nationalgrid

Celia B. O'Brien
Assistant General Counsel and Director

April 19, 2019

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4770 – Application of The Narragansett Electric Company d/b/a National Grid for Approval of a Change in Electric and Gas Base Distribution Rates Excess Deferred Income Tax True-Up – Supplemental Compliance Filing <u>National Grid Joint Rebuttal Testimony</u>

Dear Ms. Massaro:

On behalf of National Grid, I enclose for filing with the Public Utilities Commission (PUC) one original and nine copies of the Company's joint rebuttal testimony and attachments of Company Witnesses Pamela D. Bushmich, Melissa A. Little, Michael J. Pini, and Adam S. Crary in the above-referenced docket. The Company's rebuttal testimony responds to the comments and recommendation contained in the direct testimony filed in this docket by the Rhode Island Division of Public Utilities and Carriers' consultant, David J. Effron.

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

Very truly yours,

Celia B. O'Brien

Celia B. O'Brien

Enclosures

cc: Docket 4770 Service List
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Al Mancini, Division
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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 will be hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Celia B. O'Brien

Celia B. O'Brien, Esq.	April 19, 2019 Date

Docket No. 4770 - National Grid – Rate Application
Service list updated 3/12/2019

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The Narragansett Electric Company
d/b/a National Grid

Excess Deferred Income Tax True-Up

Joint Rebuttal Testimony of:

Pamela D. Bushmich
Melissa A. Little
Michael J. Pini
Adam S. Crary

April 19, 2019

Submitted to:
Rhode Island Public Utilities Commission
RIPUC Docket No. 4770

Submitted by:

nationalgrid

JOINT REBUTTAL TESTIMONY

OF

PAMELA D. BUSHMICH

MELISSA A. LITTLE

MICHAEL J. PINI

ADAM S. CRARY

Table of Contents

I. Introduction

Pamela D. Bushmich

Q. Ms. Bushmich, please state your full name and business address.

A. My name is Pamela D. Bushmich, and my business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. Have you previously submitted direct testimony in this proceeding?

A. Yes. On behalf of The Narragansett Electric Company d/b/a National Grid (the Company)[1], I submitted pre-filed joint direct testimony on March 1, 2019, together with Company Witnesses Melissa A. Little, Michael J. Pini, and Robin E. Pieri.

Melissa A. Little

Q. Ms. Little, please state your full name and business address.

A. My name is Melissa A. Little, and my business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. Have you previously submitted direct testimony in this proceeding?

A. Yes. On behalf of the Company, I submitted pre-filed joint direct testimony on March 1, 2019, together with Ms. Bushmich, Mr. Pini, and Ms. Pieri.

[1] The term "Company" refers to The Narragansett Electric Company's electric and gas distribution operations on a collective basis. The electric and gas distribution operations of The Narragansett Electric Company together represent the entirety of the regulated operations conducted in Rhode Island by the Company. Where there is a need to refer to the individual electric and gas distribution operations of the Company, the terms "Narragansett Electric" or "Narragansett Gas," respectively, are used in this testimony.

Michael J. Pini

Q. Mr. Pini, please state your full name and business address.

A. My name is Michael J. Pini, and my business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. Have you previously submitted direct testimony in this proceeding?

A. Yes. On behalf of the Company, I submitted pre-filed joint direct testimony on March 1, 2019, together with Ms. Bushmich, Ms. Little, and Ms. Pieri.

Adam S. Crary

Q. Mr. Crary, please state your full name and business address.

A. My name is Adam S. Crary, and my business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. By whom are you employed and in what capacity?

A. I am a Senior Analyst for Electric Pricing, New England in the Regulation and Pricing Department of National Grid USA Service Company, Inc. (the Service Company). This department provides rate-related support to the Company.

