

May 1, 2020

VIA ELECTRONIC MAIL

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

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

Dear Ms. Massaro:

In accordance with Article II, Section 10 of the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) on August 24, 2018, in the above-referenced docket as reflected in National Grid’s gas tariff, RIPUC NG-Gas No. 101, Section 3, Schedule A, Sheet 10, subpart 5.0, enclosed is an electronic version¹ of the earnings report for the twelve-month period ended December 31, 2019, for the gas operations of the Company.²

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

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

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

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

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

**The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism**

**National Grid - RI Gas
Earnings Sharing Calculation
For the Twelve Months ended December 31, 2019**

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**The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism
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**National Grid - RI Gas
Earnings Sharing Calculation
For the Twelve Months ended December 31, 2019**

1	Average Rate Base	\$864,967,651	
2	Equity Component of Rate Base	50.95%	
3	Average Common Equity	<u>\$440,701,018</u>	
4			
5	Actual Total Earnings	\$41,523,949	
6	Return on Common Equity with Incentives	9.42%	
7			
8	Less incentives:		
9	Energy Efficiency shareholder incentive	\$1,625,651	0.37%
10	Natural Gas Portfolio Management Plan	\$710,356	0.16%
11	Gas Procurement Incentive Plan	<u>\$17,789</u>	0.00%
12		<u>\$2,353,796</u>	
13			
14	Base Earnings	\$39,170,153	
15	Return on Common Equity without Incentives	<u>8.89%</u>	
16			
17	<u>Return on Equity > 9.275% and < 10.275%</u>	0.00%	
18	Earnings to be Shared	<u>\$0</u>	
19	Earnings to Customers - 50%	<u>\$0</u>	
20			
21	Return on Equity > 10.275%	0.00%	
22	Earnings to be Shared	<u>\$0</u>	
23	Earnings to Customers - 75%	<u>\$0</u>	
24			
25	Total After tax Earnings Credited to Customers	<u>\$0</u>	
26			
27	Total Earnings Credited to DAC	<u>\$0</u>	

Notes:

- 1 From Page 5 of 14 line 24(f)
- 2 From Page 4 of 14 line 8(a)
- 3 Line 1 times line 2
- 5 Line 12 plus line 14
- 6 Line 5 divided by line 3
- 9 Line 9 divided by line 3
- 10 Line 10 divided by line 3
- 11 Line 11 divided by line 3
- 14 From Page 2 of 14 line 42
- 15 Line 14 divided by line 3
- 17 Smaller of 10.275% or Line 15 minus 9.275%.
- 18 Line 3 times line 17
- 19 Line 18 times 50%
- 21 If Line 15 is greater than 10.275%
- 22 Line 3 times line 21
- 23 Line 22 times 75%
- 25 Line 19 plus line 23
- 27 Line 25 divided by 79%

The Narragansett Electric Company
d/b/a National Grid
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Gas Earnings Sharing Mechanism
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**National Grid - RI Gas
Income Statement
For the Twelve Months ended December 31, 2019**

		<u>2019</u>
1	<u>Operating Revenues</u>	
2	Total Firm Gas	\$382,295,156
3	Transportation	\$45,636,420
4	Other Revenues	\$6,783,924
5	Total Operating Revenues	<u>\$434,715,499</u>
6		
7	<i>Adjustment to Operating Revenue:</i>	
8	Inventory Financing	(\$1,018,360)
9	Total Adjusted Operating Revenues	<u>\$433,697,139</u>
10		
11	<u>Operating Expenses</u>	
12	Production (Gas Costs)	\$173,520,830
13	Storage	\$3,577,240
14	Transmission	\$2,551,617
15	Distribution	\$26,169,442
16	Customer Accounts	\$44,832,234
17	Sales	\$0
18	Administrative and General	\$35,196,593
19	Total Operating Expenses	<u>\$285,847,956</u>
20		
21	<u>Other Expenses</u>	
22	Depreciation and Amortization	\$40,272,196
23	Local and Other Taxes	\$27,997,823
24	Revenue Related Taxes (Gross Earnings Tax - GET)	\$12,099,213
25	Federal Income Taxes @ 21%	\$8,227,578
26	Total Other Expenses	<u>\$88,596,811</u>
27		
28	Income Before Interest Expense	<u>\$59,252,373</u>
29		
30	<u>Interest Expense</u>	
31	Other Income/Expenses	\$0
32	Short-Term Debt	\$120,403
33	Long-Term Debt	\$19,865,063
34	Other Interest Expense	\$57,830
35	AFUDC	\$0
36	Total Interest Expense	<u>\$20,043,297</u>
37		
38	Net Income / (Loss)	<u>\$39,209,076</u>
39		
40	Preferred Dividends	<u>\$38,924</u>
41		
42	Net Income / (Loss) Applicable to Common Equity	<u><u>\$39,170,153</u></u>

