

February 8, 2018

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4781 - Proposed Fiscal Year 2019 Gas Infrastructure, Safety, and Reliability Plan  
Responses to Division Data Requests - Set 1**

Dear Ms. Massaro:

Enclosed please find 10 copies of National Grid's<sup>1</sup> responses to the first set of data requests issued by the Rhode Island Division of Public Utilities and Carriers in the above-referenced docket.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7415.

Very truly yours,



Robert J. Humm

Enclosure

cc: Docket 4781 Service List  
Leo Wold, Esq.  
John Bell, Division  
Al Mancini, Division

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

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

February 8, 2018  
Date

**Docket No. 4781 - National Grid's FY 2019 Gas Infrastructure, Safety and Reliability (ISR) Plan - Service List 1/12/18**

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Division 1-1

Request:

Please provide the effect of the recently enacted federal Tax Cuts and Jobs Act of 2017 on the FY 2019 Gas ISR revenue requirement. The response should include all supporting workpapers.

Response:

Please see Attachment DIV 1-1-1 for a comparison of the originally-filed Fiscal Year (FY) 2019 Gas Infrastructure, Safety, and Reliability (ISR) Plan (the Plan) revenue requirement on December 19, 2017 to an updated calculation of the revenue requirement reflecting the effects of the decrease in the federal income tax rate from 35 percent to 21 percent, pursuant to the recently enacted federal Tax Cuts and Jobs Act of 2017 (Tax Act). The updated revenue requirement also reflects the Tax Act's elimination of bonus depreciation as of September 28, 2017. The impact of the elimination of bonus depreciation increases rate base. In addition, the Company has revised the revenue requirement for the removal of \$866,000 of capital investment included in the originally-filed FY 2019 Plan investment that will no longer be incurred in FY 2019 for the Cumberland liquefied natural gas (LNG) facility. The overall change in the FY 2019 ISR revenue requirement is a decrease of \$1,782,036, of which \$1,725,331 is the decrease resulting from the federal income tax rate change, and a decrease of \$56,705 attributable to the removal of \$866,000 of Cumberland LNG spending from the FY 2019 revenue requirement calculation.

In addition, the Company's previously approved FY 2018 Gas ISR Plan revenue requirement is also impacted by the Tax Act. The effective date of the 21 percent federal income tax rate is January 1, 2018, which is at the end of the ninth month of FY 2018. The overall change in the FY 2018 ISR revenue requirement is a decrease of \$480,328 resulting from the federal income tax rate change. This decrease will be reflected in the reconciliation of the revenue requirement based upon actual FY 2018 spending and revenue billed through the Gas ISR factors.

The change in the federal income tax rate affected the FY 2018 and FY 2019 Gas ISR revenue requirement primarily in two offsetting ways:

1. Decrease to pre-tax weighted average cost of capital (WACC) - The decrease in the federal income tax rate from 35 percent to 21 percent reduced the amount of income tax that to be recovered on the return on equity component of the revenue requirement.

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2. Increased rate base attributable to reduced deferred income taxes on vintage FY 2018 and FY 2019 Gas ISR investment - The Company is able to depreciate its assets on its income tax returns faster than it depreciates assets on its books. This is referred to as accelerated tax depreciation, and the difference between tax depreciation and book depreciation is referred to as book/tax timing differences. Deferred income taxes are calculated by multiplying book/tax timing differences by the federal income tax rate. As a result of the decrease in the federal income tax rate, deferred income taxes that are generated at the 21 percent tax rate beginning January 1, 2018 are now lower than deferred taxes that were originally calculated at 35 percent in the Company's December 19, 2017 Plan filing. ISR-related deferred income taxes are liabilities for income taxes that will eventually be paid to the federal government when the underlying book/tax timing difference reverses. Deferred income taxes reflect the net cash benefit that the Company receives as a result of accelerated tax depreciation, and this benefit is passed along to customers as a reduction to rate base upon which the Company earns a return in the Gas ISR revenue requirement calculation. Lower deferred taxes results in a lower reduction to rate base, which results in an increase in rate base over the levels included in the originally-filed FY 2019 Gas ISR Plan.

The workpapers supporting the net decrease in the revenue requirement are the attached revised revenue requirement calculation included here as Attachment DIV 1-1-2 (Section 3, Attachment 1-REVISED). The Company made the following changes to this document from the version submitted with the original December 19, 2017 Plan filing:

1. The Company added page 31 to revise the pre-tax WACC to reflect the change in the federal income tax rate. The pre-tax WACC approved in Docket No. 4323 was 10.05 percent at the 35 percent tax rate as shown, on Page 31. The new pre-tax WACC at the 21 percent tax rate, which became effective January 1, 2018, is 8.78 percent. This new pre-tax WACC has been updated for the entirety of the FY 2019 revenue requirement; however, the Company used a blended WACC of 9.73 percent to calculate the FY 2018 revenue requirement, as the 35 percent federal income tax was in effect for nine months of FY 2018 (April to December) and the 21 percent federal income tax rate will be in effect for three months of FY 2018 (January to March).
2. Effective December 31, 2017, the Company must restate all of its deferred tax balances based on the new 21 percent federal income tax rate because the Company will be paying income taxes as the book/tax timing differences reverse at that 21 percent federal income tax rate. However, reducing the deferred tax balances based on the 21 percent federal income tax rate has the effect of artificially increasing rate base. To counteract this artificial increase to rate base, a new line item called Excess Deferred Income Taxes has

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been added to each vintage year's revenue requirement calculation reflecting the value of the decrease to ISR rate base as of December 31, 2017. These excess deferred income taxes are calculated on Page 30 of Section 3, Attachment 1-REVISED. The Company derived the excess deferred income tax amounts by calculating the balance of ISR deferred taxes by vintage fiscal year, and multiplying that amount by the 14 percent change in the tax rate (35 percent minus 21 percent). Although calculated on Page 30, ISR deferred taxes for vintage FY 2012 and FY 2014 are fully offset by tax net operating loss deferred tax assets. Therefore, the adjustment to re-set deferred taxes based on the 21 percent federal income tax rate had no impact on ISR rate base, and therefore no excess deferred tax offset was necessary for those years. Similarly, proration adjustments that were reflected in the originally-filed revenue requirement calculation for vintage FY 2012 and FY 2014 have been set to \$0 in this revised attachment.

3. The Company modified page 2 to reduce Line 7, Cost of Removal, by \$866,000 to eliminate planned spending associated with the Cumberland LNG facility.
4. Tax depreciation calculations on pages 3 and 5 have been updated to modify the calculation of bonus depreciation on estimated vintage FY 2019 and FY 2018 Gas ISR Plan capital investment, respectively. Bonus depreciation for FY 2019 and FY 2018 in the Company's December 19, 2017 filing was based on bonus depreciation rates of 50 percent, 40 percent, and 30 percent for calendar years 2017 to 2019, respectively; however, pursuant to the Tax Act, bonus depreciation is no longer an eligible deduction as of September 28, 2017.

Finally, the Company made changes to the format of Section 3, Attachment 1 to improve the size of the print for many of the pages in the attachment. Specifically, the Company reoriented pages 2 through 17 and page 23 from a portrait view to a landscape format. The Company revised the Tax Depreciation schedules on the odd numbered pages from pages 3 through 17 to present MACRS<sup>1</sup> Depreciation vertically rather than horizontally. Also, for the vintage year revenue requirement calculations for FY 2012 through FY 2015, certain columns of information that have been presented for many previous years were accumulated into a single column. Additionally, pages 25, 26, and 27 of the original filing, which contain the calculations of deferred tax proration adjustments, are now being presented as pages 25a and 25b, 26a and 26b, and 27a and 27b.

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<sup>1</sup> Modified Accelerated Cost Recovery System, or MACRS, is the accelerated depreciation methodology of the Internal Revenue Service.

