
26 Cost of Removal	Schedule MAL-6-GAS (Rev-2) Page 2 of 5 Line 60 Column (a) *	\$5,957,800
27		
28 Total Tax Depreciation and Repairs Deduction	Line 5 + Line 16 + Line 24 + Line 26	\$73,657,228

National Grid - RI Gas
Customer Hold Harmless Credit
Rate Base Impact

Month	Year	Deferred FIT DFIT Balance	Unamortized Investment Tax Credit Balance	Hold Harmless Total	Deferred Federal Income Tax Change	ITC Change	Total Change	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	June	2016	\$22,928,782	\$0	\$22,928,782	(\$318,361)	\$0	(\$318,361)
2	September	2016	\$22,610,421	\$0	\$22,610,421	(\$318,361)	\$0	(\$318,361)
3	December	2016	\$22,292,061	\$0	\$22,292,061	(\$318,361)	\$0	(\$318,361)
4	March	2017	\$21,912,516	\$0	\$21,912,516	(\$379,545)	\$0	(\$379,545)
5	June	2017	\$21,532,971	\$0	\$21,532,971	(\$379,545)	\$0	(\$379,545)
6	September	2017	\$21,153,427	\$0	\$21,153,427	(\$379,545)	\$0	(\$379,545)
7	December	2017	\$20,773,882	\$0	\$20,773,882	(\$379,545)	\$0	(\$379,545)
8	March	2018	\$20,335,534	\$0	\$20,335,534	(\$438,348)	\$0	(\$438,348)
9	June	2018	\$19,897,186	\$0	\$19,897,186	(\$438,348)	\$0	(\$438,348)
10	September	2018	\$19,458,837	\$0	\$19,458,837	(\$438,348)	\$0	(\$438,348)
11	December	2018	\$19,020,489	\$0	\$19,020,489	(\$438,348)	\$0	(\$438,348)
12	March	2019	\$18,516,640	\$0	\$18,516,640	(\$503,849)	\$0	(\$503,849)
13	June	2019	\$18,012,792	\$0	\$18,012,792	(\$503,849)	\$0	(\$503,849)
14	September	2019	\$17,508,943	\$0	\$17,508,943	(\$503,849)	\$0	(\$503,849)
15	December	2019	\$17,005,095	\$0	\$17,005,095	(\$503,849)	\$0	(\$503,849)
16	March	2020	\$16,408,103	\$0	\$16,408,103	(\$596,991)	\$0	(\$596,991)
17	June	2020	\$15,811,112	\$0	\$15,811,112	(\$596,991)	\$0	(\$596,991)
18	September	2020	\$15,214,120	\$0	\$15,214,120	(\$596,991)	\$0	(\$596,991)
19	December	2020	\$14,617,129	\$0	\$14,617,129	(\$596,991)	\$0	(\$596,991)
20	March	2021	\$13,946,383	\$0	\$13,946,383	(\$670,746)	\$0	(\$670,746)
21	June	2021	\$13,275,638	\$0	\$13,275,638	(\$670,746)	\$0	(\$670,746)
22	September	2021	\$12,604,892	\$0	\$12,604,892	(\$670,746)	\$0	(\$670,746)