Notes:

- 4 From Page 7 of 14 line 11
- 23 From Page 6 of 14 line 3 through 5
- 25 From Page 3 of 14 line 24
- 32 From Page 4 of 14 line 25(b)
- 33 From Page 4 of 14 line 17(b)
- 34 From Page 8 of 14 line 3
- 40 From Page 4 of 14 line 34(b)

The Narragansett Electric Company
d/b/a National Grid
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Gas Earnings Sharing Mechanism
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National Grid - RI Gas
Federal Income Tax Calculation
For the Twelve Months ended December 31, 2019

1	Operating Revenues	\$433,697,139
2		
3	Less:	
4		
5	Operating Expenses	\$285,847,956
6	Depreciation and Amortization	\$40,272,196
7	Local and Other Taxes	\$27,997,823
8	Revenue Related Taxes (GET)	\$12,099,213
9	Interest - Short-Term Debt	\$120,403
10	Interest - Long-Term Debt	\$19,865,063
11	Other Interest	\$57,830
12	AFUDC	<u>\$0</u>
13		
14	Total Deductions	<u>\$386,260,485</u>
15		
16	Taxable Income	\$47,436,655
17		
18	Federal Income Tax Rate	<u>21.00%</u>
19		
20	Imputed Federal Income Tax Expense	\$9,961,697
21		
22	Amortization of EDIT	(\$1,734,119)
23		
24	Net Federal Income Tax Expense	<u><u>\$8,227,578</u></u>

Notes:

- 1 From Page 2 of 14 line 9
- 5 From Page 2 of 14 line 19
- 6 From Page 2 of 14 line 22
- 7 From Page 2 of 14 line 23
- 8 From Page 2 of 14 line 24
- 9 From Page 2 of 14 line 32
- 10 From Page 2 of 14 line 33
- 11 From Page 2 of 14 line 34
- 12 From Page 2 of 14 line 35
- 14 Sum of Line 5 through line 12
- 16 Line 1 minus line 14
- 18 Federal income Tax Rate: rate of 21%
- 20 Line 16 times Line 18
- 22 - Docket No. 4770, Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1
- 24 Line 20 plus Line 22

**The Narragansett Electric Company
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Gas Earnings Sharing Mechanism
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**National Grid - RI Gas
Applicable Capital Structure, Interest Expense and Preferred Dividends
For the Twelve Months ended December 31, 2019**

	%	\$
	(a)	(b)
1 Rate Base		<u>\$864,967,651</u>
2		
3 Capital Structure		
4	<u>Docket 4770</u>	
5 Short-Term Debt	0.60%	\$5,189,806
6 Long-Term Debt	48.35%	\$418,211,859
7 Preferred Stock	0.10%	\$864,968
8 Common Equity	50.95%	\$440,701,018
9	<u>100.00%</u>	<u>\$864,967,651</u>
10 Interest Expense		
11		
12		
13 Long-Term Debt Portion	48.35%	\$418,211,859
14		
15 Cost of Long-Term Debt December 2019		4.75%
16		
17 Proforma Long-Term Debt Interest		<u>\$19,865,063</u>
18		
19		
20		
21 Short-Term Debt Portion	0.60%	\$5,189,806
22		
23 Cost of Short-Term Debt December 2019		2.32%
24		
25 Proforma Short-Term Debt Interest		<u>\$120,403</u>
26		
27 Preferred Dividends		
28		
29		
30 Preferred Stock Portion	0.10%	\$864,968
31		
32 Cost of Preferred Stock		4.50%
33		
34 Proforma Preferred Stock		<u>\$38,924</u>

Notes:

- 1(b) From Page 5 of 14 line 24(f)
- 5(a)-8(a) Docket 4770 Compliance Filing dated August 16, 2018, Compliance Filing Attachment 2, Schedule 1-GAS, Page 4
- 5(b)-8(b) Line 1(b) times line 5(a) through line 8(a)
 - 13 Line 1(b) times line 13(a)
 - 15 From Page 10 of 14 line 11(g)
 - 17 Line 13(b) times line 15(b)
 - 21 Line 1(b) times line 21(a)
 - 23 From Page 11 of 14 line 14(b)
 - 25 Line 21(b) times line 23(b)
 - 30 Line 1(b) times line 30(a)
 - 32 Docket 4770 Compliance Filing dated August 16, 2018, Compliance Attachment 2, Schedule 1-GAS, Page 4, Line 5
 - 34 Line 30(b) times line 32(b)

National Grid - RI Gas
Rate Base
For the Twelve Months ended December 31, 2019

	December 2018 (a)	March 2019 (b)	June 2019 (c)	September 2019 (d)	December 2019 (e)	5 Quarter Average December 2019 (f)
1 Gas Plant In Service	\$1,270,410,017	\$1,306,303,326	\$1,341,681,826	\$1,377,391,497	\$1,413,654,374	\$1,341,888,208
2 CWIP	\$75,391,908	\$56,566,955	\$57,086,110	\$68,216,249	\$80,032,223	\$67,458,689
3 Less: Accumulated Depreciation	\$399,108,875	\$405,714,105	\$408,384,458	\$413,908,773	\$420,277,455	\$409,478,733
4 Less: Contribution in Aid of Construction	\$38	\$38	\$38	\$38	\$38	\$38
5						
6 Net Plant	\$946,693,012	\$957,156,137	\$990,383,440	\$1,031,698,935	\$1,073,409,104	\$999,868,126
7						
8 Materials and Supplies	\$4,724,404	\$4,832,904	\$5,382,351	\$4,763,295	\$4,814,716	\$4,903,534
9 Prepaid Expenses, Excluding Taxes	\$4,774	\$485,197	\$302,095	\$307,836	\$4,736	\$220,928
10 Deferred Debits	\$1,686,909	\$1,580,364	\$1,473,819	\$1,367,274	\$1,260,729	\$1,473,819
11 Unamortized debt expense and Interest Rate Lock	\$2,071,368	\$2,029,459	\$1,987,549	\$1,945,640	\$1,903,731	\$1,987,549
12 Cash Working Capital	\$30,219,217	\$29,424,349	\$29,424,349	\$29,424,349	\$29,424,349	\$29,583,323
13						
14 Subtotal	\$38,706,672	\$38,352,274	\$38,570,164	\$37,808,394	\$37,408,261	\$38,169,153
15						
16 Accumulated Deferred FIT	\$79,976,277	\$94,390,371	\$98,993,775	\$102,508,922	\$106,427,898	\$96,459,449
17 Excess Deferred Tax	\$58,151,908	\$58,151,908	\$58,151,908	\$58,151,908	\$58,151,908	\$58,151,908
18 Excess Deferred Tax Amortization	(\$666,000)	(\$1,165,500)	(\$1,665,000)	(\$2,120,520)	(\$2,400,119)	(\$1,603,428)
19 Hold Harmless	\$19,020,489	\$18,516,640	\$18,012,792	\$17,508,943	\$17,005,095	\$18,012,792
20 Customer Deposits	\$1,982,743	\$2,067,280	\$2,063,050	\$2,070,481	\$2,060,983	\$2,048,907
21						
22 Subtotal	\$158,465,417	\$171,960,699	\$175,556,524	\$178,119,734	\$181,245,764	\$173,069,628
23						
24 Rate Base	\$826,934,267	\$823,547,712	\$853,397,080	\$891,387,595	\$929,571,600	\$864,967,651

Notes:

- 1(a)-4(e) From Company Financial Statements
- 1(f)-4(f) Average of Column (a) through Column (e)
- 6(a)-6(e) Line 1 + Line 2 - Line 3 - Line 4
- 6(f) Average of Column (a) through Column (e)
- 8(a)-11(e) From Company Financial Statements
- 8(f)-11(f) Average of Column (a) through Column (e)
- 12(b)-12(e) From Page 6 of 14 Line 13
- 14 Sum of Line 8 through Line 12
- 16(a)-21(e) From Company Financial Statements
- 16(f)-21(f) Average of Column (a) through Column (e)
- 17 Excess Deferred Tax for change in tax rate from 35% to 21%
- 18 Per Docket No. 4770, Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1
- 19 Hold Harmless rate base credit per Docket No. 3859
- 22 Sum of Line 16 through Line 20
- 24 Line 6 + Line 14 - Line 22

