

May 1, 2019

**VIA HAND DELIVERY & 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, 2018**

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 are 10 copies of the earnings report for the twelve-month period ended December 31, 2018, for the gas operations of the Company.<sup>1</sup>

Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 781-907-2153.

Very truly yours,



Celia B. O'Brien

Enclosures

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

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

National Grid - RI Gas  
Earnings Sharing Mechanism  
For the Twelve Months ended December 31, 2018

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**The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4770  
Gas Earnings Sharing Mechanism  
Page 1 of 14**

**National Grid - RI Gas  
Earnings Sharing Calculation  
For the Twelve Months ended December 31, 2018**

1	Average Rate Base	\$770,817,662	
2	Equity Component of Rate Base	50.95%	
3	Average Common Equity	\$392,731,598	
4			
5	Actual Total Earnings	\$37,620,144	
6	Return on Common Equity before Incentives	9.58%	
7			
8	Less incentives:		
9	Energy Efficiency shareholder incentive	\$1,627,345	0.41%
10	Natural Gas Portfolio Management Plan	\$620,636	0.16%
11	Gas Procurement Incentive Plan	\$54,616	0.01%
12		\$2,302,597	
13			
14	Base Earnings	\$35,317,547	
15	Return on Common Equity after Incentives	8.99%	
16			
17	<u>Return on Equity &gt; 9.275% and &lt; 10.275%</u>	0.00%	
18	Earnings to be Shared	\$0	
19	Earnings to Customers - 50%	\$0	
20			
21	Return on Equity > 10.275%	0.00%	
22	Earnings to be Shared	\$0	
23	Earnings to Customers - 75%	\$0	
24			
25	Total After tax Earnings Credited to Customers	\$0	
26			
27	Total Earnings Credited to DAC	\$0	

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 46
- 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  
RIPUC Docket No. 4770  
Gas Earnings Sharing Mechanism  
Page 2 of 14

**National Grid - RI Gas  
Income Statement  
For the Twelve Months ended December 31, 2018**

	<u>2018</u>
1 <b><u>Operating Revenues</u></b>	
2 Total Firm Gas	\$399,470,253
3 Transportation	\$45,239,575
4 Other Revenues	(\$10,714,584)
5 Total Operating Revenues	<u>\$433,995,243</u>
6	
7 <i>Adjustment to Operating Revenue:</i>	
8 Inventory Financing	(\$929,960)
9 Total Adjusted Operating Revenues	<u>\$433,065,283</u>
10	
11 <b><u>Operating Expenses</u></b>	
12 Production (Gas Costs)	\$180,027,225
13 Storage	\$5,917,311
14 Transmission	\$1,140,245
15 Distribution	\$29,303,308
16 Customer Accounts	\$40,559,678
17 Sales	\$0
18 Administrative and General	\$39,242,635
19 Total Operating Expenses	<u>\$296,190,401</u>
20	
21 <i>Adjustments to Operating Expense:</i>	
22 Savings Imputed in Base Rates	\$1,633,333
23 Total Adjusted Operating Expenses	<u>\$297,823,735</u>
24	
25 <b><u>Other Expenses</u></b>	
26 Depreciation and Amortization	\$35,164,510
27 Local and Other Taxes	\$25,648,707
28 Revenue Related Taxes (Gross Earnings Tax - GET)	\$12,651,187
29 Federal Income Taxes @ 21%	\$9,397,429
30 Total Other Expenses	<u>\$82,861,833</u>
31	
32 <b>Income Before Interest Expense</b>	<u>\$52,379,715</u>
33	
34 <b><u>Interest Expense</u></b>	
35 Other Income/Expenses	\$0
36 Short-Term Debt	\$97,123
37 Long-Term Debt	\$18,410,903
38 Other Interest Expense	\$42,195
39 AFUDC	(\$1,522,739)
40 Total Interest Expense	<u>\$17,027,482</u>
41	
42 <b>Net Income / (Loss)</b>	<u>\$35,352,233</u>
43	
44 Preferred Dividends	<u>\$34,687</u>
45	
46 <b>Net Income / (Loss) Applicable to Common Equity</b>	<u>\$35,317,547</u>
47	
48	