23	December	2021	\$11,934,147	\$0	\$11,934,147	(\$670,746)	\$0	(\$670,746)
24	March	2022	\$11,216,530	\$0	\$11,216,530	(\$717,617)	\$0	(\$717,617)
25	June	2022	\$10,498,913	\$0	\$10,498,913	(\$717,617)	\$0	(\$717,617)
26	September	2022	\$9,781,296	\$0	\$9,781,296	(\$717,617)	\$0	(\$717,617)
27	December	2022	\$9,063,679	\$0	\$9,063,679	(\$717,617)	\$0	(\$717,617)
28	March	2023	\$8,310,658	\$0	\$8,310,658	(\$753,021)	\$0	(\$753,021)
29	June	2023	\$7,557,637	\$0	\$7,557,637	(\$753,021)	\$0	(\$753,021)
30	September	2023	\$6,804,616	\$0	\$6,804,616	(\$753,021)	\$0	(\$753,021)
31	December	2023	\$6,051,595	\$0	\$6,051,595	(\$753,021)	\$0	(\$753,021)
32	March	2024	\$5,270,123	\$0	\$5,270,123	(\$781,472)	\$0	(\$781,472)
33	June	2024	\$4,488,651	\$0	\$4,488,651	(\$781,472)	\$0	(\$781,472)
34	September	2024	\$3,707,179	\$0	\$3,707,179	(\$781,472)	\$0	(\$781,472)
35	December	2024	\$2,925,707	\$0	\$2,925,707	(\$781,472)	\$0	(\$781,472)
36	March	2025	\$2,103,962	\$0	\$2,103,962	(\$821,746)	\$0	(\$821,746)
37	June	2025	\$1,282,216	\$0	\$1,282,216	(\$821,746)	\$0	(\$821,746)
38	September	2025	\$460,470	\$0	\$460,470	(\$821,746)	\$0	(\$821,746)
39	December	2025	(\$361,276)	\$0	(\$361,276)	(\$821,746)	\$0	(\$821,746)
40	March	2026	(\$859,326)	\$0	(\$859,326)	(\$498,050)	\$0	(\$498,050)
41	June	2026	(\$1,357,377)	\$0	(\$1,357,377)	(\$498,050)	\$0	(\$498,050)
42	September	2026	(\$1,855,427)	\$0	(\$1,855,427)	(\$498,050)	\$0	(\$498,050)
43	December	2026	(\$2,353,477)	\$0	(\$2,353,477)	(\$498,050)	\$0	(\$498,050)
44	March	2027	(\$2,394,903)	\$0	(\$2,394,903)	(\$41,426)	\$0	(\$41,426)
45	June	2027	(\$2,436,329)	\$0	(\$2,436,329)	(\$41,426)	\$0	(\$41,426)
46	September	2027	(\$2,477,755)	\$0	(\$2,477,755)	(\$41,426)	\$0	(\$41,426)
47	December	2027	(\$2,519,181)	\$0	(\$2,519,181)	(\$41,426)	\$0	(\$41,426)
48	March	2028	(\$2,445,890)	\$0	(\$2,445,890)	\$73,292	\$0	\$73,292
49	June	2028	(\$2,372,598)	\$0	(\$2,372,598)	\$73,292	\$0	\$73,292
50	September	2028	(\$2,299,307)	\$0	(\$2,299,307)	\$73,292	\$0	\$73,292
51	December	2028	(\$2,226,015)	\$0	(\$2,226,015)	\$73,292	\$0	\$73,292

