

Narragansett Electric
Calculation of Estimated Rate Year Electric Low Income Discount and Low Income Discount Recovery Factor (LIDRF)

| Section 1 - Calculation of Low Income Discount | | | | | |
|--|--|------------------------|-------------|--------------------|--------------------------------|
| | | Rate Year Rate A-60 | | | |
| | | <u>Units</u> | <u>Rate</u> | <u>Charges</u> | <u>Proposed Discount</u> |
| | | (a) | (b) | (c) | (d) |
| | | | | | <u>Low Income Discount</u> |
| | | | | | (e) |
| (1) | Customer Charge | 437,171 | \$2.75 | \$1,202,221 | |
| (2) | RE Growth Factor | 437,171 | \$0.78 | \$340,993 | |
| (3) | LIHEAP Enhancement Surcharge | 437,171 | \$0.81 | \$354,109 | |
| | | | | | |
| (4) | Distribution kWh Charge | 223,496,800 | \$0.04159 | \$9,295,232 | |
| (5) | ISR CapEx Factor | 223,496,800 | \$0.00000 | \$0 | |
| (6) | ISR CapEx Reconciliation Factor | 223,496,800 | (\$0.00135) | (\$301,721) | |
| (7) | ISR O&M Factor | 223,496,800 | \$0.00163 | \$364,300 | |
| (8) | ISR O&M Reconciliation Factor | 223,496,800 | (\$0.00001) | (\$2,235) | |
| (9) | Pension/PBOP Factor | 223,496,800 | (\$0.00085) | (\$189,972) | |
| (10) | Revenue Decoupling Mechanism Adjustment Factor | 223,496,800 | \$0.00118 | \$263,726 | |
| (11) | Storm Fund Replenishment Factor | 223,496,800 | \$0.00288 | \$643,671 | |
| (12) | Low Income Discount Recovery Factor | 223,496,800 | \$0.00000 | <u>\$0</u> | |
| (13) | Subtotal Distribution Energy Charge | | | \$10,073,001 | |
| | | | | | |
| (14) | Transmission Charge | 223,496,800 | \$0.03180 | \$7,107,198 | |
| (15) | Transition Charge | 223,496,800 | \$0.00057 | \$127,393 | |
| (16) | Energy Efficiency Program Charge | 223,496,800 | \$0.01154 | \$2,579,153 | |
| (17) | Renewable Energy Distribution Charge | 223,496,800 | \$0.00688 | <u>\$1,537,658</u> | |
| | | | | | |
| (18) | Total Delivery Service Charges | | | \$23,321,726 | |
| | | | | | |
| (19) | Winter Commodity Charge | 108,217,729 | \$0.09518 | \$10,300,163 | |
| (20) | Summer Commodity Charge | <u>115,279,071</u> | \$0.06231 | <u>\$7,183,039</u> | |
| (21) | Total Commodity Charges | 223,496,800 | | \$17,483,202 | |
| | | | | | |
| (22) | Total | | | \$40,804,929 | |
| | | | | | |
| (23) | Low Income Discount | | | | 15.0% |
| (24) | Value of Exemption from Low Income Discount Recovery Factor | | | | |
| (25) | Total Low Income Benefit | | | | 15.4% |
| | | | | | |
| Column Descriptions: | | | | | |
| (a) | Schedule HSG-4-A (REV-1) | | | | |
| (b) | Workpaper HSG-5 (REV-1), Page 2 | | | | |
| (c) | Column (a) x Column (b) | | | | |
| (d) | Proposed Discount off of total amount billed | | | | |
| (e) | Line (22) x Line (23), Column (d) | | | | |
| Line Descriptions: | | | | | |
| (12) | Proposing that all A-60 customers are exempt from Low Income Discount Recovery Factor | | | | |
| (13) | Sum of Lines (4) through (12) | | | | |
| (18) | Sum of Lines (1) through (3) + Line (13) + Sum of Lines (14) through (17) | | | | |
| (21) | Line (19) + Line (20) | | | | |
| (22) | Line (18) + Line (21) | | | | |
| (23) | Column (c), Line (22) x Column (d), Line (23) | | | | |
| (24) | Column (a) kWh x Section 2, Line (1) ÷ Total Company kWh Delivery Forecast including low income rate classes | | | | |
| (25) | Line (23) + Line (24); Column (d) = Column (e) ÷ Line (22) Column (c) | | | | |

| <u>Section 2 - Calculation of Proposed Low Income Discount Recovery Factor</u> | | |
|--|--|----------------------|
| (1) | Estimated Discount Provided, Rate Year | \$6,120,739 |
| (2) | Forecasted kWh Deliveries, Rate Year | <u>7,072,229,805</u> |
| (3) | Proposed Income Eligible Credit Factor for September 1, 2018 | \$0.00086 |
| Line Descriptions: | | |
| (1) | Section 1, Line (23), Column (e) | |
| (2) | Rate Year Forecast excluding Rate A-60 kWh | |
| (3) | Line (1) ÷ Line (2), truncated to five decimal places | |