Notes:

- 4 From Page 7 of 14 line 10
- 22 Docket No. 3943 (4/4/2008) Attachment NG-MDL-4 Page 1 of 6 Line 7 (8 months)
- 27 From Page 6 of 14 sum of line 3 through line 5
- 29 From Page 3 of 14 line 20
- 36 From Page 4 of 14 line 25(b)
- 37 From Page 4 of 14 line 17(b)
- 38 From Page 8 of 14 line 3
- 44 From Page 4 of 14 line 34(b)

**The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4770  
Gas Earnings Sharing Mechanism  
Page 3 of 14**

**National Grid - RI Gas  
Federal Income Tax Calculation  
For the Twelve Months ended December 31, 2018**

1	Operating Revenues	\$433,065,283
2		
3	Less:	
4		
5	Operating Expenses	\$297,823,735
6	Depreciation and Amortization	\$35,164,510
7	Local and Other Taxes	\$25,648,707
8	Revenue Related Taxes (GET)	\$12,651,187
9	Interest - Short-Term Debt	\$97,123
10	Interest - Long-Term Debt	\$18,410,903
11	Other Interest	\$42,195
12	AFUDC	<u>(\$1,522,739)</u>
13		
14	Total Deductions	<u>\$388,315,620</u>
15		
16	Taxable Income	\$44,749,663
17		
18	Federal Income Tax Rate	<u>21.00%</u>
19		
20	Federal Income Tax Expense	<u><u>\$9,397,429</u></u>

Notes:

1	From Page 2 of 14 line 9
5	From Page 2 of 14 line 23
6	From Page 2 of 14 line 26
7	From Page 2 of 14 line 27
8	From Page 2 of 14 line 28
9	From Page 2 of 14 line 36
10	From Page 2 of 14 line 37
11	From Page 2 of 14 line 38
12	From Page 2 of 14 line 39
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

**The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4770  
Gas Earnings Sharing Mechanism  
Page 4 of 14**

**National Grid - RI Gas  
Applicable Capital Structure, Interest Expense and Preferred Dividends  
For the Twelve Months ended December 31, 2018**

	%	\$
	(a)	(b)
1		\$770,817,662
2		
3		
4		
5	<u>Docket 4770</u>	
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Notes:

- 1(b) From Page 5 of 14 line 24(f)
- 5(a)-8(a) Docket 4770, Compliance Filing Attachment 2, Schedule 1-GAS, Page 4 of 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 12(g)
  - 17 Line 13(b) times line 15(b)
  - 21 Line 1(b) times Line 21(a)
  - 23 From Page 11 Line 14(b)
  - 25 Line 21(b) times line 23(b)
  - 30 Line 1(b) times Line 30(a)
  - 32 Cost rate per Docket No. 4770, 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, 2018