National Grid - RI Gas
Customer Hold Harmless Credit
Rate Base Impact

Month	Year	Deferred FIT DFIT Balance	Unamortized Investment Tax Credit Balance	Hold Harmless Total	Deferred Federal Income Tax Change	ITC Change	Total Change	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	March	2029	(\$2,152,724)	\$0	(\$2,152,724)	\$73,291	\$0	\$73,291
2	June	2029	(\$2,079,433)	\$0	(\$2,079,433)	\$73,291	\$0	\$73,291
3	September	2029	(\$2,006,143)	\$0	(\$2,006,143)	\$73,291	\$0	\$73,291
4	December	2029	(\$1,932,852)	\$0	(\$1,932,852)	\$73,291	\$0	\$73,291
5	March	2030	(\$1,871,230)	\$0	(\$1,871,230)	\$61,621	\$0	\$61,621
6	June	2030	(\$1,809,609)	\$0	(\$1,809,609)	\$61,621	\$0	\$61,621
7	September	2030	(\$1,747,988)	\$0	(\$1,747,988)	\$61,621	\$0	\$61,621
8	December	2030	(\$1,686,367)	\$0	(\$1,686,367)	\$61,621	\$0	\$61,621
9	March	2031	(\$1,628,755)	\$0	(\$1,628,755)	\$57,611	\$0	\$57,611
10	June	2031	(\$1,571,144)	\$0	(\$1,571,144)	\$57,611	\$0	\$57,611
11	September	2031	(\$1,513,533)	\$0	(\$1,513,533)	\$57,611	\$0	\$57,611
12	December	2031	(\$1,455,922)	\$0	(\$1,455,922)	\$57,611	\$0	\$57,611
13	March	2032	(\$1,398,473)	\$0	(\$1,398,473)	\$57,449	\$0	\$57,449
14	June	2032	(\$1,341,024)	\$0	(\$1,341,024)	\$57,449	\$0	\$57,449
15	September	2032	(\$1,283,574)	\$0	(\$1,283,574)	\$57,449	\$0	\$57,449
16	December	2032	(\$1,226,125)	\$0	(\$1,226,125)	\$57,449	\$0	\$57,449
17	March	2033	(\$1,168,891)	\$0	(\$1,168,891)	\$57,234	\$0	\$57,234
18	June	2033	(\$1,111,657)	\$0	(\$1,111,657)	\$57,234	\$0	\$57,234
19	September	2033	(\$1,054,423)	\$0	(\$1,054,423)	\$57,234	\$0	\$57,234
20	December	2033	(\$997,190)	\$0	(\$997,190)	\$57,234	\$0	\$57,234
21	March	2034	(\$953,205)	\$0	(\$953,205)	\$43,984	\$0	\$43,984
22	June	2034	(\$909,221)	\$0	(\$909,221)	\$43,984	\$0	\$43,984
23	September	2034	(\$865,237)	\$0	(\$865,237)	\$43,984	\$0	\$43,984
24	December	2034	(\$821,253)	\$0	(\$821,253)	\$43,984	\$0	\$43,984
25	March	2035	(\$779,574)	\$0	(\$779,574)	\$41,678	\$0	\$41,678
26	June	2035	(\$737,896)	\$0	(\$737,896)	\$41,678	\$0	\$41,678
27	September	2035	(\$696,218)	\$0	(\$696,218)	\$41,678	\$0	\$41,678
28	December	2035	(\$654,540)	\$0	(\$654,540)	\$41,678	\$0	\$41,678
29	March	2036	(\$614,040)	\$0	(\$614,040)	\$40,500	\$0	\$40,500
30	June	2036	(\$573,539)	\$0	(\$573,539)	\$40,500	\$0	\$40,500
31	September	2036	(\$533,039)	\$0	(\$533,039)	\$40,500	\$0	\$40,500
32	December	2036	(\$492,539)	\$0	(\$492,539)	\$40,500	\$0	\$40,500
33	March	2037	(\$453,832)	\$0	(\$453,832)	\$38,707	\$0	\$38,707
34	June	2037	(\$415,126)	\$0	(\$415,126)	\$38,707	\$0	\$38,707
35	September	2037	(\$376,419)	\$0	(\$376,419)	\$38,707	\$0	\$38,707
36	December	2037	(\$337,713)	\$0	(\$337,713)	\$38,707	\$0	\$38,707
37	March	2038	(\$299,432)	\$0	(\$299,432)	\$38,281	\$0	\$38,281
38	June	2038	(\$261,151)	\$0	(\$261,151)	\$38,281	\$0	\$38,281
39	September	2038	(\$222,870)	\$0	(\$222,870)	\$38,281	\$0	\$38,281
40	December	2038	(\$184,589)	\$0	(\$184,589)	\$38,281	\$0	\$38,281
41	March	2039	(\$147,789)	\$0	(\$147,789)	\$36,800	\$0	\$36,800
42	June	2039	(\$110,988)	\$0	(\$110,988)	\$36,800	\$0	\$36,800
43	September	2039	(\$74,188)	\$0	(\$74,188)	\$36,800	\$0	\$36,800
44	December	2039	(\$37,387)	\$0	(\$37,387)	\$36,800	\$0	\$36,800
45	March	2040	(\$8,127)	\$0	(\$8,127)	\$29,260	\$0	\$29,260
46	June	2040	\$21,133	\$0	\$21,133	\$29,260	\$0	\$29,260
47	September	2040	\$50,393	\$0	\$50,393	\$29,260	\$0	\$29,260
48	December	2040	\$79,653	\$0	\$79,653	\$29,260	\$0	\$29,260
49	March	2041	\$76,145	\$0	\$76,145	(\$3,508)	\$0	(\$3,508)
50	June	2041	\$72,636	\$0	\$72,636	(\$3,508)	\$0	(\$3,508)
51	September	2041	\$69,128	\$0	\$69,128	(\$3,508)	\$0	(\$3,508)