Q. Please provide your educational background and professional experience.

A. In 1995, I graduated from Berklee College of Music in Boston, Massachusetts with a Bachelor of Music degree. For approximately eight years between 2000 and 2014, I was employed by Computer Sciences Corporation as a Pricing Analyst for their Managed Hosting and Cloud Computing business divisions, respectively. I began my employment as a Senior Pricing Analyst with the Service Company in June 2014.

Q. Have you previously testified before the PUC?

A. Yes.

Q. Have you previously submitted testimony in this docket?

A. No, I have not.

Q. On whose behalf are you submitting this joint rebuttal testimony?

A. We are submitting this joint rebuttal testimony on behalf of the Company.

II. Purpose and Structure of Rebuttal Testimony

Q. What is the purpose of your joint rebuttal testimony?

A. Our rebuttal testimony responds to the direct testimony of David J. Effron, who testified on behalf of the Rhode Island Division of Public Utilities and Carriers (Division) regarding the Company's supplemental compliance filing to true-up the excess accumulated deferred income tax (ADIT) amortization, specifically regarding the amortization period for protected excess ADIT.

Q. How is your testimony structured?

A. Section I is the Introduction. Section II presents the Purpose and Structure of our rebuttal testimony. Section III provides the Company's overall comments with respect to its excess ADIT supplemental compliance filing and the two methodologies used by the Company and Mr. Effon to amortize protected excess ADIT. Section IV provides the Company's response to Mr. Effron's comments and recommendation set forth in his pre-filed direct testimony. Section V discusses the impact of Mr. Effron's methodology on the revenue requirement for Narragansett Electric as well as the impact on customer bills. Section VI is the Conclusion to our testimony.

Q. Has the Company included attachments to this filing?

A. Yes, the Company has included the following attachment:[2]

Rebuttal Attachment 1: Comparative Statements of Electric Operations Income and Electric Rate Base

Q. At this time, do you need to make any corrections to the attachments that were included in the Company's March 1, 2019 filing?

A. Yes, we do. As soon as possible, the Company will be filing corrections to the following attachments:

Corrected Supplemental Compliance Attachment 1
Corrected Supplemental Compliance Attachment 2
Corrected Supplemental Compliance Attachment 16
Corrected Supplemental Compliance Attachment 17
Corrected Supplemental Compliance Attachment 19
Corrected Supplemental Compliance Attachment 31

[2] The attachments referred to as "Supplemental Compliance Attachment" reflect the updates presented in this filing to the same attachments filed with the PUC in the Company's August 16, 2018 Compliance Filing in Docket No. 4770 approved by the PUC on August 24, 2018 (Compliance Filing).

Q. Please explain the nature of these corrections.

A. As discussed in our pre-filed joint direct testimony, the Company implemented a deferred tax module within its PowerTax system to calculate the split between protected and unprotected plant-related excess ADIT and to calculate the annual excess ADIT amortization of protected plant under the Average Rate Assumption Method (ARAM).[3] The Company recently discovered that the book reserve that was booked at the time of the Company's acquisition of the Rhode Island gas distribution assets from Southern Union Company in August 2006 was not brought into the deferred tax module and allocated based on vintage and tax class and split between book and tax basis adjustments, with the remainder classified as method/life differences. This error only affects the attachments related to Narragansett Gas. The Company is correcting the error to the deferred tax module within the PowerTax system and will file the corrected attachments with the PUC and provide copies to the Division and Mr. Effron as soon as possible. The Company apologizes for this error and any inconvenience it may have caused the PUC, the Division, and Mr. Effron.

[3] See Pre-Filed Joint Direct Testimony of Company Witnesses Bushmich, Little, Pini, and Pieri, at Bates Pages 12-13 (Book 1 of 2).

III. Overall Comments

Q. Before responding to the Division's specific comments and recommendation provided by Mr. Effron in his direct testimony, are there any overall comments you wish to make regarding the Company's excess ADIT filing?

A. Yes, we do. First, as stated in our pre-filed joint direct testimony, the Company is committed to return the full value of the benefit of the excess ADIT to customers. The Company chose a methodology to return the full value of that benefit to customers that is consistent with how the Company operates its business.