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Annual Revenue Requirement Summary

Line No.		As filed Fiscal Year 2018 (a)	Reflecting Tax Law change Fiscal Year 2018 (b)	As filed Fiscal Year 2019 (c)	Reflecting Tax Law change Fiscal Year 2019 (d)	Reflecting Tax Law Change & Cumberland LNG Adjustment Fiscal Year 2019 (e)
<b>Operation and Maintenance Expenses</b>						
1	Forecasted Gas Infrastructure, Safety, and Reliability O&M Expenses	\$571,000	\$571,000	\$502,000	\$502,000	\$502,000
<b>Capital Investment:</b>						
2	Actual Revenue Requirement on Incremental FY 2012 Capital included in ISR Rate Base	\$1,059,435	\$1,038,307	\$1,030,794	\$958,187	\$958,187
3	Actual Revenue Requirement on Incremental FY 2013 Capital included in ISR Rate Base	\$259,032	\$238,886	\$270,420	\$210,394	\$210,394
4	Actual Revenue Requirement on Incremental FY 2014 Capital included in ISR Rate Base	\$3,303,452	\$3,295,349	\$3,216,492	\$3,085,893	\$3,085,893
5	Actual Annual Revenue Requirement on FY 2015 Capital Included in ISR Rate Base	\$6,555,992	\$6,407,467	\$6,348,760	\$5,826,786	\$5,826,786
6	Actual Annual Revenue Requirement on FY 2016 Capital Included in ISR Rate Base	\$7,715,333	\$7,465,317	\$7,382,700	\$6,797,242	\$6,797,242
7	Actual Annual Revenue Requirement on FY 2017 Capital Included in ISR Rate Base	\$6,015,643	\$5,818,601	\$5,724,724	\$5,298,285	\$5,298,285
8	Forecasted Annual Revenue Requirement on FY 2018 Capital Included in ISR Rate Base	\$3,928,534	\$4,093,167	\$7,595,339	\$7,442,699	\$7,442,699
9	Forecasted Annual Revenue Requirement on FY 2019 Capital Included in ISR Rate Base			\$4,159,401	\$4,383,626	\$4,353,572
10	Total Capital Investment Revenue Requirement	\$28,837,421	\$28,357,093	\$35,728,629	\$34,003,114	\$33,973,059
11	Forecasted Annual Property Tax Recovery Mechanism	\$7,699,824	\$7,699,824	\$9,546,263	\$9,546,447	\$9,519,797
11a	True-Up for FY 2013 through FY 2016 Work Order Write Off: Capital Investment Related	(\$532,674)	(\$532,674)	\$0	\$0	\$0
11b	True-Up for FY 2013 through FY 2016 Work Order Write Off: Property Tax Related	(\$24,620)	(\$24,620)	\$0	\$0	\$0
12	<b>Total Capital Investment Component of the Revenue Requirement</b>	<b>\$35,979,952</b>	<b>\$35,499,623</b>	<b>\$45,274,892</b>	<b>\$43,549,561</b>	<b>\$43,492,856</b>
13	Total Fiscal Year Revenue Requirement	<b>\$36,550,952</b>	<b>\$36,070,623</b>	<b>\$45,776,892</b>	<b>\$44,051,561</b>	<b>\$43,994,856</b>
14	<b>Total</b>		1/ <b>(\$480,328)</b>	1/ <b>\$1,725,331</b>	2/ <b>(\$56,705)</b>	

1/ Update due to the effect of the Federal Tax Cuts and Jobs Act of 2017  
2/ Update due to removal of Cumberland LNG investment for FY 2019

1(b) As approved in Docket 4678  
2(b) Attachment DIV 1-1-2, Page 16, Line 34(h)  
3(b) Attachment DIV 1-1-2, Page 14, Line 34(g)  
4(b) Attachment DIV 1-1-2, Page 12, Line 36(f)  
5(b) Attachment DIV 1-1-2, Page 10, Line 30(e)  
6(b) Attachment DIV 1-1-2, Page 8, Line 30(d)  
7(b) Attachment DIV 1-1-2, Page 6, Line 30(b)  
8(b) Attachment DIV 1-1-2, Page 4, Line 30(a)  
10(b) Sum of Line 2(b) through Line 8(b)  
11(b) Attachment DIV 1-1-2, Page 1, Line 11(a)

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas Infrastructure, Safety,  
and Reliability Plan Proposal Filing  
Section 3, Attachment 1-REVISED  
Page 1 of 31

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Annual Revenue Requirement Summary

Line No.		As Approved	Fiscal Year	Fiscal Year
		Fiscal Year	2019	2020
		2018	2019	2020
		(a)	(b)	(c)
<b>Operation and Maintenance Expenses</b>				
1	Forecasted Gas Infrastructure, Safety, and Reliability O&M Expenses	\$571,000	\$502,000	
<b>Capital Investment:</b>				
2	Actual Revenue Requirement on Incremental FY 2012 Capital included in ISR Rate Base	\$1,059,435	\$958,187	\$942,721
3	Actual Revenue Requirement on Incremental FY 2013 Capital included in ISR Rate Base	\$259,032	\$210,394	\$225,724
4	Actual Revenue Requirement on Incremental FY 2014 Capital included in ISR Rate Base	\$3,303,452	\$3,085,893	\$3,037,065
5	Actual Annual Revenue Requirement on FY 2015 Capital Included in ISR Rate Base	\$6,555,992	\$5,826,786	\$5,650,428
6	Actual Annual Revenue Requirement on FY 2016 Capital Included in ISR Rate Base	\$7,715,333	\$6,797,242	\$6,581,122
7	Actual Annual Revenue Requirement on FY 2017 Capital Included in ISR Rate Base	\$6,015,643	\$5,298,285	\$5,577,807
8	Forecasted Annual Revenue Requirement on FY 2018 Capital Included in ISR Rate Base	\$3,928,534	\$7,442,699	\$7,459,305
9	Forecasted Annual Revenue Requirement on FY 2019 Capital Included in ISR Rate Base		\$4,353,572	\$8,571,074
10	Total Capital Investment Revenue Requirement	\$28,837,421	\$33,973,059	\$38,045,246
11	Forecasted Annual Property Tax Recovery Mechanism	\$7,699,824	\$9,519,797	
11a	True-Up for FY 2013 through FY 2016 Work Order Write Off: Capital Investment Related	(\$532,674)	\$0	
11b	True-Up for FY 2013 through FY 2016 Work Order Write Off: Property Tax Related	(\$24,620)	\$0	
12	<b>Total Capital Investment Component of the Revenue Requirement</b>	<b>\$35,979,952</b>	<b>\$43,492,856</b>	
13	Total Fiscal Year Revenue Requirement	<b>\$36,550,952</b>	<b>\$43,994,856</b>	
14	<b>Total Incremental Fiscal Year Rate Adjustment</b>		<b>\$7,443,904</b>	

Column Notes

(a) As approved in Docket No. RIPUC 4678

Line Notes

1 From Exhibit JBC-1, Section 2, Table 1.  
2(b)-(c) From Page 16 of 31, Line 34  
3(b)-(c) From Page 14 of 31, Line 34  
4(b)-(c) From Page 12 of 31, Line 36  
5(b)-(c) From Page 10 of 31, Line 30  
6(b)-(c) From Page 8 of 31, Line 30  
7(b)-(c) From Page 6 of 31, Line 30  
8(b)-(c) From Page 4 of 31, Line 30  
9 Sum of Lines 2 through 8  
10 From Page 20 of 31, Line 96(g)  
11 Line 9 + Line 10 + Line 10a  
12 Line 1 + Line 11  
13 Line 12(b) - Line 12(a)

**Updated with Tax Law Change**  
**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas ISR Plan Revenue Requirement**  
**Computation of Revenue Requirement on FY 2019 Forecasted Gas Capital Investment**