National Grid - RI Gas
Customer Hold Harmless Credit
Rate Base Impact

Month	Year	Deferred FIT DFIT Balance	Unamortized Investment Tax Credit Balance	Hold Harmless Total	Deferred Federal Income Tax Change	ITC Change	Total Change	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	December	2041	\$65,619	\$0	\$65,619	(\$3,508)	\$0	(\$3,508)
2	March	2042	\$60,603	\$0	\$60,603	(\$5,016)	\$0	(\$5,016)
3	June	2042	\$55,587	\$0	\$55,587	(\$5,016)	\$0	(\$5,016)
4	September	2042	\$50,571	\$0	\$50,571	(\$5,016)	\$0	(\$5,016)
5	December	2042	\$45,555	\$0	\$45,555	(\$5,016)	\$0	(\$5,016)
6	March	2043	\$40,241	\$0	\$40,241	(\$5,314)	\$0	(\$5,314)
7	June	2043	\$34,928	\$0	\$34,928	(\$5,314)	\$0	(\$5,314)
8	September	2043	\$29,614	\$0	\$29,614	(\$5,314)	\$0	(\$5,314)
9	December	2043	\$24,300	\$0	\$24,300	(\$5,314)	\$0	(\$5,314)
10	March	2044	\$17,124	\$0	\$17,124	(\$7,177)	\$0	(\$7,177)
11	June	2044	\$9,947	\$0	\$9,947	(\$7,177)	\$0	(\$7,177)
12	September	2044	\$2,770	\$0	\$2,770	(\$7,177)	\$0	(\$7,177)
13	December	2044	(\$4,406)	\$0	(\$4,406)	(\$7,177)	\$0	(\$7,177)
14	March	2045	(\$7,558)	\$0	(\$7,558)	(\$3,152)	\$0	(\$3,152)
15	June	2045	(\$10,709)	\$0	(\$10,709)	(\$3,152)	\$0	(\$3,152)
16	September	2045	(\$13,861)	\$0	(\$13,861)	(\$3,152)	\$0	(\$3,152)
17	December	2045	(\$17,013)	\$0	(\$17,013)	(\$3,152)	\$0	(\$3,152)
18	March	2046	(\$16,720)	\$0	(\$16,720)	\$292	\$0	\$292
19	June	2046	(\$16,428)	\$0	(\$16,428)	\$292	\$0	\$292
20	September	2046	(\$16,135)	\$0	(\$16,135)	\$292	\$0	\$292
21	December	2046	(\$15,843)	\$0	(\$15,843)	\$292	\$0	\$292
22	March	2047	(\$15,315)	\$0	(\$15,315)	\$528	\$0	\$528
23	June	2047	(\$14,787)	\$0	(\$14,787)	\$528	\$0	\$528
24	September	2047	(\$14,259)	\$0	(\$14,259)	\$528	\$0	\$528
25	December	2047	(\$13,731)	\$0	(\$13,731)	\$528	\$0	\$528
26	March	2048	(\$13,203)	\$0	(\$13,203)	\$528	\$0	\$528
27	June	2048	(\$12,675)	\$0	(\$12,675)	\$528	\$0	\$528
28	September	2048	(\$12,147)	\$0	(\$12,147)	\$528	\$0	\$528
29	December	2048	(\$11,619)	\$0	(\$11,619)	\$528	\$0	\$528
30	March	2049	(\$11,091)	\$0	(\$11,091)	\$528	\$0	\$528
31	June	2049	(\$10,563)	\$0	(\$10,563)	\$528	\$0	\$528
32	September	2049	(\$10,036)	\$0	(\$10,036)	\$528	\$0	\$528
33	December	2049	(\$9,508)	\$0	(\$9,508)	\$528	\$0	\$528
34	March	2050	(\$8,980)	\$0	(\$8,980)	\$528	\$0	\$528
35	June	2050	(\$8,452)	\$0	(\$8,452)	\$528	\$0	\$528
36	September	2050	(\$7,924)	\$0	(\$7,924)	\$528	\$0	\$528
37	December	2050	(\$7,396)	\$0	(\$7,396)	\$528	\$0	\$528
38	March	2051	(\$6,868)	\$0	(\$6,868)	\$528	\$0	\$528
39	June	2051	(\$6,340)	\$0	(\$6,340)	\$528	\$0	\$528
40	September	2051	(\$5,812)	\$0	(\$5,812)	\$528	\$0	\$528
41	December	2051	(\$5,284)	\$0	(\$5,284)	\$528	\$0	\$528
42	March	2052	(\$4,756)	\$0	(\$4,756)	\$528	\$0	\$528
43	June	2052	(\$4,228)	\$0	(\$4,228)	\$528	\$0	\$528
44	September	2052	(\$3,700)	\$0	(\$3,700)	\$528	\$0	\$528
45	December	2052	(\$3,173)	\$0	(\$3,173)	\$528	\$0	\$528
46	March	2053	(\$2,645)	\$0	(\$2,645)	\$528	\$0	\$528
47	June	2053	(\$2,117)	\$0	(\$2,117)	\$528	\$0	\$528
48	September	2053	(\$1,589)	\$0	(\$1,589)	\$528	\$0	\$528
49	December	2053	(\$1,061)	\$0	(\$1,061)	\$528	\$0	\$528
50	March	2054	(\$796)	\$0	(\$796)	\$265	\$0	\$265
51	June	2054	(\$530)	\$0	(\$530)	\$265	\$0	\$265