**The Narragansett Electric Company
d/b/a National Grid
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Gas Earnings Sharing Mechanism
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**National Grid - RI Gas
Cash Working Capital Calculation
For the Twelve Months ended December 31, 2019**

1	Gas Costs	\$173,520,830
2	Operating Expenses	\$112,327,126
3	Payroll Taxes	\$2,599,664
4	Property Taxes	\$25,456,447
5	State Taxes Other	(\$58,288)
6	Revenue Related Taxes (GET)	\$12,099,213
7	Total	\$325,944,992
8		
9	Daily Cash Requirement	\$893,000
10		
11	Net Lag Days	32.95
12		
13	Total Working Capital	\$29,424,349

Notes:

- 1 From Page 2 of 14 line 12
- 2 From Page 2 of 14 line 13 through 18
- 3-5 From Company Financial Statements
- 6 From Page 2 of 14 line 24
- 7 Sum of Line 1 through Line 6
- 9 Line 7 divided by 365 days
- 11 Per Docket No. 4770, Compliance Filing dated August 16, 2018,
Compliance Attachment 2, Schedule 42,
(Page 3 of 29, Line 18 - Page 2 of 29, Line 1)
- 13 Line 9 times line 11

The Narragansett Electric Company
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Gas Earnings Sharing Mechanism
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National Grid - RI Gas
Detail Other Revenue/(Expense)
For the Twelve Months ended December 31, 2019

1	Rent from Gas Property	\$1,854,100
2	Other Revenue	(\$1,282,890)
3	Recovery of Supervision & Administrative Costs	\$0
4	RDM Revenue	(\$401,010)
5	DAC Revenue	(\$22,052)
6	LIHEAP Revenue	\$5,036,120
7	Other Deferred Revenue	\$1,023,552
8	Misc Revenue	\$0
9	Interest on Customer Arrears	\$576,104
10		
11	Total Other Revenue	<u>\$6,783,924</u>

Notes:

- 1-9 From Company Financial Statements
- 11 Sum of line 1 through line 9

**The Narragansett Electric Company
d/b/a National Grid
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**National Grid - RI Gas
Detail Other Interest Expense
For the Twelve Months ended December 31, 2019**

1	Interest on Customer Deposits	\$57,830
2		
3	Total Other Interest Expense	<u><u>\$57,830</u></u>

Notes:

- 1 From Company Financial Statements
- 3 Line 1

National Grid - RI Gas
Detail Non-Operating Income / (Expense)
For the Twelve Months ended December 31, 2019

1	Service Contract Revenue	\$254,194
2	Share Awards	(\$553,290)
3	Interest on Over / (Under) Collections, primarily Deferred Gas Costs	\$380,908
4	Deferred Compensation - Life Insurance	(\$793)
5	Federal Income Taxes on Non-Operating Income	\$0
6	NGPMP per Docket 4038	\$0
7	Lobbying / Legal and Political Expense	(\$200,342)
8	Penalties	(\$160,919)
9	Other	(\$2,098,131)
10	Total Non-Operating Income/(Expense)	<u>(\$2,378,374)</u>

Notes:

- 1-9 From Company Financial Statements
- 10 Sum of line 1 through line 9

National Grid - RI Gas
Calculation of Average Long-Term Debt Interest Rate
For the Twelve Months ended December 31, 2019