Narragansett Gas
Calculation of Estimated Rate Year Gas Low Income Discount and Low Income Discount Recovery Factor (LIDRF)

Section 1 - Calculation of Low Income Discount

| | | Rate Year | | | Rate Year | | | Total |
|------|-------------------------------------|-----------|----------|-----------------|------------|----------|--------------------|--------------------|
| | | Rate 11 | Rate 10 | | Rate 13 | Rate 12 | | |
| | | Units | Rate | Charges | Units | Rate | Charges | Charges |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| (1) | Customer Charge | 2,492 | \$16.00 | \$39,872 | 204,901 | \$16.00 | \$3,278,416 | \$3,318,288 |
| (2) | LIHEAP Enhancement Surcharge | 2,492 | \$0.81 | \$2,019 | 204,901 | \$0.81 | \$165,970 | \$167,989 |
| (3) | Distribution Charge | 101,774 | \$0.5209 | \$53,014 | 14,261,483 | \$0.5628 | \$8,026,363 | \$8,079,377 |
| (4) | DAC | 101,774 | \$0.0475 | \$4,834 | 14,261,483 | \$0.0207 | \$295,213 | \$300,047 |
| (5) | Low Income Discount Recovery Factor | 101,774 | \$0.0000 | \$0 | 14,261,483 | \$0.0000 | \$0 | \$0 |
| (6) | Energy Efficiency Program Charge | 101,774 | \$0.0878 | <u>\$8,936</u> | 14,261,483 | \$0.0878 | <u>\$1,252,158</u> | <u>\$1,261,094</u> |
| (7) | Total Delivery Service Charges | | | \$108,675 | | | \$13,018,120 | \$13,126,795 |
| (8) | Commodity Charge | 101,774 | \$0.4827 | <u>\$49,126</u> | 14,261,483 | \$0.5258 | <u>\$7,498,688</u> | <u>\$7,547,814</u> |
| (9) | Total | | | \$157,801 | | | \$20,516,807 | \$20,674,609 |
| (10) | Low Income Discount Percentage | | | <u>15%</u> | | | <u>15%</u> | |
| (11) | Low Income Discount | | | \$23,670 | | | \$3,077,521 | \$3,101,191 |
| (12) | Low Income Discount Recovery Factor | | | <u>\$795</u> | | | <u>\$111,382</u> | <u>\$112,177</u> |
| (13) | Total Low Income Benefit | | | \$24,465 | | | \$3,188,903 | \$3,213,368 |
| (14) | Effective Low Income Discount | | | <u>15.4%</u> | | | <u>15.5%</u> | <u>15.5%</u> |

Column Descriptions:

- (a), (d) Workpaper NG-PP-1(a)-GAS, Pages 24 and 27
(b), (e) Line (1), (3): Exhibit PMN-8 (REV-1), page 6
(c) Column (a) x Column (b)
(f) Column (d) x Column (e)
(g) Column (c) + Column (f)

Line Descriptions:

- (7) Sum of Lines (1) through (6)
(9) Line (7) + Line (8)
(10) Proposed Discount off of total amount billed
(11) Line (9) x Line (10)
(12) Column (c) and (f) = Column (a) and (d) therms x Section 2, Line (1) ÷ Total Company Therm Forecast including low income rate classes
(13) Line (11) + Line (12)
(14) Line (13) ÷ [Line (9) + Line (12)]

Section 2 - Calculation of Proposed Low Income Discount Recovery Factor

| | | |
|-----|--|--------------------|
| (1) | Estimated Discount Provided, Rate Year | \$3,101,191 |
| (2) | Forecasted Therms, Rate Year | <u>382,361,343</u> |
| (3) | Estimated LIDRF for September 1, 2018 | \$0.0081 |

Line Descriptions:

- (1) Section 1, Line (10), Column (h)
(2) Rate Year Forecast excluding Rates 11 and 13
(3) Line (1) ÷ Line (2), truncated to four decimal places