Line No.			Fiscal Year 2019 (a)	Fiscal Year 2020 (b)
<u>Depreciable Net Capital Included in ISR Rate Base</u>				
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Per Company's books	\$100,772,000	\$0
2	Retirements	Line 1 * Retirement rate	\$10,050,337	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Column (a) = Line 1 - Line 1a - Line 2; Column (b) = Prior Year Line 3	\$90,721,663	\$90,721,663
<u>Change in Net Capital Included in ISR Rate Base</u>				
4	Capital Included in ISR Rate Base	Line 1	\$100,772,000	\$0
5	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$24,356,183	\$0
6	Incremental Capital Amount	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$76,415,817	\$76,415,817
7	Cost of Removal	Per Company's books	\$5,440,400	\$5,440,400
8	<b>Net Plant Amount</b>	<b>Line 6 + Line 7</b>	<b>\$81,856,217</b>	<b>\$81,856,217</b>
<u>Deferred Tax Calculation:</u>				
9	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943 & 4323	3.38%	3.38%
10	Tax Depreciation	Page 3	\$78,798,310	\$2,074,026
11	Cumulative Tax Depreciation	Prior Year Line 11 + Current Year Line 10	\$78,798,310	\$80,872,336
12	Book Depreciation	Column (a) = Line 3 * Line 9 * 50% ; Column (b) = Line 3 * Line 9	\$1,533,196	\$3,066,392
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12	\$1,533,196	\$4,599,588
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$77,265,114	\$76,272,747
15	Effective Tax Rate		21.00%	21.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$16,225,674	\$16,017,277
17	Less: FY 2019 Federal NOL	Estimated NOL, per Tax Department	\$0	\$0
18	Proration Adjustment	Col (a) = Page 25b of 31, Line 40; Col (b) = Page 26b of 31, Line 40	(\$148,115)	\$93,435
19	Net Deferred Tax Reserve	Line 16 + Line 17 + Line 18	\$16,077,559	\$16,110,712
<u>ISR Rate Base Calculation:</u>				
20	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$81,856,217	\$81,856,217
21	Accumulated Depreciation	- Line 13	(\$1,533,196)	(\$4,599,588)
22	Deferred Tax Reserve	- Line 19	(\$16,077,559)	(\$16,110,712)
23	Year End Rate Base before Deferred Tax Proration	Sum of Lines 20 through 22	\$64,245,462	\$61,145,917
<u>Revenue Requirement Calculation:</u>				
24	Average ISR Rate Base	Column (a) = Current Year Line 23 ÷ 2; Column (b) = (Prior Year Line 23	\$32,122,731	\$62,695,689
25	Pre-Tax ROR	Page 31, Line 29(e)	8.78%	8.78%
26	Return and Taxes	Line 24 * Line 25	\$2,820,376	\$5,504,681
27	Book Depreciation	Line 12	\$1,533,196	\$3,066,392
28	Property Taxes		\$0	\$0
29	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 26 through 28</b>	<b>\$4,353,572</b>	<b>\$8,571,074</b>

1/ Assumes 9.97% retirement rate based on FY 2017 actual retirements (Per Page 6 of 25, Line 2(a) ÷ Line 1(a))

2/ Property taxes calculated on Pages 19 through 22 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Capital Investments

Line No.			Fiscal Year 2019 (a)		
<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 2 of 31, Line 1	\$100,772,000	20 Year MACRS Depreciation	
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 71.49%		
3	Capital Repairs Deduction	Line 2 * Line 3	\$72,041,903		
<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$100,772,000	Fiscal Year 2019 3.750% \$1,077,379 2020 7.219% \$2,074,026 2021 6.677% \$1,918,309 2022 6.177% \$1,774,658 2023 5.713% \$1,641,350 2024 5.285% \$1,518,386 2025 4.888% \$1,404,327 2026 4.522% \$1,299,175 2027 4.462% \$1,281,937 2028 4.461% \$1,281,650 2029 4.462% \$1,281,937 2030 4.461% \$1,281,650 2031 4.462% \$1,281,937 2032 4.461% \$1,281,650 2033 4.462% \$1,281,937 2034 4.461% \$1,281,650 2035 4.462% \$1,281,937 2036 4.461% \$1,281,650 2037 4.462% \$1,281,937 2038 4.461% \$1,281,650 2039 2.231% \$640,968 100.000% \$28,730,097	
5	Less Capital Repairs Deduction	Line 3	\$72,041,903		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$28,730,097		
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%		
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$28,730,097		
9	Bonus Depreciation Rate (April 2018 - December 2018)	1 * 75% * 0%	0.00%		
10	Bonus Depreciation Rate (January 2019 - March 2019)	1 * 25% * 0%	0.00%		
11	Total Bonus Depreciation Rate	Line 9 + Line 10	0.00%		
12	Bonus Depreciation	Line 8 * Line 11	\$0		
<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$100,772,000		
14	Less Capital Repairs Deduction	Line 3	\$72,041,903		
15	Less Bonus Depreciation	Line 12	\$0		
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 4 - 5	\$28,730,097		
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946	3.750%		
18	Remaining Tax Depreciation	Line 6 * Line 7	\$1,077,379		
19	FY19 tax (gain)/loss on retirements	Per Tax Department	\$238,628		
20	Cost of Removal	Page 2 of 31, Line 7	\$5,440,400		
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20	\$78,798,310		

1/ Capital Repairs percentage is based on a three-year average of FYs 2014, 2015 and 2016 capital repairs rates.

**Updated with Tax Law Change**  
**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas ISR Plan Revenue Requirement**  
**Computation of Revenue Requirement on FY 2018 Forecasted Gas Capital Investment**

Line No.		Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)
<u>Depreciable Net Capital Included in ISR Rate Base</u>				
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Per Company's books	\$93,177,000	\$0
2	Retirements	Line 1 * Retirement rate	\$3,289,148	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Column (a) = Line 1 - Line 1a - Line 2; Column (b) = Prior Year Line 3	\$89,887,852	\$89,887,852
<u>Change in Net Capital Included in ISR Rate Base</u>				
4	Capital Included in ISR Rate Base	Line 1	\$93,177,000	\$0
5	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$24,356,183	\$0
6	Incremental Capital Amount	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$68,820,817	\$68,820,817
7	Cost of Removal	Per Company's books	\$8,008,000	\$8,008,000
8	<b>Net Plant Amount</b>	<b>Line 6 + Line 7</b>	<b>\$76,828,817</b>	<b>\$76,828,817</b>
<u>Deferred Tax Calculation:</u>				
9	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943 & 4323	3.38%	3.38%
10	Tax Depreciation	Page 3	\$80,505,096	\$1,568,944
11	Cumulative Tax Depreciation	Prior Year Line 11 + Current Year Line 10	\$80,505,096	\$82,074,040
12	Book Depreciation	Column (a) = Line 3 * Line 9 * 50% ; Column (b) = Line 3 * Line 9	\$1,519,105	\$3,038,209
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12	\$1,519,105	\$4,557,314
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$78,985,991	\$77,516,726
15	Effective Tax Rate		21.00%	21.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$16,587,058	\$16,278,512
17	Less: FY 2018 Federal NOL	Estimated NOL, per Tax Department	\$0	\$0
18	Proration Adjustment	Col (a) = Page 25b of 31, Line 40; Col (b) = Page 26b of 31, Line 40	(\$2,480,673)	\$279,194
19	Excess Deferred Taxes	Page 30, Line 9(c)	\$8,293,529	\$8,293,529
20	Net Deferred Tax Reserve	Line 16 + Line 17 + Line 18 + Line 19	\$22,399,914	\$24,851,235
<u>ISR Rate Base Calculation:</u>				
21	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$76,828,817	\$76,828,817
22	Accumulated Depreciation	- Line 13	(\$1,519,105)	(\$4,557,314)
23	Deferred Tax Reserve	- Line 20	(\$22,399,914)	(\$15,945,230)
24	Year End Rate Base before Deferred Tax Proration	Sum of Lines 21 through 23	\$52,909,798	\$47,420,267
<u>Revenue Requirement Calculation:</u>				
25	Average ISR Rate Base	Column (a) = Current Year Line 23 ÷ 2; Column (b) = (Prior Year Line 23 + Current Year Line 22) ÷ 2	\$26,454,899	\$50,165,032
26	Pre-Tax ROR	Page 31, Line 29(e)	9.73%	8.78%
27	Return and Taxes	Line 25 * Line 26	\$2,574,062	\$4,404,490
28	Book Depreciation	Line 12	\$1,519,105	\$3,038,209
29	Property Taxes		\$0	\$0
30	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 27 through 29</b>	<b>\$4,093,167</b>	<b>\$7,442,699</b>