Q. Is the Company's methodology inconsistent with any guidance from the Internal Revenue Service (IRS)?

A. No.

Q. Is Mr. Effron's methodology inconsistent with any guidance from the IRS?

A. No.

Q. Please explain.

A. To date, the IRS has not issued any guidance regarding a method to amortize unfunded ADIT related to net operating loss (NOL) that would fit within the normalization rules under The Tax Cuts & Jobs Act (the Tax Act). In the absence of any specific NOL-related guidance from the IRS to the contrary, neither the Company's amortization method nor Mr. Effron's method would cause a normalization violation.

Q. Please elaborate.

A. The basic premise of normalization is to prevent the return of benefits too quickly to customers. The lack of guidance from the IRS regarding a method to amortize unfunded ADIT related to NOL that would fit within the normalization rules presents a problem for both utilities and regulators when determining the proper amounts of excess ADIT to return to, or collect from, customers. Many utilities find themselves in significant NOL positions from years of bonus depreciation deductions. It is clear from IRS Private Letter Rulings that the NOL is considered a protected deferred tax under the Tax Act normalization rules as long as the loss on each fiscal year's tax return was due to the protected book and tax depreciation differences.[4] Given that the basic premise of normalization is to prevent the return of benefits too quickly to customers, and there is no specific NOL-related IRS guidance, neither the Company's amortization method nor Mr. Effron's method would cause a normalization violation. The two methodologies are just two different viewpoints to accomplish the same goal – to flow back the full benefit of the excess ADIT to customers.

[4] Deferred taxes for the Company are primarily the result of differences in the timing of when a cost is expensed (i.e., deducted) on its federal income tax return, and when it is expensed on the Company's books. These are referred to as "book-to-tax return differences" or "book/tax timing differences." In general, costs are expensed on a more accelerated basis for tax return purposes than they are on the Company's books. The most prevalent book/tax timing difference relates to plant which is expensed for tax purposes faster than it is depreciated on the Company's books.

Q. If the IRS issued guidance on the amortization of protected excess ADIT, including the NOL component, would the Company be willing to adjust its treatment of protected excess ADIT in a future filing with the PUC?

A. Yes, it would.

IV. <u>Response to Division's Direct Testimony</u>

Q. What is the Division's recommendation regarding amortization of protected excess ADIT?

A. The Division recommends a method where the NOL-related unfunded ADIT would be amortized annually in the same proportion as the annual amortization amount of protected plant excess ADIT is to total protected plant excess ADIT. The Division also states that this method was agreed to by the Parties[5] to the Amended Settlement Agreement approved by the PUC on August 24, 2018, in Docket No. 4770 (the Amended Settlement Agreement).

Q. Does the Company agree with Mr. Effron's recommendation?

A. No, it does not.

[5] The term "Parties" means collectively the Company; the Division of Public Utilities and Carriers; the Office of Energy Resources; the U.S. Department of the Navy and the Federal Executive Agencies; Conservation Law Foundation; Energy Consumers Alliance of New England, Inc. d/b/a People's Power and Light; Sierra Club; Natural Resources Defense Council; Acadia Center; Northeast Clean Energy Council; the George Wiley Center; New Energy Rhode Island; Wal-Mart Stores East, LP and Sam's East, Inc.; Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Solar; ChargePoint, Inc.; and National Railroad Passenger Corporation, as more specifically described in the Amended Settlement Agreement.

Q. Did the Parties to the Amended Settlement Agreement in Docket No. 4770 agree upon a methodology for calculating the amortization of protected excess ADIT?

A. No, they did not. The Parties to the Amended Settlement Agreement agreed to the true-up provision set forth in the Amended Settlement Agreement, which specified a high-level estimate of the amounts for Narragansett Electric and Narragansett Gas that were included in base distribution rates and the manner in which the high-level estimate would be trued-up once the Company filed its 2018 federal income tax return.