Division 43-2

Request:

Re: the Rebuttal Testimony of Witness Normand, page 3, lines 10 to 18, please:

- a. Verify that for the purpose of determining the overall revenue requirement for Narragansett Gas, the Company's required return is a function of its rate base investment.
- b. Verify that for the purpose of determining the overall revenue requirement for Narragansett Gas, the Company's income tax liability is a function of its required equity return and that overall for Narragansett Gas the Company's revenues must be sufficient to provide its required equity return after all expenses, including income taxes and interest on debt are paid.

Response:

- a. Yes, the Company's required return is a function of its rate base. As shown in Schedule MAL-1-GAS (REV-2) at Page 1 (Bates Page 20 of Book 3), Narragansett Gas' required return of \$58,692,470 (Line 31) was determined by multiplying projected rate year rate base of \$765,221,251 (Line 33) by the required rate of return of 7.67 percent (Line 40).
- b. Yes, the Company's income tax liability is a function of its required equity return. Yes, for the purpose of determining the overall revenue requirement for Narragansett Gas, revenues must be sufficient to provide the required return on equity after all projected expenses, including income taxes and interest on debt paid. Please refer to Schedule MAL-1-GAS (REV-2), Page 1, Columns (e) through (g) (Bates Page 20 of Book 3). The resulting Operating Income After Taxes on Line 31 of Column (e) equals the required after-tax return on rate base as described above in the response to part a. of \$58,692,470. The after-tax return on rate base is comprised of \$39,408,894 of equity return and \$19,283,576 of debt return with which to pay the Company's interest expense.

Division 43-3

Request:

Re: the Rebuttal Testimony of Witness Normand, page 3, line 22, through page 4, line 4. Witness Normand asserts that rate classes with negative rates of return “do, in fact, produce a tax benefit” for Narragansett Gas. Please:

- a. Verify that the “benefit” that classes with negative rates of return allegedly provide is depended upon other classes providing positive rate of return and positive contributions to taxable income.
- b. Verify that, if all classes provided negative rates of return, Narragansett Gas would not be able to earn its authorized overall rate or return.
- c. Verify that, if Narragansett Gas earns its authorized return on equity, it receives no “benefit” from a class of service having negative taxable income. Rather, negative taxable income for a class of service must be offset by extracting greater than system average returns from other classes if the Company’s authorized return on equity is to be achieved.
- d. Verify that the only beneficiaries of a class providing a less than system average return are the members of the class for which a less than system average rate of return is produced.

Response:

- a. The benefit that classes with negative rates of return provide is calculated independently of the other rate classes having a positive rate of return using the same income tax rate for all classes. If all the revenues and costs for the negative rate class were eliminated from the cost of service, there would be no impact on the other rate classes.
- b. If all classes provided negative rates of return, then the total Company rate of return would be negative. The authorized overall company rate of return will determine the revenue level needed to earn that rate of return regardless of whether taxes or return are positive or negative. Using this correct approach to revenue requirement determination assures the true class revenue requirement determination at a uniform rate of return for all classes.
- c. The equalized customer class claimed rates of return set the revenue targets by customer class used in rate design. These revenue targets use the same tax rates producing positive taxable income, income taxes, and rates of return. Using rate design principles of

continuity, the increases are limited to the customer classes with large negative or positive rates of return. The limits of these increases are measured and applied as a percent increase to actual revenues.

The revenue targets used for rate design have positive taxable income and the same income tax rate for all classes as opposed to the misleading and incorrect use of rate base to allocate tax expense. There are no negative taxable income levels in any of the rate classes at an equalized claimed or authorized rate of return level. Please see Attachment DIV 43-4, which illustrates that there are no negative taxable income levels in any rate class at an equalized claimed or authorized rate of return level.