1/ Assumes 3.53% retirement rate based on FY 2016 actual retirements (Per Page 8 of 29, Line 2(a) ÷ Line 1(a))

2/ Property taxes calculated on Pages 19 through 22 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Tax Depreciation and Repairs Deduction on FY 2018 Capital Investments

Line No.			Fiscal Year 2018 (a)
<u>Capital Repairs Deduction</u>			
1	Plant Additions	Page 4 of 31, Line 1	\$93,177,000
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 68.90%
3	Capital Repairs Deduction	Line 2 * Line 3	\$64,198,946
 <u>Bonus Depreciation</u>			
4	Plant Additions	Line 1	\$93,177,000
5	Less Capital Repairs Deduction	Line 3	\$64,198,946
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$28,978,054
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$28,978,054
9	Bonus Depreciation Rate (April 2017 - September 2017)	1 * 50% * 50%	25.00%
10	Bonus Depreciation Rate (January 2018 - March 2018)	1 * 25% * 0%	0.00%
11	Total Bonus Depreciation Rate	Line 9 + Line 10	25.00%
12	Bonus Depreciation	Line 8 * Line 11	\$7,244,514
 <u>Remaining Tax Depreciation</u>			
13	Plant Additions	Line 1	\$93,177,000
14	Less Capital Repairs Deduction	Line 3	\$64,198,946
15	Less Bonus Depreciation	Line 12	\$7,244,514
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 4 - 5	\$21,733,540
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946	3.750%
18	Remaining Tax Depreciation	Line 6 * Line 7	\$815,008
19	FY18 tax (gain)/loss on retirements	Per Tax Department	\$238,628
20	Cost of Removal	Page 4 of 31, Line 7	\$8,008,000
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20	<u>\$80,505,096</u>

20 Year MACRS Depreciation		
MACRS basis: \$21,733,540		
Fiscal Year		
2018	3.750%	\$815,008
2019	7.219%	\$1,568,944
2020	6.677%	\$1,451,148
2021	6.177%	\$1,342,481
2022	5.713%	\$1,241,637
2023	5.285%	\$1,148,618
2024	4.888%	\$1,062,335
2025	4.522%	\$982,791
2026	4.462%	\$969,751
2027	4.461%	\$969,533
2028	4.462%	\$969,751
2029	4.461%	\$969,533
2030	4.462%	\$969,751
2031	4.461%	\$969,533
2032	4.462%	\$969,751
2033	4.461%	\$969,533
2034	4.462%	\$969,751
2035	4.461%	\$969,533
2036	4.462%	\$969,751
2037	4.461%	\$969,533
2038	2.231%	\$484,875
	100.000%	\$21,733,540

1/ Capital Repairs percentage is based on a three-year average of FYs 2013, 2014 and 2015 capital repairs rates.

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Computation of Revenue Requirement on FY 2017 Forecasted Gas Capital Investment

Line No.		Fiscal Year 2017 (a)	Fiscal Year 2018 (b)	Fiscal Year 2019 (c)	Fiscal Year 2020 (d)	
<b>Depreciable Net Capital Included in ISR Rate Base</b>						
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Per RIPUC Docket No. 4590	\$81,160,614	\$0	\$0	\$0
2	Retirements	Per Company books	\$8,094,426	\$0	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Column (a) = Line 1 - Line 1a - Line 2; Column (b) through (c) =	\$73,066,188	\$73,066,188	\$73,066,188	\$73,066,188
<b>Change in Net Capital Included in ISR Rate Base</b>						
4	Capital Included in ISR Rate Base	Line 1	\$81,160,614	\$0	\$0	\$0
5	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General	\$24,356,183	\$0	\$0	\$0
6	Incremental Capital Amount	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$56,804,431	\$56,804,431	\$56,804,431	\$56,804,431
7	Cost of Removal	Per Company's books	\$6,100,390	\$6,100,390	\$6,100,390	\$6,100,390
8	<b>Net Plant Amount</b>	<b>Line 6 + Line 7</b>	<b>\$62,904,821</b>	<b>\$62,904,821</b>	<b>\$62,904,821</b>	<b>\$62,904,821</b>
<b>Deferred Tax Calculation:</b>						
9	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943 & 4323	3.38%	3.38%	3.38%	3.38%
10	Tax Depreciation	Page 3	\$75,825,033	\$875,625	\$809,884	\$749,236
11	Cumulative Tax Depreciation	Prior Year Line 11 + Current Year Line 10	\$75,825,033	\$76,700,658	\$77,510,542	\$78,259,778
12	Book Depreciation	Column (a) = Line 3 * Line 9 * 50% ; Column (b) = Line 3 * Line	\$1,234,819	\$2,469,637	\$2,469,637	\$2,469,637
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12	\$1,234,819	\$3,704,456	\$6,174,093	\$8,643,730
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$74,590,214	\$72,996,202	\$71,336,449	\$69,616,048
15	Effective Tax Rate		35.00%	21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$26,106,575	\$15,329,202	\$14,980,654	\$14,619,370
17	Less: FY 2017 Federal NOL	Estimated NOL, per Tax Department	\$0	\$0	\$0	\$0
18	Proration Adjustment	Col (b) = Page 25b of 31, Line 40; Col (c) = Page 26b of 31, Line 40	\$0	\$321,433	\$315,391	\$326,915
19	Excess Deferred Taxes	Page 30, Line 8(c)		\$10,275,259	\$10,275,259	\$10,275,259
20	Net Deferred Tax Reserve	Line 16 + Line 17 + Line 18 + Line 19	\$26,106,575	\$25,925,894	\$25,571,304	\$25,221,544
<b>ISR Rate Base Calculation:</b>						
21	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$62,904,821	\$62,904,821	\$62,904,821	\$62,904,821
22	Accumulated Depreciation	- Line 13	(\$1,234,819)	(\$3,704,456)	(\$6,174,093)	(\$8,643,730)
23	Deferred Tax Reserve	- Line 20	(\$26,106,575)	(\$25,925,894)	(\$25,571,304)	(\$14,619,370)
24	Year End Rate Base	Sum of Lines 21 through 23	\$35,563,427	\$33,274,471	\$31,159,424	\$39,641,720
<b>Revenue Requirement Calculation:</b>						
25	Average ISR Rate Base	Column (a) = Current Year Line 23 + 2; Column (b) = (Prior Year	\$17,781,714	\$34,418,949	\$32,216,947	\$35,400,572
26	Pre-Tax ROR	Page 31, Line 29(e)	10.05%	9.73%	8.78%	8.78%
27	Return and Taxes	Line 25 * 26	\$1,787,062	\$3,348,964	\$2,828,648	\$3,108,170
28	Book Depreciation	Line 12	\$1,234,819	\$2,469,637	\$2,469,637	\$2,469,637
29	Property Taxes	1/	\$0	\$0	\$0	\$0
30	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 27 through 29</b>	<b>\$3,021,881</b>	<b>\$5,818,601</b>	<b>\$5,298,285</b>	<b>\$5,577,807</b>

1/ Property taxes calculated on Pages 19 through 22 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Tax Depreciation and Repairs Deduction on FY 2017 Capital Investments

Line No.			Fiscal Year 2017 (a)
<u>Capital Repairs Deduction</u>			
1	Plant Additions	Page 6 of 31, Line 1	\$81,160,614
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 70.11%
3	Capital Repairs Deduction	Line 2 * Line 3	\$56,901,706
<u>Bonus Depreciation</u>			
4	Plant Additions	Line 1	\$81,160,614
5	Less Capital Repairs Deduction	Line 3	\$56,901,706
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$24,258,908
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$24,258,908
9	Bonus Depreciation Rate (April 2016 - December 2016)	1 * 75% * 50%	37.50%
10	Bonus Depreciation Rate (January 2017 - March 2017)	1 * 25% * 50%	12.50%
11	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%
12	Bonus Depreciation	Line 8 * Line 11	\$12,129,454
<u>Remaining Tax Depreciation</u>			
13	Plant Additions	Line 1	\$81,160,614
14	Less Capital Repairs Deduction	Line 3	\$56,901,706
15	Less Bonus Depreciation	Line 12	\$12,129,454
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$12,129,454
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946	3.750%
18	Remaining Tax Depreciation	Line 6 * Line 7	\$454,855
19	FY17 tax (gain)/loss on retirements	Per Tax Department	\$238,628
20	Cost of Removal	Page 6 of 31, Line 7	\$6,100,390
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20	\$75,825,033