Q. Please explain what you mean by a high-level estimate of total excess ADIT.

A. With the enactment of the Tax Act, the Company had recorded a preliminary estimate of total excess ADIT and, at the time of the Amended Settlement Agreement, agreed that a 30-year life for plant excess ADIT and a 10-year life for non-plant excess ADIT would be used to calculate an estimate to be used as a placeholder amount until the Company submitted its excess ADIT true-up filing to the PUC. As discussed in our pre-filed joint direct testimony, to break out the plant-related excess ADIT between protected and unprotected, the Company needed to implement a deferred tax module within its PowerTax system.[6] The NOL amount was included with the plant-related balance. It was understood by the Company that the true-up filing would be the opportunity to more clearly state updated balances in all categories and provide the amortization amounts that were calculated through the deferred tax module in PowerTax.

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[6] See Company's Pre-Filed Joint Direct Testimony of Company Witnesses Bushmich, Little, Pini, and Pieri, at Bates Pages 12-13 (Book 1 of 2).

Q. How does the Company further respond to Mr. Effron's comments and recommendation?

A. The Amended Settlement Agreement reflects an agreement that NOL-related unfunded ADIT, as well as protected plant excess ADIT, would be a protected category. A placeholder amount (i.e., high level estimate) of excess ADIT reflecting a 30-year amortization life was used to begin returning excess ADIT to customers through currently-effective base distribution rates. The 30-year amortization life was used because it would prevent a normalization violation (i.e., it would not amortize more protected excess ADIT than allowed by the IRS) yet would allow the Company to begin returning excess ADIT to customers effective September 1, 2018. Excess ADIT is returned to customers, subject to true-up, while the Company calculated the actual excess ADIT amounts based on the actual excess ADIT amortization following the filing of the Company's fiscal year ended March 31, 2018 federal income tax return in December 2018.

Q. Please explain why the Company's methodology is acceptable.

A. The Company finds it appropriate to include an amount of NOL unfunded amortization equal to the amortization of protected plant excess ADIT. Under the ARAM, amortization of protected plant excess ADIT is only triggered when the book depreciation on a particular class and vintage of asset becomes greater than the tax depreciation. This would mean that the temporary plant difference is reversing. Reversing temporary differences would cause taxable income. If the Company has available NOL, it would utilize the NOL to the full extent of taxable income to bring the income to zero. The Company is simply employing a method that mimics what would occur in the normal course of filing annual income tax returns.

Q. Is this methodology consistent with regulatory filings in National Grid's other jurisdictions?

A. Yes, National Grid is using this methodology in its regulatory filings across all jurisdictions in which it operates: Rhode Island, Massachusetts, New York, and for FERC-regulated affiliates.

Q. Please provide some specific examples.

A. When the Tax Act was passed in December 2017, in addition to the Company's rate case in Docket No. 4770, National Grid had filed general rate cases for Boston Gas Company and Colonial Gas Company in Massachusetts. Similar to the Company, the rate cases included a high-level estimate of return of excess ADIT in base distribution rates, and a true-up filing will be submitted with the Massachusetts Department of Public Utilities (DPU) on May 1, 2019, utilizing the same methodologies for amortizing each category as presented in the Company's true-up filing. National Grid currently has a pending general rate case for Massachusetts Electric Company and Nantucket Electric Company, and the updated excess ADIT amounts by category and the proposed amortization, using the same methodology, was finalized during discovery in that general rate case. In the DPU's investigation into the impact of the Tax Act in D.P.U. 18-15-E, Massachusetts Electric Company and Nantucket Electric Company also filed a proposed return of excess ADIT from January 1, 2019, to September 30, 2019, to bridge the period until new distribution rates in their general rate case become effective, and the methodology was accepted by the DPU in D.P.U. 18-15-E and is currently reflected in rates. National Grid will also file rate cases for its two downstate New York gas companies, The Brooklyn Union Gas Company and KeySpan Gas East Corporation, using the same methodology for proposed return of excess ADIT amounts.