- d. Members of a rate class may produce, on an individual basis, higher or lower rates of return than the total class rate of return or the system average rate of return. The underlying principal of cost allocation is to achieve a final class revenue requirement at a company's uniform rate of return level to determine the class revenue deficiency to then establish a class revenue target increase from existing revenue levels.

Division 43-4

Request:

Re: the Rebuttal Testimony of Witness Normand, page 4, lines 4-6, please provide the witness's understanding of how implementation of rates that allow for a negative rate of return from a class of service is consistent with cost-based ratemaking concepts.

Response:

The proposed cost of service results determine revenue requirement at a uniform rate of return by class where all classes produce full tax responsibility is the only proper way to establish the benchmark or starting point for class revenue targets. This was carefully developed in Schedule PMN-7 (REV-1), Page 2 of 6, Columns P through V. The cost of service results supporting these results are shown in Schedule PMN-2 (REV-1), Pages 3 and 4 and Schedule PMN-5 (REV-1), Pages 5-8, Line 18. In Attachment DIV 43-4, the Company has provided an analysis to illustrate that the calculated income taxes for each rate class that is reflected in the uniform claimed revenue requirement results in the same income tax amount for each rate class had the Company spread the income tax using a rate base allocator. On Line 26, the Company derived the calculated income tax for each rate class as a percent of the total Company income tax. This percentage is within 0.01 percent of the corresponding rate base allocator for all rate classes. Therefore, the Company is not proposing class revenue requirements that generate a negative rate of return from an allocated cost of service perspective.

	Reference	Total Company (a)	Residential Non-Heating Rate 10, 11 & 80 (b)	Residential Heating Rate 12 & 13 (c)	C&I Small Rate 21 (d)	C&I Medium Rate 22 (e)	C & I Large Low Load Fac Rate 33 (f)	C & I Large High Load Fac Rate 23 (g)	C & I X Large Low Load Fac Rate 34 (h)	C & I X Large High Load Fac Rate 24 (i)
SUMMARY OF RESULTS-1										
Development of Return										
1	Sales Revenue for Claimed ROR	\$229,454,781	\$7,237,819	\$152,101,675	\$20,162,153	\$25,444,580	\$10,318,757	\$4,137,121	\$1,870,830	\$8,180,845
2	Other Operating Revenues	\$3,477,297	\$56,502	\$1,775,472	\$352,309	\$549,056	\$241,958	\$93,743	\$83,209	\$325,048
3	Total Proposed Operating Revenue	\$232,932,079	\$7,294,320	\$153,877,148	\$20,514,463	\$25,994,636	\$10,560,715	\$4,230,865	\$1,954,039	\$8,505,894
Less:										
4	Purchased Gas Costs	\$90,118,099	\$3,362,894	\$61,285,618	\$8,834,953	\$9,189,031	\$3,025,297	\$1,182,043	\$630,096	\$2,608,167
5	Other Operating & Maintenance Expense	\$383,178	\$51,229	\$262,267	\$65,028	\$12,269	-\$7,776	\$9,760	-\$2,496	-\$7,103
6	Bad Debt Increase	\$43,162,745	\$1,238,514	\$28,292,154	\$3,541,902	\$4,908,737	\$2,192,480	\$882,833	\$386,528	\$1,719,598
7	Depreciation & Amortization Exp	\$29,859,300	\$875,436	\$19,625,987	\$2,479,293	\$3,382,894	\$1,477,696	\$593,594	\$262,734	\$1,161,666
8	Other Taxes									
9	Income Taxes									
10	Revenue	\$232,932,079	\$7,294,320	\$153,877,148	\$20,514,463	\$25,994,636	\$10,560,715	\$4,230,865	\$1,954,039	\$8,505,894
11	Expense, Depreciation, Other Tax	\$163,558,506	\$5,528,093	\$109,468,589	\$14,938,046	\$17,504,420	\$6,690,322	\$2,669,310	\$1,276,932	\$5,482,792
12	Net	\$69,373,573	\$1,766,227	\$44,408,559	\$5,576,416	\$8,490,216	\$3,870,392	\$1,561,555	\$677,107	\$3,023,101
13	Cost of Debt		2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
14	Rate Base	\$767,169,688	\$19,530,779	\$491,088,393	\$61,666,344	\$93,892,034	\$42,802,543	\$17,269,200	\$7,488,072	\$33,432,323
15	Interest	\$19,332,676	\$492,176	\$12,375,428	\$1,553,992	\$2,366,079	\$1,078,624	\$435,184	\$188,099	\$842,495
16	Taxable Income	\$50,040,897	\$1,274,051	\$32,033,131	\$4,022,424	\$6,124,136	\$2,791,768	\$1,126,371	\$488,407	\$2,180,607
17	Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
18	Income Tax	\$10,508,588	\$267,551	\$6,726,958	\$844,709	\$1,286,069	\$586,271	\$236,538	\$102,566	\$457,927
19	Tax Adjust	\$23,070	\$665	\$15,121	\$1,899	\$2,628	\$1,166	\$469	\$206	\$915
20	Total Tax	\$10,531,658	\$268,216	\$6,742,079	\$846,608	\$1,288,697	\$587,437	\$237,007	\$102,772	\$458,842
21	Interest on Customer Deposits	\$35,184	\$20	\$2,563	\$16,870	\$11,490	\$2,626	\$1,080	\$69	\$465
22	Total Operating Expense	\$174,090,164	\$5,796,320	\$116,210,668	\$15,784,654	\$18,793,117	\$7,277,760	\$2,906,317	\$1,379,704	\$5,941,634
23	Return Requirement for Claimed ROR	\$58,841,915	\$1,498,011	\$37,666,480	\$4,729,809	\$7,201,519	\$3,282,955	\$1,324,548	\$574,335	\$2,564,259
24	Schedule PMN-2 (REV-1)	\$58,841,915	\$1,498,011	\$37,666,480	\$4,729,809	\$7,201,519	\$3,282,955	\$1,324,548	\$574,335	\$2,564,259
25	Claimed ROR	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%
26	Tax Allocator		2.55%	64.02%	8.04%	12.24%	5.58%	2.25%	0.98%	4.36%
27	Rate Base Allocator		2.55%	64.01%	8.04%	12.24%	5.58%	2.25%	0.98%	4.36%