20 Year MACRS Depreciation		
MACRS basis: \$12,129,454		
Fiscal Year		
2017	3.750%	\$454,855
2018	7.219%	\$875,625
2019	6.677%	\$809,884
2020	6.177%	\$749,236
2021	5.713%	\$692,956
2022	5.285%	\$641,042
2023	4.888%	\$592,888
2024	4.522%	\$548,494
2025	4.462%	\$541,216
2026	4.461%	\$541,095
2027	4.462%	\$541,216
2028	4.461%	\$541,095
2029	4.462%	\$541,216
2030	4.461%	\$541,095
2031	4.462%	\$541,216
2032	4.461%	\$541,095
2033	4.462%	\$541,216
2034	4.461%	\$541,095
2035	4.462%	\$541,216
2036	4.461%	\$541,095
2037	2.231%	\$270,608
	100.000%	\$12,129,454

The Narragansett Electric Company  
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1/ Agrees to the FY 2017 Gas Plan Proposal in RIPUC Docket 4590. Capital repairs percentage is based on a three-year average of FYs 2012, 2013 and 2014 capital repairs rates.

**Updated with Tax Law Change**  
**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas ISR Plan Revenue Requirement**  
**Computation of Revenue Requirement on FY 2016 Actual Incremental Gas Capital Investment**

Line No.		Fiscal Year 2016 (a)	Fiscal Year 2017 (b)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)	Fiscal Year 2020 (f)
<b>Depreciable Net Capital Included in ISR Rate Base</b>						
1	Total Allowed Capital Included in ISR Rate Base in Current Year	\$90,072,473	\$0	\$0	\$0	\$0
1a	Work Order Write Off Adjustment	\$597,976	\$0	\$0	\$0	\$0
1b	New Service Installation and Service Relocations, Growth (per Informal Request Division 1-2)	\$151,092	\$0	\$0	\$0	\$0
2	Retirements	\$3,177,067	\$0	\$0	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	\$86,146,338	\$86,146,338	\$86,146,338	\$86,146,338	\$86,146,338
<b>Change in Net Capital Included in ISR Rate Base</b>						
4	Capital Included in ISR Rate Base	\$89,323,405	\$0	\$0	\$0	\$0
5	Depreciation Expense	\$24,356,183	\$0	\$0	\$0	\$0
6	Incremental Capital Amount	\$64,967,222	\$64,967,222	\$64,967,222	\$64,967,222	\$64,967,222
7	Cost of Removal	\$3,796,440	\$0	\$0	\$0	\$0
7a	Work Order Write Off Adjustment	\$94,829	\$0	\$0	\$0	\$0
7b	New Service Installation and Service Relocations, Growth (per Informal Request Division 1-2)	\$17,740	\$0	\$0	\$0	\$0
8	<b>Net Plant Amount</b>	<b>\$68,651,094</b>	<b>\$68,651,094</b>	<b>\$68,651,094</b>	<b>\$68,651,094</b>	<b>\$68,651,094</b>
<b>Deferred Tax Calculation:</b>						
9	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943 & 4323	3.38%	3.38%	3.38%	3.38%
10	Tax Depreciation	\$82,938,193	\$786,495	\$727,445	\$672,971	\$622,419
11	Cumulative Tax Depreciation	\$82,938,193	\$83,724,688	\$84,452,133	\$85,125,105	\$85,747,524
12	Book Depreciation	\$1,455,873	\$2,911,746	\$2,911,746	\$2,911,746	\$2,911,746
13	Cumulative Book Depreciation	\$1,455,873	\$4,367,619	\$7,279,366	\$10,191,112	\$13,102,858
14	Cumulative Book / Tax Timer	\$81,482,320	\$79,357,069	\$77,172,768	\$74,933,993	\$72,644,666
15	Effective Tax Rate	35.00%	35.00%	21.000%	21.00%	21.00%
16	Deferred Tax Reserve	\$28,518,812	\$27,774,974	\$16,206,281	\$15,736,138	\$15,255,380
17	Less: FY 2016 Federal NOL	(\$11,594,940)	(\$11,594,940)	(\$11,594,940)	(\$11,594,940)	(\$11,594,940)
18	Proration Adjustment	\$0	\$0	\$384,608	\$425,418	\$435,024
19	Excess Deferred Taxes	\$0	\$0	\$10,880,638	\$10,880,638	\$10,880,638
20	Net Deferred Tax Reserve	\$16,923,872	\$16,180,034	\$15,876,587	\$15,447,255	\$14,976,102
<b>ISR Rate Base Calculation:</b>						
21	Cumulative Incremental Capital Included in ISR Rate Base	\$68,651,094	\$68,651,094	\$68,651,094	\$68,651,094	\$68,651,094
22	Accumulated Depreciation	(\$1,455,873)	(\$4,367,619)	(\$7,279,366)	(\$10,191,112)	(\$13,102,858)
23	Deferred Tax Reserve	(\$16,923,872)	(\$16,180,034)	(\$15,876,587)	(\$15,447,255)	(\$14,976,102)
24	Year End Rate Base	\$50,271,349	\$48,103,440	\$45,495,141	\$43,012,727	\$40,572,133
<b>Revenue Requirement Calculation:</b>						
25	Average ISR Rate Base	\$25,135,674	\$49,187,394	\$46,799,291	\$44,253,934	\$41,792,430
26	Pre-Tax ROR	10.05%	10.05%	9.73%	8.78%	8.78%
27	Return and Taxes	\$2,526,135	\$4,943,333	\$4,553,571	\$3,885,495	\$3,669,375
28	Book Depreciation	\$1,455,873	\$2,911,746	\$2,911,746	\$2,911,746	\$2,911,746
29	Property Taxes	\$0	\$0	\$0	\$0	\$0
30	<b>Annual Revenue Requirement</b>	<b>\$3,982,008</b>	<b>\$7,855,079</b>	<b>\$7,465,317</b>	<b>\$6,797,242</b>	<b>\$6,581,122</b>

1/ Property taxes calculated on Pages 19 through 22 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

**Updated with Tax Law Change**  
**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas ISR Plan Revenue Requirement**  
**Calculation of Tax Depreciation and Repairs Deduction on FY 2016 Capital Investments**

Line No.		Fiscal Year 2016 (a)
<u>Capital Repairs Deduction</u>		
1	Plant Additions	Page 8 of 31, Line 1 minus Line 1a \$89,474,497
2	Capital Repairs Deduction Rate	Per Tax Department 1/ 75.72%
3	Capital Repairs Deduction	Line 2 * Line 3 \$67,750,089
 <u>Bonus Depreciation</u>		
4	Plant Additions	Line 1 \$89,474,497
5	Less Capital Repairs Deduction	Line 3 \$67,750,089
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5 \$21,724,408
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department 99.70%
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7 \$21,659,235
9	Bonus Depreciation Rate (April 2015- December 2015)	1 * 75% * 50% 37.50%
10	Bonus Depreciation Rate (January 2016 - March 2016)	1 * 25% * 50% 12.50%
11	Total Bonus Depreciation Rate	Line 9 + Line 10 50.00%
12	Bonus Depreciation	Line 8 * Line 11 \$10,829,617
 <u>Remaining Tax Depreciation</u>		
13	Plant Additions	Line 1 \$89,474,497
14	Less Capital Repairs Deduction	Line 3 \$67,750,089
15	Less Bonus Depreciation	Line 12 \$10,829,617
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15 \$10,894,791
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946 3.750%
18	Remaining Tax Depreciation	Line 16 * Line 17 \$408,555
19	FY16 tax (gain)/loss on retirements	Per Tax Department \$248,321
20	Cost of Removal	Page 8 of 31, Line 7 minus Line 7a \$3,701,611
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20 \$82,938,193