Q. Is Mr. Effron's methodology consistent with how the Company would typically operate its business? If not, please explain.

A. No, it is not. The Company would not treat the NOL in the manner that Mr. Effron is suggesting. If the Company were in a taxable income position, it would reduce that taxable income to the full extent of existing NOL carryforward available to eliminate the taxable income. The Company would not partially reduce taxable income by a portion of the NOL and keep aside an amount for another year.

Q. Are there any benefits to customers of the Company's proposal?

A. Yes, there are additional benefits to adopting the Company's methodology of amortizing the NOL. For Narragansett Electric, for example, the method would mean that the NOL unfunded ADIT would be fully recovered in seven to eight years. At the same time, the excess ADIT for unprotected non-plant balances would run for ten years. When the non-plant rate reduction ended, the remaining amortization of plant-related excess ADIT would commence, smoothing out the sudden bill impact of one amortization ending. In the unstable political climate, there are no guarantees that the 21 percent federal corporate income tax rate will continue. The Company's customers have realized the greatest part of the benefits of tax reform in the annual reduction of tax expense through cost of service since September 1, 2018. If the income tax rate increases and the Company has quickly returned the excess ADIT to customers, there may be a magnified bill impact with an increased cost of service as well as a give back of the former excess ADIT.

V. <u>Impact on Revenue Requirement and Bills</u>

Q. Has the Company calculated illustrative annual revenue requirements for each year of the multi-year rate plan based on Mr. Effron's approach?

A. Yes, it has for Narragansett Electric. The results of the Company's calculations are summarized in Rebuttal Attachment 1 for Narragansett Electric. The Company will provide a similar rebuttal attachment and bill impacts for Narragansett Gas when it submits its corrected attachments, as discussed previously in this testimony.

Q. If the Company had updates to Narragansett Electric's revenue requirements identical to what is reflected in Rebuttal Attachment 1 following Mr. Effron's approach, what would the Company have proposed for the ratemaking treatment of the amount of the true-up?

A. If the results of Narragansett Electric's true-up amounts were those shown in Rebuttal Attachment 1, the Company would not have proposed changes in base distribution rates for Rate Year 2 and Rate Year 3, but rather would have proposed to reflect the change in the revenue requirement in Narragansett Electric's Revenue Decoupling Mechanism (RDM) filings through the amount of the Annual Target Revenue (ATR) for the applicable period. This option is provided through Article II, Section C.22.a of the Amended Settlement Agreement.

Q. How would this impact the bills of Narragansett Electric's customers?

A. Under this illustrative treatment of the Deferred Tax Differential[7], there would be no impact on the bills of Narragansett Electric's customers as a result of changes in base distribution rates effective September 1, 2019, or September 1, 2020. This would be in lieu of the incremental Rate Year 2 increase in the monthly bill of a 500 kWh residential Standard Offer Service (SOS) customer of $0.14 and a decremental Rate Year 3 decrease in the monthly bill of a 500 kWh residential SOS customer of $0.03. These impacts would be a part of the RDM adjustment factor that would result through the reconciliation of the applicable reconciliation period's ATR and billed base distribution revenue.

VI. Conclusion

Q. Does this conclude your rebuttal testimony?

A. Yes.

[7] The Deferred Tax Differential is the difference between the revenue requirements the Company began recovering September 1, 2018, and the revenue requirements in this excess ADIT supplemental compliance filing in Docket No. 4770.