Division 43-5

Request:

Re: the Rebuttal Testimony of Witness Normand, page 6, lines 15-16, please verify that costs presented in Schedule PMN-3 indicate that over 40% of the Company's claimed customer-related expenses reflective of Administrative and General Expenses.

Response:

Schedule PMN-4, Pages 25 of 74, Line 15 shows that the customer-related Administration and General expenses are \$19,981,043. This is 18 percent of the claimed customer-related revenue requirement of \$111,023,898 shown in Schedule PMN-4, Page 41 of 74, Line 10. Customer-related costs are not identified separately in Schedule PMN-3.

Division 43-6

Request:

Re: the Rebuttal Testimony of Witness Normand, page 5, lines 15-16, asserts that "Economic efficiency can be achieved only if prices are set equal to costs." Please:

- a. Identify the measures of usage and/or costs upon which the witness relies to assess changes in economic efficiency that result from the relative magnitudes of the charges that Narragansett Gas applies to each rate class.
- b. Verify that the Company's customer charge is the least price-elastic component of Narragansett Gas' charges for service;
- c. Explain how economic efficiency is fostered by increasing customer charges;
- d. In the Company's determination of its proposed charges for gas distribution service, what weight was given to encourage the reduced use of natural gas.

Response:

- a. The measure of economic efficiency is well-defined and simply setting prices equal to costs.
- b. Yes. Mr. Normand agrees that the customer charge is the least price-elastic component of Narragansett Gas' customer charge.
- c. Economic efficiency is ideally and properly established by setting prices for goods and services at these costs. Therefore, the Company's proposal to increase the customer charge is appropriate because it begins to move the customer charge in the direction of the proposed fixed customer charge level.
- d. The current and proposed rate designs have a very high level of volumetric overpricing as the majority of fixed costs is recovered through the volumetric charge with the majority being recovered over the winter season. This is the major weakness in proper revenue recovery for gas consumption as virtually all infrastructure requirements are fixed regardless of use. Also, the Company does not believe that the design of the delivery rates will alone impact the customer's decision regarding gas usage because customers make decisions regarding their usage based on their total bill and not just the distribution component, which is historically less than 50 percent of the customer's total bill. Therefore, the Company did not design the delivery rates with the intent of promoting the reduction in natural gas. In fact, the current residential heating rate structures, which

include a declining block rate structure, actually encourage customers to use more gas because the rate decreases as the amount of gas increases.