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<u>Series</u>	<u>Percent</u>	<u>Due</u>	<u>Amount</u>	<u>Annual Interest</u>	<u>Annual Amortization of DD&E</u>	<u>Total Expense</u>	<u>Cost of Debt</u>	
1	<u>Senior Unsecured Notes</u>							
2	Senior Notes	4.534%	15-Mar-2020	\$250,000,000	\$11,335,000	\$664,600	\$11,999,600	4.80%
3	Senior Notes	5.638%	15-Mar-2040	\$300,000,000	\$16,914,000	\$279,300	\$17,193,300	5.73%
4	Senior Notes	4.170%	10-Dec-2042	\$250,000,000	\$10,425,000	\$75,000	\$10,500,000	4.20%
5	Senior Notes	3.919%	1-Aug-2028	\$350,000,000	\$13,716,500	\$61,185	\$13,777,685	3.94%
6	<u>First Mortgage Bonds (*)</u>							
7	Providence Gas FMB N	9.630%	30-May-2020	\$10,000,000	\$963,000	\$4,100	\$967,100	9.67%
8	Providence Gas FMB O	8.460%	30-Sep-2022	\$12,500,000	\$1,057,500	\$4,300	\$1,061,800	8.49%
9	FMB Series P	8.090%	30-Sep-2022	\$2,343,750	\$189,609	\$3,500	\$193,109	8.24%
10	FMB Series R	7.500%	15-Dec-2025	\$5,218,750	\$391,406	\$4,100	\$395,506	7.58%
11	Total			<u>\$1,180,062,500</u>	<u>\$54,992,016</u>	<u>\$1,096,085</u>	<u>\$56,088,101</u>	<u>4.75%</u>

Notes:

1-10 From Financial Statements

1(c)-10(c) *Average amounts represent The Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity.

National Grid - RI Gas
Calculation of Average Short-Term Debt Interest Rate
For the Twelve Months ended December 31, 2019

	(a)	(b)	(c)	
<u>Month</u>	<u>Average Short-Term Debt Balance</u>	<u>Weighted Cost Rate</u>	<u>Short-Term Interest Expense</u>	
1	Jan-19	\$47,365,161	2.84%	\$108,479
2	Feb-19	\$37,982,046	2.77%	\$72,054
3	Mar-19	\$43,878,708	2.71%	\$94,148
4	Apr-19	\$41,106,442	2.73%	\$86,098
5	May-19	\$21,585,886	2.70%	\$45,313
6	Jun-19	\$26,689,709	2.67%	\$50,927
7	Jul-19	\$40,741,336	2.58%	\$85,149
8	Aug-19	\$48,200,318	2.50%	\$97,090
9	Sep-19	\$64,375,649	2.34%	\$116,438
10	Oct-19	\$70,541,282	2.28%	\$133,193
11	Nov-19	\$74,346,875	2.19%	\$130,633
12	Dec-19	\$98,402,163	2.11%	\$169,093
13				
14	Average	\$51,267,965	2.32%	\$1,188,615

Notes:

1(a)-12(a) Average amounts represent The Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity and participates in the National Grid money pool as a division of The Narragansett Electric Company.

14(b) Line 14 (c) divided by Line 14 (a)

**National Grid - RI Gas
Merger Hold Harmless Rate Base Credit
For the Twelve Months ended December 31, 2019**

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
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Schedule MAL-11-GAS
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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 Subsequent 2 months			(\$253,030)
3			
4 Balance at August 31, 2017			\$21,279,942
5			
6			
7			
8 Increase/(Decrease) 12 Months Ended	08/31/18		(\$1,674,988.40)
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

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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 Rate 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			\$16,376,033
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			\$14,145,381

**The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism
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Schedule DJE-2
Revised

NATIONAL GRID
MERGER ADJUSTMENT TO ADIT
Projected Deferred Tax Schedule
(\$000)

<u>As of 31-Dec</u>	<u>Southern Union ADIT</u>	<u>National Grid ADIT</u>	<u>Difference</u>	<u>Southern Union ADITC</u>	<u>ADIT Merger Adjustment</u>
2006	\$34,845	\$214	\$34,631	\$1,133	\$35,764
2007	\$33,908	\$1,238	\$32,670	\$928	\$33,598
2008	\$32,170	\$2,073	\$30,097	\$724	\$30,821
2009	\$30,086	\$1,859	\$28,227	\$519	\$28,746
2010	\$29,473	\$2,238	\$27,235	\$315	\$27,549
2011	\$29,632	\$3,184	\$26,448	\$110	\$26,558
2012	\$29,583	\$3,760	\$25,823		\$25,823
2013	\$29,515	\$4,286	\$25,229		\$25,229
2014	\$29,199	\$4,628	\$24,572		\$24,572
2015	\$29,095	\$5,530	\$23,566		\$23,566
2016	\$28,823	\$6,531	\$22,292		\$22,292
2017	\$28,342	\$7,568	\$20,774		\$20,774
2018	\$27,627	\$8,606	\$19,020		\$19,020
2019	\$26,847	\$9,842	\$17,005		\$17,005
2020	\$25,922	\$11,305	\$14,617		\$14,617
2021	\$24,732	\$12,797	\$11,934		\$11,934
2022	\$23,374	\$14,311	\$9,064		\$9,064