The Narragansett Electric Company d/b/a National Grid
Comparative Statement of Electric Operations Income
For the Rate Years Ending August 31, 2019 and August 31, 2020

Line	Description	Schedule Reference	Rate Year ending August 31, 2019					Rate Year ending August 31, 2020				
			Division Testimony	Supplemental Compliance filing	Compliance filing August 16, 2018	Division Position: Increase/ (Decrease)	Company Position: Increase/ (Decrease)	Division Testimony	Supplemental Compliance filing	Compliance filing August 16, 2018	Division Position: Increase/ (Decrease)	Company Position: Increase/ (Decrease)
			(a)	(b)	(c)	(a)-(c)	(b)-(c)	(a)	(b)	(c)	(a)-(c)	(b)-(c)
1	Revenues	Schedule 2-ELEC	$291,188,372	$292,912,174	$291,130,879	$57,493	$1,781,295	$294,892,686	$296,501,734	$295,001,190	($108,504)	$1,500,544
2												
3	Purchased Power & Other Reconciling Expense	Schedule 3	$0	$0	$0	$0		$0	$0	$0	$0	
4												
5	Net Distribution Revenues		$291,188,372	$292,912,174	$291,130,879	$57,493	$1,781,295	$294,892,686	$296,501,734	$295,001,190	($108,504)	$1,500,544
6												
7	Operation & Maintenance Expenses	Schedule 3	$148,380,053	$148,402,512	$150,760,152	($2,380,099)	($2,357,640)	$150,916,736	$150,937,701	$153,298,998	($2,382,262)	($2,361,297)
8												
9	Amortization of Regulatory Deferrals	Schedule 4-ELEC	$471,908	$471,908	$471,908	($0)	($0)	$471,908	$471,908	$471,908	($0)	($0)
10												
11	Amortization of Utility Plant	Schedule 5-ELEC	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
12												
13	Depreciation	Schedule 6-ELEC	$50,128,332	$50,128,332	$50,128,332	$0	$0	$51,008,253	$51,008,253	$51,008,253	$0	$0
14												
15	Municipal Taxes	Schedule 7-ELEC	$30,530,258	$30,530,258	$30,530,258	($0)	($0)	$30,530,258	$30,530,258	$30,530,258	($0)	($0)
16												
17	Payroll Taxes	Schedule 8	$4,154,522	$4,154,522	$4,154,522	$0	$0	$4,263,404	$4,263,404	$4,263,404	($0)	($0)
18												
19	Gross Receipts Taxes	Schedule 9	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
20												
21	Other Taxes	Schedule 9	$454,406	$454,406	$454,406	$0	$0	$466,493	$466,493	$466,493	$0	$0
22												
23	Interest on Customer Deposits	Workpaper 2-ELEC	$132,127	$132,127	$132,127	$0	$0	$304,467	$304,467	$304,467	($0)	($0)
24												
25	Total Operating Revenue Deductions		$234,251,607	$234,274,066	$236,631,705	($2,380,098)	($2,357,639)	$237,961,519	$237,982,484	$240,343,781	($2,382,262)	($2,361,297)
26												
27	Operating Income Before Income Taxes		$56,936,765	$58,638,108	$54,499,174	$2,437,591	$4,138,934	$56,931,167	$58,519,250	$54,657,409	$2,273,758	$3,861,841
28												
29	Income Taxes	Schedule 10-ELEC	$6,160,307	$7,896,572	$3,652,328	$2,507,979	$4,244,244	$6,148,009	$7,866,965	$3,665,067	$2,482,942	$4,201,898
30												
31	Operating Income After Income Taxes		$50,776,458	$50,741,536	$50,846,845	($70,388)	($105,310)	$50,783,158	$50,652,285	$50,992,342	($209,184)	($340,057)
32												
33	Rate Base	Schedule 11-ELEC	$728,500,109	$727,999,079	$729,509,971	($1,009,862)	($1,510,892)	$728,596,238	$726,718,582	$731,597,435	($3,001,197)	($4,878,853)
34												
35	Increase (decrease) in revenue requirement compared to Company's position					$(1,723,802)					$(1,609,048)	

The Narragansett Electric Company d/b/a National Grid
Comparative Statement of Electric Operations Income
For the Rate Year Ending August 31, 2021