Division 43-7

Request:

Re: the Rebuttal Testimony of Witness Normand, page 7, lines 15-16, please identify each gas utility upon which Witness Normand relies as the basis for his "experience," and for each utility identified indicate the jurisdiction and time period for which ACOSS analyses were reviewed.

Response:

Mr. Normand's extensive experience is based on 38 years of preparing and presenting cost of service and rate design testimony before regulatory agencies. Mr. Normand did not undertake any specific review as a result.

Division 43-8

Request:

Re: the Rebuttal Testimony of Witness Normand, page 8, lines 5-8, please:

- a. Verify that the cited Commission determination in Docket No. 3943 was rendered in the absence of a cost of service study that directly assessed the Company's costs of serving non-firm customers;
- b. Verify that at the time Docket No. 3943 was litigated, the Company did not have fixed rates for non-firm gas delivery services, rather at that time the Company priced such services on the basis of each non-firm customer's alternative fuel costs.

Response:

- a. Yes, the Public Utilities Commission decision in Docket No. 3943 was rendered in absence of a cost of service study including non-firm customers. No cost of service should be required to establish a price for non-firm service as it is subordinated firm revenue service.
- b. Yes. Prior to Docket No. 3943, the non-firm rates were determined on value of service pricing, which was based on the non-firm customer's alternate fuel costs. That approach is generic to the gas industry and an acceptable practice. Market changes related to non-firm service do not alter the fact that the infrastructure cost of gas delivery is not driven by sales so that the established mechanism (discount) is entirely appropriate.

Division 43-9

Request:

Re: the Rebuttal Testimony of Witness Normand, page 8, lines 16-20, please verify that reflection of costs and revenues for the Company's Non-Firm customers in an ACOSS has essentially the same impact on the costs of service for other classes as the allocation of "margins from Non-Firm customers" shown in Schedule PMN-3, however, without including Non-Firm customers in the Company's ACOSS no direct assessment of the Company's costs of serving Non-Firm customers is provided.

Response:

The statement in the request above is incorrect because attempting to create an allocation of costs in an otherwise firm cost of revenue study will essentially yield very high rates of return. The reason for this is that these customer loads do not drive infrastructure investment trends because they are subordinate to all firm customers. The proper way to recognize the non-firm revenues contributions is to credit all firm customers with their margins as was done in the Company cost of service studies.

Division 43-10

Request:

Re: Schedule PMN-3R, page 1 of 1, please explain why it is appropriate for any of the formulas in a cost of service model presented for public review to be "hidden."

Response:

The electronic version of the allocated cost of service study (ACOSS) model provided included all cell formulas and cell references intact as requested. Because this ACOSS model included a propriety allocation algorithm formula, the cells containing this proprietary algorithm formula were formatted using the Excel format cells protection hidden option, which displays the resulting number. Schedule PMN-3R provides a detailed discussion of this algorithm along with an example that can be easily replicated and verified.

Division 43-11

Request:

Re: the Rebuttal Testimony of Witnesses Leary and McCabe at pages 16-17, please:

- a. Clarify whether existing Non-Firm Sales and Transportation service customers would be subjected to requirements for up-front payment of costs for IP Wireless Devices.
- b. Explain how the costs of IP Wireless Devices would be recovered from existing:
 1. FT-1 customers
 2. Non-Firm Sales Service customers
 3. Non-Firm Transportation Service customer

Response:

- a. As stated in the rebuttal testimony of Company Witnesses Ann E. Leary and Scott M. McCabe on Page 16, Lines 1-3 (Bates Page 115 of Rebuttal Book 6) and in the response to Division 37-7, the proposed IP Wireless Device fees will only be applicable to new FT-1 transportation customers.
- b. As stated in the rebuttal testimony of Company Witnesses Leary and McCabe on Page 17, Lines 10-12 (Bates Page 116 of Rebuttal Book 6), the Public Utilities Commission approved the replacement of existing telecommunications equipment with IP Wireless Devices on existing customers whose meters are read daily as part of Narragansett Gas' Fiscal Year 2019 Infrastructure, Safety, and Reliability (ISR) Plan in RIPUC Docket No. 4781. Therefore, the installed cost of these IP Wireless Devices will be recovered through the ISR Plan recovery mechanism. Narragansett Gas proposes that the existing customers with daily meter readings be assessed the annual fee for the data plan, which is less than the annual cost of a landline telephone line that the customer must provide with the use of the telecommunication equipment at their location pursuant to the current tariff provision.