20 Year MACRS Depreciation		
MACRS basis: \$10,894,791		
Fiscal Year		
2016	3.750%	\$408,555
2017	7.219%	\$786,495
2018	6.677%	\$727,445
2019	6.177%	\$672,971
2020	5.713%	\$622,419
2021	5.285%	\$575,790
2022	4.888%	\$532,537
2023	4.522%	\$492,662
2024	4.462%	\$486,126
2025	4.461%	\$486,017
2026	4.462%	\$486,126
2027	4.461%	\$486,017
2028	4.462%	\$486,126
2029	4.461%	\$486,017
2030	4.462%	\$486,126
2031	4.461%	\$486,017
2032	4.462%	\$486,126
2033	4.461%	\$486,017
2034	4.462%	\$486,126
2035	4.461%	\$486,017
2036	2.231%	\$243,063
	100.000%	\$10,894,791

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Capital Repairs percentage is based on the actual results of the FY 2016 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction 1/ as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Computation of Revenue Requirement on FY 2015 Actual Incremental Gas Capital Investment

Line No.			Fiscal Year 2015 (a)	Cumulative FY 16-FY 17 (d)	Fiscal Year 2018 (e)	Fiscal Year 2019 (f)	Fiscal Year 2020 (g)
<u>Depreciable Net Capital Included in ISR Rate Base</u>							
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Per RIPUC Docket No. 4474	\$74,915,000		\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	\$323,217		\$0	\$0	\$0
1b	New Service Installation and Service Relocations, Growth (per Informal Request Division 1-2)	Per Company's books	\$87,115				
2	Retirements	Per Company's books (actual)	\$5,566,546		\$0	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Column (a) = Line 1 - Line 1a - Line 2; Column (b) through (e) =	\$68,938,122		\$68,938,122	\$68,938,122	\$68,938,122
<u>Change in Net Capital Included in ISR Rate Base</u>							
4	Capital Included in ISR Rate Base	Line 1 - Line 1a - Line 1b	\$74,504,668		\$0	\$0	\$0
5	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General	\$24,356,183		\$0	\$0	\$0
6	Incremental Capital Amount	Line 4 - Line 5	\$50,148,485		\$50,148,485	\$50,148,485	\$50,148,485
7	Cost of Removal	Per Company's books (actual)	\$2,425,000		\$2,425,000	\$2,425,000	\$2,425,000
7a	Work Order Write Off Adjustment	Per Company's books	\$253,782		\$0	\$0	\$0
7b	New Service Installation and Service Relocations, Growth (per Informal Request Division 1-2)	Per Company's books	\$6,782				
8	<b>Net Plant Amount</b>	<b>Line 6 + Line 7 - Line 7a - Line 7b</b>	<b>\$52,312,921</b>	<b>\$52,312,921</b>	<b>\$52,312,921</b>	<b>\$52,312,921</b>	<b>\$52,312,921</b>
<u>Deferred Tax Calculation:</u>							
9	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943 & 4323	3.38%		3.38%	3.38%	3.38%
10	Tax Depreciation	Page 3	\$68,843,570		\$837,819	\$774,884	\$716,832
11	Cumulative Tax Depreciation	Prior Year Line 11 + Current Year Line 10	\$68,843,570	\$70,728,358	\$71,566,177	\$72,341,061	\$73,057,894
12	Book Depreciation	Column (a) = Line 3 * Line 9 * 50% ; Column (b) = Line 3 *	\$1,165,054		\$2,330,109	\$2,330,109	\$2,330,109
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12	\$1,165,054	\$5,825,271	\$8,155,380	\$10,485,488	\$12,815,597
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$67,678,516	\$64,903,087	\$63,410,797	\$61,855,573	\$60,242,297
15	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$23,687,481	\$22,716,080	\$13,316,267	\$12,989,670	\$12,650,882
17	Less: FY 2015 NOL	Per Page 23 of 31, Line 13	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)	(\$19,205,538)
18	Proration Adjustment	Col (e) = Page 25b of 31, Line 40; Col (f) = Page 26b of 31, Line 40	\$0	\$0	\$284,129	\$295,528	\$306,559
19	Excess Deferred Taxes	Page 30, Line 6(e)			\$8,929,742	\$8,929,742	\$8,929,742
20	Net Deferred Tax Reserve	Line 16 + Line 17 + Line 18 + Line 19	\$4,481,943	\$3,510,543	\$3,324,600	\$3,009,402	\$2,681,646
<u>ISR Rate Base Calculation:</u>							
21	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921	\$52,312,921
22	Accumulated Depreciation	- Line 13	(\$1,165,054)	(\$5,825,271)	(\$8,155,380)	(\$10,485,488)	(\$12,815,597)
23	Deferred Tax Reserve	- Line 20	(\$4,481,943)	(\$3,510,543)	(\$3,324,600)	(\$3,009,402)	(\$2,681,646)
24	Year End Rate Base	Sum of Lines 21 through 23	\$46,665,924	\$42,977,108	\$40,832,942	\$38,818,031	\$36,815,679
<u>Revenue Requirement Calculation:</u>							
25	Average ISR Rate	Column (a) = Current Year Line 24 ÷ 2; Column (b) through (d)	\$23,332,962		\$41,905,025	\$39,825,486	\$37,816,855
26	Pre-Tax ROR	Page 31, Line 29(e)	10.05%		9.73%	8.78%	8.78%
27	Return and Taxes	Line 25 * 26	\$2,344,963		\$4,077,359	\$3,496,678	\$3,320,320
28	Book Depreciation	Line 12	\$1,165,054		\$2,330,109	\$2,330,109	\$2,330,109
29	Property taxes	1/	\$0		\$0	\$0	\$0
30	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 27 through 29</b>	<b>\$3,510,017</b>		<b>\$6,407,467</b>	<b>\$5,826,786</b>	<b>\$5,650,428</b>

1/ Property taxes calculated on Pages 19 through 22 for all vintage years commencing with FY14 and reflected in total on Page 1 at Line 10.

Column (d) - Summarizes previously submitted ISR filings

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Tax Depreciation and Repairs Deduction on FY 2015 Capital Investments

Line No.			Fiscal Year 2015 (a)	
<u>Capital Repairs Deduction</u>				
1	Plant Additions	Per Page 10 of 31, Line 1 minus Line 1a	\$74,591,783	<b>20 Year MACRS Depreciation</b>  MACRS basis: \$13,563,528  Fiscal Year 2015 3.750% \$508,632 2016 7.219% \$979,151 2017 6.677% \$905,637 2018 6.177% \$837,819 2019 5.713% \$774,884 2020 5.285% \$716,832 2021 4.888% \$662,985 2022 4.522% \$613,343 2023 4.462% \$605,205 2024 4.461% \$605,069 2025 4.462% \$605,205 2026 4.461% \$605,069 2027 4.462% \$605,205 2028 4.461% \$605,069 2029 4.462% \$605,205 2030 4.461% \$605,069 2031 4.462% \$605,205 2032 4.461% \$605,069 2033 4.462% \$605,205 2034 4.461% \$605,069 2035 2.231% \$302,602 100.000% \$13,563,528
2	Capital Repairs Deduction Rate	Per Tax Department	63.81%	
3	Capital Repairs Deduction	Line 1 * Line 2	\$47,597,001	
<u>Bonus Depreciation</u>				
4	Plant Additions	Line 1	\$74,591,783	
5	Less Capital Repairs Deduction	Line 3	\$47,597,001	
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$26,994,782	
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.51%	
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$26,862,508	
9	Bonus Depreciation Rate (April 2014 - December 2014)	1 * 75% * 50%	37.50%	
10	Bonus Depreciation Rate (January 2015 - March 2015)	1 * 25% * 50%	12.50%	
11	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%	
12	Bonus Depreciation	Line 8 * Line 11	\$13,431,254	
<u>Remaining Tax Depreciation</u>				
13	Plant Additions	Line 1	\$74,591,783	
14	Less Capital Repairs Deduction	Line 3	\$47,597,001	
15	Less Bonus Depreciation	Line 12	\$13,431,254	
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$13,563,528	
17	20 YR MACRS Tax Depreciation Rates	Per IRS Pub. 946	3.750%	
18	Remaining Tax Depreciation	Line 16 * Line 17	\$508,632	
19	\$481(a) FY09- FY14 adjustment for tax (gain)/loss on retirements	Per Tax Department	\$4,311,849	
20	FY15 tax (gain)/loss on retirements	Per Tax Department	\$823,616	
21	Cost of Removal	Per Page 10 of 31, Line 7 minus Line 7a	\$2,171,218	
22	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19, 20 & 21	\$68,843,570	