		Rate Year ending August 31, 2021				
	Schedule Reference	Division Testimony	Supplemental Compliance filing	Compliance filing August 16, 2018	Division Position: Increase/ (Decrease)	Company Position: Increase/ (Decrease)
		(a)	(b)	(c)	(a)-(c)	(b)-(c)
1 Revenues	Schedule 2-ELEC	$297,272,847	$298,767,139	$297,547,347	($274,500)	$1,219,792
2						
3 Purchased Power & Other Reconciling Expense	Schedule 3	$0	$0	$0	$0	
4						
5 Net Distribution Revenues		$297,272,847	$298,767,139	$297,547,347	($274,500)	$1,219,792
6						
7 Operation & Maintenance Expenses	Schedule 3	$153,057,751	$153,077,220	$155,442,175	($2,384,424)	($2,364,955)
8						
9 Amortization of Regulatory Deferrals	Schedule 4-ELEC	$471,908	$471,908	$471,908	($0)	($0)
10						
11 Amortization of Utility Plant	Schedule 5-ELEC	$0	$0	$0	$0	$0
12						
13 Depreciation	Schedule 6-ELEC	$51,052,503	$51,052,503	$51,052,503	$0	$0
14						
15 Municipal Taxes	Schedule 7-ELEC	$30,530,258	$30,530,258	$30,530,258	($0)	($0)
16						
17 Payroll Taxes	Schedule 8	$4,348,558	$4,348,558	$4,348,558	$0	$0
18						
19 Gross Receipts Taxes	Schedule 9	$0	$0	$0	$0	$0
20						
21 Other Taxes	Schedule 9	$477,829	$477,829	$477,829	$0	$0
22						
23 Interest on Customer Deposits	Workpaper 2-ELEC	$300,158	$300,158	$300,158	$0	$0
24						
25 Total Operating Revenue Deductions		$240,238,966	$240,258,435	$242,623,389	($2,384,423)	($2,364,954)
26						
27 Operating Income Before Income Taxes		$57,033,881	$58,508,705	$54,923,958	$2,109,923	$3,584,747
28						
29 Income Taxes	Schedule 10-ELEC	$6,163,706	$7,865,354	$3,705,802	$2,457,904	$4,159,552
30						
31 Operating Income After Income Taxes		$50,870,175	$50,643,351	$51,218,156	($347,981)	($574,805)
32						
33 Rate Base	Schedule 11-ELEC	$729,844,686	$726,590,403	$734,837,218	($4,992,532)	($8,246,815)
34						
35 Increase (decrease) in revenue requirement compared to Company's position					$ (1,494,293)	

The Narragansett Electric Company d/b/a National Grid
Comparative Distribution Rate Base Calculation - Electric
For the Rate Years Ending August 31, 2019, 2020 and 2021