	December 2017 (a)	March 2018 (b)	June 2018 (c)	September 2018 (d)	December 2018 (e)	5 Quarter Average December 2018 (f)
1 Gas Plant In Service	\$1,153,416,688	\$1,196,039,463	\$1,216,320,455	\$1,244,302,519	\$1,270,410,017	\$1,216,097,828
2 CWIP	\$76,022,283	\$52,548,788	\$62,799,396	\$69,056,353	\$75,391,908	\$67,163,746
3 Less: Accumulated Depreciation	\$381,913,835	\$388,566,984	\$392,205,142	\$395,245,923	\$399,108,875	\$391,408,152
4 Less: Contribution in Aid of Construction	\$38	\$38	\$38	\$38	\$38	\$38
5						
6 Net Plant	\$847,525,098	\$860,021,229	\$886,914,671	\$918,112,911	\$946,693,012	\$891,853,384
7						
8 Materials and Supplies	\$3,580,099	\$3,981,153	\$4,425,685	\$4,593,747	\$4,724,404	\$4,261,017
9 Prepaid Expenses, Excluding Taxes	\$864,353	\$1,811,623	\$128,359	\$267,841	\$4,774	\$615,390
10 Deferred Debits	\$0	\$0	\$0	\$1,793,454	\$1,686,909	\$696,073
11 Unamortized debt expense and Interest Rate Lock	\$1,727,831	\$1,697,996	\$1,668,162	\$2,113,277	\$2,071,368	\$1,855,727
12 Cash Working Capital	\$19,692,717	\$23,203,552	\$23,203,552	\$23,203,552	\$23,203,552	\$22,501,385
13						
14 Subtotal	\$25,865,000	\$30,694,324	\$29,425,757	\$31,971,871	\$31,691,007	\$29,929,592
15						
16 Accumulated Deferred FIT	\$87,805,880	\$69,153,777	\$74,302,956	\$77,337,699	\$79,976,277	\$77,715,318
17 Excess Deferred Tax	\$51,547,315	\$48,219,314	\$48,219,314	\$48,219,314	\$58,151,908	\$50,871,433
18 Hold Harmless	\$20,773,882	\$20,335,534	\$19,897,186	\$19,458,837	\$19,020,489	\$19,897,186
19 Customer Deposits	\$1,840,627	\$1,857,003	\$1,830,117	\$1,875,748	\$1,982,743	\$1,877,248
20 Injuries and Damages Reserve	\$1,065,107	\$1,007,021	\$948,521	\$0	\$0	\$604,130
21						
22 Subtotal	\$163,032,811	\$140,572,649	\$145,198,094	\$146,891,599	\$159,131,417	\$150,965,314
23						
24 Rate Base	\$710,357,287	\$750,142,903	\$771,142,334	\$803,193,183	\$819,252,602	\$770,817,662

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 plus line 2 minus line 3 minus 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)-20(e) From Company Financial Statements
- 16(f)-20(f) Average of Column (a) through Column (e)
- 17 Excess Deferred Tax for change in tax rate from 35% to 21%
- 18 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  
RIPUC Docket No. 4770  
Gas Earnings Sharing Mechanism  
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**National Grid - RI Gas  
Cash Working Capital Calculation  
For the Twelve Months ended December 31, 2018**

1	Gas Costs	\$180,027,225
2	Operating Expenses	\$116,163,176
3	Payroll Taxes	\$2,502,790
4	Property Taxes	\$23,065,094
5	State Taxes Other	\$80,823
6	Revenue Related Taxes (GET)	\$12,651,187
7	Total	<u>\$334,490,295</u>
8		
9	Daily Cash Requirement	\$916,412
10		
11	Net Lag Days	32.95
12		
13	Total Working Capital	<u><u>\$23,203,552</u></u>

Notes:

- 1 From Page 2 of 14 line 12
- 2 From Page 2 of 14 lines 13-18
- 3-5 From Company Financial Statements
- 6 From Page 2 of 14 line 28
- 7 Sum of Lines 1 through line 6
- 9 Line 7 divided by 365 days
- 11 Per Docket No. 4770, Schedule MAL-42-GAS,  
(Page 3 of 29, Line 18 - Page 2 of 29, Line 1)
- 13 Line 9 times line 11



**The Narragansett Electric Company**  
**d/b/a National Grid**  
**RIPUC Docket No. 4770**  
**Gas Earnings Sharing Mechanism**  
**Page 7 of 14**