1/ Capital Repairs percentage is based on the actual results of the FY 2015 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Computation of Revenue Requirement on FY 2014 Actual Incremental Gas Capital Investment

Line No.			Fiscal Year 2014 (a)	Cumulative FY15-FY17 (e)	Fiscal Year 2018 (f)	Fiscal Year 2019 (g)	Fiscal Year 2020 (h)
<b>Depreciable Net Capital Included in Rate Base</b>							
1	Total Allowed Capital Included in Rate Base in Current Year	Page 18 of 31, Line 3, Column (c);	\$21,360,998		\$0	\$0	\$0
2	Retirements	Page 18 of 31, Line 9, Column (c)	1/ 1,615,155		\$0	\$0	\$0
3	Net Depreciable Capital Included in Rate Base	Column (a) = Line 1 - Line 1a - Line 2; Column (b) through (f) =	\$19,745,842		\$19,745,842	\$19,745,842	\$19,745,842
<b>Change in Net Capital Included in Rate Base</b>							
4	Capital Included in Rate Base	Line 1	\$21,360,998		\$0	\$0	\$0
5	Depreciation expense	Per Compliance filing Docket No. 4323, excluding General Plant	2/ \$4,060,176		\$0	\$0	\$0
6	Incremental Capital Amount	Line 4 - Line 5	\$17,300,822		\$17,300,822	\$17,300,822	\$17,300,822
7	Cost of Removal	Page 18 of 31, Line 6, Column (c);	3/ (\$1,319,752)		(\$1,319,752)	(\$1,319,752)	(\$1,319,752)
8	<b>Net Plant Amount</b>	<b>Line 6 + Line 7</b>	<b>\$15,981,069</b>	<b>\$15,981,069</b>	<b>\$15,981,069</b>	<b>\$15,981,069</b>	<b>\$15,981,069</b>
<b>Deferred Tax Calculation:</b>							
9	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 4323 and 3943	3.38%		3.38%	3.38%	3.38%
10	Tax Depreciation	Page 3	\$17,439,322		\$154,439	\$142,869	\$132,137
11	Cumulative Tax Depreciation	Prior Year Line 11 + Current Year Line 10	\$17,439,322	\$17,981,955	\$18,136,394	\$18,279,263	\$18,411,400
12	Book Depreciation	Column (a) = Line 3 * Line 9 * 50% ; Columns (b)-(f) = Line 3 *	\$333,705		\$667,409	\$667,409	\$667,409
13	Cumulative Book Depreciation	Prior Year Line 13 + Current Year Line 12	\$333,705	\$2,335,933	\$3,003,343	\$3,670,752	\$4,338,162
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$17,105,617	\$15,646,021	\$15,133,051	\$14,608,511	\$14,073,239
15	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 * Line 15	\$5,986,966	\$5,476,107	\$3,177,941	\$3,067,787	\$2,955,380
17	Less: FY 2014 Federal NOL	Lessor of Line 16 or Page 23 of 31, Line 12	(\$5,986,966)	(\$5,476,107)	(\$3,177,941)	(\$3,067,787)	(\$2,955,380)
18	Proration Adjustment	Col (f) = Page 25b of 31, Line 40; Col (g) = Page 26b of 31, Line 40	\$0	\$0	\$0	\$0	\$0
19	Excess Deferred Taxes	Page 30, Line 5(e)	\$0	\$0	\$0	\$0	\$0
20	Net Deferred Tax Reserve	Line 16 + Line 17 + Line 18 + Line 19	7/ \$0	\$0	\$0	\$0	\$0
<b>Rate Base Calculation:</b>							
21	Cumulative Incremental Capital Included in Rate Base	Line 8	\$15,981,069	\$15,981,069	\$15,981,069	\$15,981,069	\$15,981,069
22	Accumulated Depreciation	- Line 13	(\$333,705)	(\$2,335,933)	(\$3,003,343)	(\$3,670,752)	(\$4,338,162)
23	Deferred Tax Reserve	- Line 20	\$0	\$0	\$0	\$0	\$0
24	Year End Rate Base	Sum of Lines 21 through 23	\$15,647,365	\$13,645,136	\$12,977,727	\$12,310,317	\$11,642,908
<b>Revenue Requirement Calculation:</b>							
25	Average ISR Rate Base	Column (a) = Current Year Line 24 * 31.41%; Column (b)	4/ \$4,914,753		\$13,311,432	\$12,644,022	\$11,976,613
26	Pre-Tax ROR	Page 31, Line 29(e)	10.05%		9.73%	8.78%	8.78%
27	Return and Taxes	Line 25 * Line 26	\$493,933		\$1,295,202	\$1,110,145	\$1,051,547
28	Book Depreciation	Line 12	\$333,705		\$667,409	\$667,409	\$667,409
29	Property Taxes		5/ \$0		\$0	\$0	\$0
30	<b>Annual Revenue Requirement on Incremental FY14 Investment</b>	<b>Sum of Lines 27 through 29</b>	<b>\$827,637</b>		<b>\$1,962,612</b>	<b>\$1,777,555</b>	<b>\$1,718,956</b>
31	<b>Incremental Revenue Requirement</b>	<b>Line 26 Current Year - Line 27 Prior Year</b>	<b>\$827,637</b>		<b>\$650,892</b>	<b>\$1,126,663</b>	<b>\$592,293</b>
31	Remaining FY14 NOL attributable to embedded rate base in RIPUC Docket 4323	Per Page 23 of 31, Line 13 less Line 17	\$12,037,252		\$14,846,277	\$14,956,431	\$15,068,838
32	Average Rate Base	Col (a) = Current Year Line 31 * 58.33%; Col (b) through (f) =	6/ \$7,021,730		\$13,697,194	\$14,901,354	\$15,012,634
33	Pre-Tax ROR	Page 31, Line 29(e)	10.05%		9.73%	8.78%	8.78%
34	Return and Taxes	Line 32 * Line 33	\$705,684		\$1,332,737	\$1,308,339	\$1,318,109
35	<b>Annual Revenue Requirement adjustment to base rates</b>	<b>Line 34</b>	<b>\$705,684</b>		<b>\$1,332,737</b>	<b>\$1,308,339</b>	<b>\$1,318,109</b>
36	<b>Total Annual Revenue Requirement</b>	<b>Line 30 + Line 35</b>	<b>\$1,533,321</b>		<b>\$3,295,349</b>	<b>\$3,085,893</b>	<b>\$3,037,065</b>

1/ Actual Incremental Retirements

2/ Depreciation expense has been prorated for two months (February - March 2014).

3/ Actual Incremental Cost of Removal

4/ 31.41% Per Page 28 of 31

5/ Property taxes calculated on Pages 19 through 22 for all vintage years commencing with FY14, and reflected in total on Page 1 at Line 10

6/ 58.33% per Docket No. 4474

7/ No proration or excessed deferred taxes due to NOL offset.