Narragansett Electric
Bill Impact on Regular Residential Customers
from Recovery of a Low Income Discount Outside of Base Rates

| | Electric | | | | | | | | |
|-----|------------------|-----------------|--------------------|-------------------------|--------------------|------------------------|---|------------------------------------|-------------------------------|
| | Percent Discount | Annual Discount | Illustrative LIDRF | LIDRF Charge on 500 kWh | Docket 4323 | | Increase (Decrease) Annual Discount/Subsidy | Increase (Decrease) per kWh Charge | Incremental Impact on 500 kWh |
| | | | | | Annual | Rate Adjustment | | | |
| | | | | | Low Income Subsidy | For Low Income Subsidy | | | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | |
| (1) | 5% | \$2,040,246 | \$0.00028 | \$0.14 | \$6,446,453 | \$0.00103 | (\$4,406,207) | (\$0.00075) | (\$0.38) |
| (2) | 10% | \$4,080,493 | \$0.00057 | \$0.29 | \$6,446,453 | \$0.00103 | (\$2,365,960) | (\$0.00046) | (\$0.23) |
| (3) | 15% | \$6,120,739 | \$0.00086 | \$0.43 | \$6,446,453 | \$0.00103 | (\$325,714) | (\$0.00017) | (\$0.09) |
| (4) | 20% | \$8,160,986 | \$0.00115 | \$0.58 | \$6,446,453 | \$0.00103 | \$1,714,533 | \$0.00012 | \$0.06 |
| (5) | 25% | \$10,201,232 | \$0.00144 | \$0.72 | \$6,446,453 | \$0.00103 | \$3,754,779 | \$0.00041 | \$0.21 |

Current effective discount on total bill based on November 1, 2017 rates:

| | | |
|-----|------------------------|----------|
| (6) | Residential | \$105.27 |
| (7) | Residential Low Income | \$93.04 |
| (8) | Difference | \$12.23 |
| (9) | Effective Discount | 11.6% |

Column Descriptions:

- (a) Low Income Discounts in 5% increments
- (b) Page 1 line (22) x column (a)
- (c) Column (b) ÷ Page 1 Section 2 Line (2)
- (d) Column (c) x 500
- (e) Per Docket No 4323 Compliance Attachment 3-D Schedule JAL-4, Page 2, Line (39)
- (f) Per Docket No 4323 Compliance Attachment 3-D Schedule JAL-4, Page 2, Line (10) Column (d)
- (g) Column (b) - Column (e)
- (h) Column (c) - Column (f)
- (i) Column (h) x 500

Narragansett Gas
Bill Impact on Regular Residential Heating Customers
from Recovery of a Low Income Discount Outside of Base Rates

| Gas | | | | | | | | | |
|------------------|-----------------|--------------------|----------------------------|--|---|--|--|--------------------------------------|----------------------------------|
| Percent Discount | Annual Discount | Illustrative LIDRF | LIDRF Charge on 845 therms | Annual LDIRF Subsidy Residential Heating | Current Annual Low Income Subsidy Residential Heating | Increase (Decrease) Annual Subsidy Residential Heating | Rate Adjustment For Current Low Income Subsidy | Increase (Decrease) per therm Charge | Incremental Impact on 845 therms |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| (1) 5% | \$1,033,730 | \$0.0027 | \$2.28 | \$479,241 | \$1,472,203 | (\$992,961) | \$0.0082 | (\$0.0055) | (\$4.65) |
| (2) 10% | \$2,067,461 | \$0.0054 | \$4.56 | \$958,483 | \$1,472,203 | (\$513,720) | \$0.0082 | (\$0.0028) | (\$2.37) |
| (3) 15% | \$3,101,191 | \$0.0081 | \$6.84 | \$1,437,724 | \$1,472,203 | (\$34,478) | \$0.0082 | (\$0.0001) | (\$0.08) |
| (4) 20% | \$4,134,922 | \$0.0108 | \$9.13 | \$1,916,966 | \$1,472,203 | \$444,763 | \$0.0082 | \$0.0026 | \$2.20 |
| (5) 25% | \$5,168,652 | \$0.0135 | \$11.41 | \$2,396,207 | \$1,472,203 | \$924,004 | \$0.0082 | \$0.0053 | \$4.48 |

Column Descriptions:

- (a) Low Income Discounts in 5% increments
- (b) Page 2, Section 1, line (9), Column (g) x column (a)
- (c) Column (b) ÷ Page 1, Section 2, Line (2)
- (d) Column (c) x 845
- (e) Column (c) x rate year throughput volume for Rate 13
- (f) Total Low Income subsidized by residential heating Rate 13 under current rates
- (g) Column (e) - Column (f)
- (h) Column (f) ÷ rate year throughput volume for Rate 13
- (i) Column (c) - Column (h)