**National Grid - RI Gas**  
**Detail Other Revenue/(Expense)**  
**For the Twelve Months ended December 31, 2018**

1	Rent from Gas Property	\$675,018
2	Other Revenue	(\$2,115,622)
3	Recovery of Supervision & Administrative Costs	(\$29,462)
4	RDM Revenue	(\$9,368,557)
5	DAC Revenue	\$188,781
6	LIHEAP Revenue	(\$384,504)
7	Misc Revenue	\$0
8	Interest on Customer Arrears	\$319,761
9		
10	Total Other Revenue	<u><u>(\$10,714,585)</u></u>

Notes:

- 1-8 From Company Financial Statements
- 10 Sum of line 1 through line 8

**National Grid - RI Gas**  
**Detail Other Interest Expense**  
**For the Twelve Months ended December 31, 2018**

1	Interest on Customer Deposits	\$42,195
2		
3	Total Other Interest Expense	<u>\$42,195</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, 2018**

1	Service Contract Revenue	\$167,650
2	Share Awards	(\$169,346)
3	Interest on Over / (Under) Collections, primarily Deferred Gas Costs	\$45,128
4	Deferred Compensation - Life Insurance	(\$16,913)
5	Federal Income Taxes on Non-Operating Income	(\$859,958)
6	NGPMP per Docket 4038	\$0
7	Lobbying / Legal and Political Expense	\$526,601
8	Penalties	\$175,400
9	Other	<u>\$2,935,897</u>
10	Total Non-Operating Income/(Expense)	<u><u>\$2,804,459</u></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, 2018

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Series	Percent	Due	Amount	Annual Interest	Annual Amortization of DD&E	Total Expense	Cost of Debt
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	\$148,750,000	\$5,829,513	\$61,185	\$5,890,698	3.96%
6 <u>First Mortgage Bonds (*)</u>							
7 Providence Gas FMB S	6.820%	1-Apr-2018	\$3,616,000	\$246,611	\$7,000	\$253,611	7.01%
8 Providence Gas FMB N	9.630%	30-May-2020	\$10,000,000	\$963,000	\$4,100	\$967,100	9.67%
9 Providence Gas FMB O	8.460%	30-Sep-2022	\$12,500,000	\$1,057,500	\$4,300	\$1,061,800	8.49%
10 FMB Series P	8.090%	30-Sep-2022	\$2,968,750	\$240,172	\$3,500	\$243,672	8.21%
11 FMB Series R	7.500%	15-Dec-2025	\$5,968,750	\$447,656	\$4,100	\$451,756	7.57%
12 Total			\$983,803,500	\$47,458,452	\$1,103,085	\$48,561,537	4.94%

Notes:

1-11 From Financial Statements

1(c)-11(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, 2018**

	(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-18	\$188,410,097	1.73%	\$272,423
2 Feb-18	\$207,257,672	1.88%	\$287,680
3 Mar-18	\$266,688,204	1.91%	\$427,366
4 Apr-18	\$289,320,538	2.23%	\$524,088
5 May-18	\$256,154,242	2.32%	\$499,462
6 Jun-18	\$279,330,467	2.25%	\$512,578
7 Jul-18	\$241,974,306	2.31%	\$499,785
8 Aug-18	-	2.28%	-
9 Sep-18	-	2.24%	-
10 Oct-18	-	2.36%	-
11 Nov-18	-	2.48%	-
12 Dec-18	-	2.59%	-
13			
14 Average	<u>\$144,094,627</u>	<u>2.10%</u>	<u>\$3,023,383</u>

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.