		Division Testimony			Supplemental Compliance Filing			Compliance Filing			Increase/(Decrease): Division Testimony			Increase/(Decrease): Company Supplemental Compliance filing		
	Description	Rate Year Ending August 31, 2019	Rate Year Ending August 31, 2020	Rate Year Ending August 31, 2021	Rate Year Ending August 31, 2019	Rate Year Ending August 31, 2020	Rate Year Ending August 31, 2021	Rate Year Ending August 31, 2019	Rate Year Ending August 31, 2020	Rate Year Ending August 31, 2021	Rate Year Ending August 31, 2019	Rate Year Ending August 31, 2020	Rate Year Ending August 31, 2021	Rate Year Ending August 31, 2019	Rate Year Ending August 31, 2020	Rate Year Ending August 31, 2021
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(a)-(g)	(b)-(h)	(c)-(i)	(d)-(g)	(e)-(h)	(f)-(i)
1	Utility Plant In Service	$1,601,539,723	$1,602,539,723	$1,604,539,723	$1,601,539,723	$1,602,539,723	$1,604,539,723	$1,601,539,723	$1,602,539,723	$1,604,539,723	$0	$0	$0	$0	$0	$0
2																
3	Property Held for Future Use	$2,496,405	$2,496,405	$2,496,405	$2,496,405	$2,496,405	$2,496,405	$2,496,405	$2,496,405	$2,496,405	$0	$0	$0	$0	$0	$0
4	Less: Contribution in Aid of Construction	$2,756	$2,756	$2,756	$2,756	$2,756	$2,756	$2,756	$2,756	$2,756	$0	$0	$0	$0	$0	$0
5	Less: Accumulated Depreciation	$688,355,184	$688,470,384	$688,563,184	$688,355,184	$688,470,384	$688,563,184	$688,355,184	$688,470,384	$688,563,184	$0	$0	$0	$0	$0	$0
6																
7	Net Plant	$915,678,188	$916,562,988	$918,470,188	$915,678,188	$916,562,988	$918,470,188	$915,678,188	$916,562,988	$918,470,188	$0	$0	$0	$0	$0	$0
8																
9	Materials and Supplies	$3,493,676	$3,403,498	$3,327,193	$3,493,676	$3,403,498	$3,327,193	$3,493,676	$3,403,498	$3,327,193	$0	$0	$0	$0	$0	$0
10	Prepayments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11	Loss on Reacquired Debt	$1,401,214	$1,244,585	$1,112,052	$1,401,214	$1,244,585	$1,112,052	$1,401,214	$1,244,585	$1,112,052	$0	$0	$0	$0	$0	$0
12	Cash Working Capital	$17,907,883	$17,907,883	$17,907,883	$18,095,166	$18,095,166	$18,095,166	$17,922,078	$17,922,078	$17,922,078	($14,194)	($14,194)	($14,194)	$173,088	$173,088	$173,088
13	Unamortized Interest Rate Lock	$1,638,006	$1,237,463	$898,542	$1,638,006	$1,237,463	$898,542	$1,638,006	$1,237,463	$898,542	$0	$0	$0	$0	$0	$0
14	Unamortized Debt Issuance Costs $550M	$901,943	$795,916	$706,200	$901,943	$795,916	$706,200	$901,943	$795,916	$706,200	$0	$0	$0	$0	$0	$0
15	Unamortized Debt Issuance Costs $250M	$866,236	$826,723	$793,290	$866,236	$826,723	$793,290	$866,236	$826,723	$793,290	$0	$0	$0	$0	$0	$0
16	Unamortized Debt Issuance Costs $350M	$577,476	$511,041	$454,826	$577,476	$511,041	$454,826	$577,476	$511,041	$454,826	$0	$0	$0	$0	$0	$0
17	Subtotal	$26,786,435	$25,927,109	$25,199,986	$26,973,718	$26,114,391	$25,387,269	$26,800,630	$25,941,303	$25,214,181	($14,194)	($14,194)	($14,194)	$173,088	$173,088	$173,088
18																
19	Accumulated Deferred FIT (ADIT)	$204,535,873	$204,372,917	$204,231,119	$205,224,186	$206,437,856	$207,672,684	$203,540,205	$201,385,915	$199,252,781	$995,668	$2,987,003	$4,978,338	$1,683,981	$5,051,942	$8,419,903
20	ADIT -Loss on Reacquired Debt	$540,073	$509,711	$479,349	$540,073	$509,711	$479,349	$540,073	$509,711	$479,349	$0	$0	$0	$0	$0	$0
21	Customer Deposits	$8,888,568	$9,011,230	$9,115,021	$8,888,568	$9,011,230	$9,115,021	$8,888,568	$9,011,230	$9,115,021	$0	$0	$0	$0	$0	$0
22	Subtotal	$213,964,514	$213,893,858	$213,825,489	$214,652,827	$215,958,797	$217,267,054	$212,968,847	$210,906,856	$208,847,151	$995,668	$2,987,003	$4,978,338	$1,683,981	$5,051,942	$8,419,903
23																
24	Rate Base	$728,500,109	$728,596,238	$729,844,686	$727,999,079	$726,718,582	$726,590,403	$729,509,971	$731,597,435	$734,837,218	($1,009,862)	($3,001,197)	($4,992,532)	($1,510,892)	($4,878,853)	($8,246,814)