The Narragansett Electric Company
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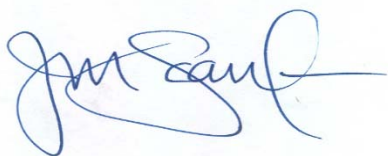
National Grid - RI Gas
Reconciliation of Gas Earnings Sharing Mechanism to Annual Report
For the Twelve Months ended December 31, 2019

1	Operating Revenues	
2	Gas Operating Revenues shown on Page 301, Line 1(f) of the Annual Report	\$382,349,815
3	1 Remove Energy Efficiency Incentives	\$1,542,657
4	2 Unbilled Revenue Net Margin	(\$1,128,678)
5	3 Unbilled Energy Efficiency	(\$468,640)
6	Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues	\$382,295,155
7		
8	Revenues from Transportation shown on Page 301, Line 7(f) of the Annual Report	\$45,470,915
9	1 Unbilled Transportation	\$165,505
10	Gas Earnings Sharing Mechanism, Page 2, Transportation Revenues	\$45,636,420
11		
12	Forfeited Discounts shown on Page 301, Line 3(f) of the Annual Report	\$47
13	Miscellaneous Service Revenues shown on Page 301, Line 4(f) of the Annual Report	\$149,172
14	Rent from Gas Property shown on Page 301, Line 12(f) of the Annual Report	\$1,854,100
15	Other Gas Revenues shown on Page 301, Line 14(f) of the Annual Report	\$6,673,975
16	1 Excess Sharing	\$5,561,683
17	2 Off System Gas Sales	(\$6,431,726)
18	3 Contract Sharing	\$159,688
19	4 Unbilled DAC	\$713,011
20	5 Unbilled RDM	\$845,398
21	6 Miscellaneous Service Revenues	(\$149,219)
22	7 CSS Revenue - Customer Arrears	\$576,104
23	8 Remove Energy Efficiency Incentives	(\$3,168,309)
24	Gas Earnings Sharing Mechanism, Page 2, Other Revenues	6,783,923
25		
26	Inventory Financing	(\$1,018,360)
27		
28		
29	Operating Expenses	
30	Production expenses shown on Page 320 of the Annual Report	\$173,520,830
31	Gas Earnings Sharing Mechanism, Page 2, Production (Gas Costs)	\$173,520,830
32		
33	Natural Gas Storage expenses shown on Page 322 of the Annual Report	\$3,577,240
34	Gas Earnings Sharing Mechanism, Page 2, Storage	\$3,577,240
35		
36	Transmission expenses shown on Page 323 of the Annual Report	\$2,551,617
37	Gas Earnings Sharing Mechanism, Page 2, Transmission	\$2,551,617
38		
39	Distribution expenses shown on Page 324 of the Annual Report	\$48,068,283
40	1 Normalize Aquidneck Island event expense	(\$21,898,841)
41	Gas Earnings Sharing Mechanism, Page 2, Distribution	\$26,169,442
42		
43	Customer Accounts expenses shown on Pages 324-325 of the Annual Report	\$15,373,700
44	Customer Service & Information expenses shown on Pages 325 of the Annual Report	\$31,670,920
45	1 Zero out Uncollectible Accounts per books	(\$8,817,225)
46	2 Add Bad Debt Write-Offs	\$6,604,839
47	Gas Earnings Sharing Mechanism, Page 2, Customer Accounts	\$44,832,234
48		
49	Sales expenses shown on Page 325 of the Annual Report	\$198,070
50	1 Remove Sales expenses	(\$198,070)
51	Gas Earnings Sharing Mechanism, Page 2, Sales	\$0
52		
53	Administrative and General expenses shown on Page 325 of the Annual Report	\$37,986,617
54	1 Exclude Executive Variable Compensation not charged to customers	(\$161,360)
55	2 Service Company excess deferred federal income taxes per Docket No. 4770 Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1	\$369,700
56	3 Normalize Aquidneck Island event expense	(\$2,998,364)
57	Gas Earnings Sharing Mechanism, Page 2, Administrative and General	\$35,196,593

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

May 1, 2020
Date

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

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