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, 2018

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
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				
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		(\$1,674,988.40)
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

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  
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

National Grid - RI Gas  
Reconciliation of Gas Earnings Sharing Mechanism to Annual Report  
For the Twelve Months ended December 31, 2018

1	<b><u>Operating Revenues</u></b>	
2	<b>Gas Operating Revenues shown on Page 301, Line 1(f) of the Annual Report</b>	<b>\$394,332,382</b>
3	1 Remove Energy Efficiency Incentives	(\$1,627,345)
4	2 Unbilled Revenue Net Margin	\$7,726,911
5	3 Unbilled Energy Efficiency	(\$961,695)
6	<b>Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues</b>	<b><u>\$399,470,253</u></b>
7		
8	<b>Revenues from Transportation shown on Page 301, Line 7(f) of the Annual Report</b>	<b>\$45,282,322</b>
9	1 Unbilled Transportation	(\$42,747)
10	<b>Gas Earnings Sharing Mechanism, Page 2, Transportation Revenues</b>	<b><u>\$45,239,575</u></b>
11		
12	<b>Miscellaneous Service Revenues shown on Page 301, Line 4(f) of the Annual Report</b>	<b>(\$376)</b>
13	<b>Rent from Gas Property shown on Page 301, Line 12(f) of the Annual Report</b>	<b>\$675,018</b>
14	<b>Other Gas Revenues shown on Page 301, Line 14(f) of the Annual Report</b>	<b>(\$4,244,179)</b>
15	1 Excess Sharing	\$4,482,546
16	2 Off System Gas Sales	(\$5,248,914)
17	3 Contract Sharing	\$145,732
18	4 Unbilled DAC	(\$6,103,929)
19	5 Unbilled RDM	(\$740,618)
20	6 Miscellaneous Service Revenues	\$376
21	7 CSS Revenue - Customer Arrears	\$319,761
22	<b>Gas Earnings Sharing Mechanism, Page 2, Other Revenues</b>	<b><u>(\$10,714,583)</u></b>
23		
24	<b>Inventory Financing</b>	<b><u>(\$929,960)</u></b>
25		
26		
27	<b><u>Operating Expenses</u></b>	
28	<b>Production expenses shown on Page 320 of the Annual Report</b>	<b>\$180,027,225</b>
29	<b>Gas Earnings Sharing Mechanism, Page 2, Production (Gas Costs)</b>	<b><u>\$180,027,225</u></b>
30		
31	<b>Natural Gas Storage expenses shown on Page 322 of the Annual Report</b>	<b>\$5,917,312</b>
32	<b>Gas Earnings Sharing Mechanism, Page 2, Storage</b>	<b><u>\$5,917,312</u></b>
33		
34	<b>Transmission expenses shown on Page 323 of the Annual Report</b>	<b>\$1,140,244</b>
35	<b>Gas Earnings Sharing Mechanism, Page 2, Transmission</b>	<b><u>\$1,140,244</u></b>
36		
37	<b>Distribution expenses shown on Page 324 of the Annual Report</b>	<b>\$29,303,308</b>
38	<b>Gas Earnings Sharing Mechanism, Page 2, Distribution</b>	<b><u>\$29,303,308</u></b>
39		
40	<b>Customer Accounts expenses shown on Pages 324-325 of the Annual Report</b>	<b>\$43,666,463</b>
41	1 Zero out Uncollectible Accounts per books	(\$8,721,968)
42	2 Add Bad Debt Write-Offs	\$5,615,181
43	<b>Gas Earnings Sharing Mechanism, Page 2, Customer Accounts</b>	<b><u>\$40,559,676</u></b>
44		
45	<b>Sales expenses shown on Page 325 of the Annual Report</b>	<b>\$233,055</b>
46	1 Remove Sales expenses	(\$233,055)
47	<b>Gas Earnings Sharing Mechanism, Page 2, Sales</b>	<b><u>\$0</u></b>
48		
49	<b>Administrative and General expenses shown on Page 325 of the Annual Report</b>	<b>\$37,634,675</b>
50	1 Reclassify Donations to A&G expense from Account 426.1	\$324,271
51	2 Exclude Executive Variable Compensation not charged to customers	(\$260,147)
52	3 Normalize out of period adjustment for A&G OH Study reclassification to capital	\$1,543,836
53	<b>Gas Earnings Sharing Mechanism, Page 2, Administrative and General</b>	<b><u>\$39,242,635</u></b>