Column (e) - Summarizes previously submitted ISR filings

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Tax Depreciation and Repairs Deduction on FY 2014 Capital Investments

Line No.			Fiscal Year 2014 (a)
<u>Capital Repairs Deduction</u>			
1	Plant Additions	Per Page 12 of 31, Line 1	\$21,360,998
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 74.94%
3	Capital Repairs Deduction	Line 1 * Line 2	\$16,007,932
<u>Bonus Depreciation</u>			
4	Plant Additions	Line 1	\$21,360,998
5	Less Capital Repairs Deduction	Line 3	\$16,007,932
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$5,353,066
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$5,299,535
9	Bonus Depreciation Rate (April 2013 - December 2013)	1 * 75% * 50%	37.50%
10	Bonus Depreciation Rate (January 2014 - March 2014)	1 * 25% * 50%	12.50%
11	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%
12	Bonus Depreciation	Line 8 * Line 11	\$2,649,768
<u>Remaining Tax Depreciation</u>			
13	Plant Additions	Line 1	\$21,360,998
14	Less Capital Repairs Deduction	Line 3	\$16,007,932
15	Less Bonus Depreciation	Line 12	\$2,649,768
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - 14 - 15	\$2,703,298
17	20 YR MACRS Tax Depreciation Rates	Per IRS Pub. 946	3.750%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$101,374
19	Cost of Removal	Per Page 12 of 31, Line 7	(\$1,319,752)
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	<u>\$17,439,322</u>

20 Year MACRS Depreciation		
MACRS basis:		\$2,703,298
Fiscal Year		
2014	3.750%	\$101,374
2015	7.219%	\$195,151
2016	6.677%	\$180,499
2017	6.177%	\$166,983
2018	5.713%	\$154,439
2019	5.285%	\$142,869
2020	4.888%	\$132,137
2021	4.522%	\$122,243
2022	4.462%	\$120,621
2023	4.461%	\$120,594
2024	4.462%	\$120,621
2025	4.461%	\$120,594
2026	4.462%	\$120,621
2027	4.461%	\$120,594
2028	4.462%	\$120,621
2029	4.461%	\$120,594
2030	4.462%	\$120,621
2031	4.461%	\$120,594
2032	4.462%	\$120,621
2033	4.461%	\$120,594
2034	2.231%	\$60,311
	100.000%	\$2,703,298

1/ Capital Repairs percentage is based on the actual results of the FY 2014 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs deduction.

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Computation of Revenue Requirement on FY2013 Actual Incremental Capital Investment

Line No.		Fiscal Year 2013 (a)	Cumulative FY14-FY17 (f)	Fiscal Year 2018 (g)	Fiscal Year 2019 (h)	Fiscal Year 2020 (i)
<b>Depreciable Net Capital Included in Rate Base</b>						
	Total Allowed Capital Included in Rate Base in Current Year	Page 18 of 31, Line 3, Column (b); (Includes Work Order Write Off Adjustment)		(\$1,197,129)	(\$1,197,129)	(\$1,197,129)
1	Retirements	Page 18 of 31, Line 9, Column (b)		3,276,842	3,276,842	3,276,842
2	Net Depreciable Capital Included in Rate Base	Column (a) = Line 1 - Line 2; Column (b) through (g) = Prior Year		(\$4,473,971)	(\$4,473,971)	(\$4,473,971)
<b>Change in Net Capital Included in Rate Base</b>						
4	Capital Included in Rate Base	Line 1		(\$1,197,129)		
5	Cost of Removal	Page 18 of 31, Line 6, Column (b);		2/ (\$1,701,046)		
6	<b>Net Plant Amount</b>	<b>Line 4 + Line 5</b>		<b>(\$2,898,175)</b>	<b>(\$2,898,175)</b>	<b>(\$2,898,175)</b>
<b>Deferred Tax Calculation:</b>						
7	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 4323 and 3943		3.38%	3.38%	3.38%
8	Tax Depreciation	Page 3		(\$2,724,002)	(\$9,564)	(\$8,845)
9	Cumulative Tax Depreciation	Col (a)= Current Yr Line 8; Col (b)-(d)= Prior Yr Line 9 + Current		(\$2,724,002)	(\$2,770,664)	(\$2,789,073)
10	Book Depreciation	Column (a) = Line 3 * Line 7 * 50%; Column (b)-(d) = Line 3 *		(\$75,610)	(\$151,220)	(\$151,220)
11	Cumulative Book Depreciation	Col (a) = Current Yr Line 10; Col (b)-(d) = Prior Yr Line 9 +		(\$75,610)	(\$680,491)	(\$831,711)
12	Cumulative Book / Tax Timer	Line 9 - Line 11		(\$2,648,392)	(\$2,090,173)	(\$1,948,516)
13	Effective Tax Rate			35.00%	35.00%	21.00%
14	Deferred Tax Reserve	Line 12 * Line 13		(\$926,937)	(\$731,561)	(\$409,188)
15	Less: FY 2013 Federal NOL	Per Page 23 of 31, Line 13		\$0	\$0	\$0
16	Proration Adjustment	Col (g) = Page 25b of 31, Line 40; Col (h) = Page 26b of 31, Line 40		\$0	\$0	(\$26,743)
17	Excess Deferred Taxes	Page 30, Line 4(e)			(\$277,750)	(\$277,750)
18	Net Deferred Tax Reserve	Sum of Lines 14 through 17		(\$926,937)	(\$731,561)	(\$713,681)
<b>Rate Base Calculation:</b>						
19	Cumulative Incremental Capital Included in Rate Base	Line 6		(\$2,898,175)	(\$2,898,175)	(\$2,898,175)
20	Accumulated Depreciation	- Line 11		\$75,610	\$680,491	\$831,711
21	Deferred Tax Reserve	- Line 18		\$926,937	\$731,561	\$713,681
22	Year End Rate Base	Sum of Lines 19 through 21		(\$1,895,627)	(\$1,486,123)	(\$1,352,782)
<b>Revenue Requirement Calculation:</b>						
23	Average ISR Rate Base	Col (a) = Current Yr Line 22 ÷ 2; Col (b) through (g) = (Prior Yr		(\$947,814)	(\$1,419,453)	(\$1,291,966)
24	Pre-Tax ROR	Page 31, Line 29(e)		11.18%	9.73%	8.78%
25	Return and Taxes	Line 23 * Line 24		(\$105,966)	(\$138,113)	(\$113,435)
26	Book Depreciation	Line 10		(\$75,610)	(\$151,220)	(\$151,220)
27	Property Taxes	\$0 in Year 1, then Prior Year (Line 6 - Line 11) * Property Tax		4/ \$0	(\$68,865)	(\$63,738)
28	<b>Annual Revenue Requirement on Incremental FY 2013 Investment</b>	<b>Sum of Lines 25 through 27</b>		<b>(\$181,576)</b>	<b>(\$358,198)</b>	<b>(\$328,392)</b>
29	Remaining FY13 NOL attributable to embedded rate base in RIPUC Docket 4323	Per Page 23 of 31, Line 13 less Line 15		\$6,136,520	\$6,136,520	\$6,136,520
30	Average Rate Base	Col (a) = Line 29 * 50%; Col (b) through (g) = (Prior Year Line 29		\$3,068,260	\$6,136,520	\$6,136,520
31	Pre-Tax ROR	Page 31, Line 29(e)		11.18%	9.73%	8.78%
32	Return and Taxes	Line 30 * Line 31		\$343,031	\$597,083	\$538,786
33	<b>Annual Revenue Requirement adjustment to base rates related to NOL</b>	<b>Line 32</b>		<b>\$343,031</b>	<b>\$597,083</b>	<b>\$538,786</b>
34	<b>Total Annual Revenue Requirement</b>	<b>Line 28 + Line 33</b>		<b>\$161,456</b>	<b>\$238,886</b>	<b>\$210,394</b>

1/ Actual Incremental Retirements

2/ Actual Incremental Cost of Removal

3/ Page 31

4/ FY 2018 effective property tax rate of 3.11% per Page 20 of 31 at Line 72(h)

Column (f) - Summarizes previously submitted ISR filings

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Tax Depreciation and Repairs Deduction on FY 2013 Capital Investments

Line No.			Fiscal Year 2013 (a)		
<u>Capital Repairs Deduction</u>					
1	Plant Additions	Per Page 14 of 31, Line 1	(\$1,197,129)	20 Year MACRS Depreciation	
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 67.95%		
3	Capital Repairs Deduction	Line 1 * Line 2	(\$813,449)		
<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	(\$1,197,129)	Fiscal Year 2013 3.750% (\$6,786) 2014 7.219% (\$13,063) 2015 6.677% (\$12,083) 2016 6.177% (\$11,178) 2017 5.713% (\$10,338) 2018 5.285% (\$9,564) 2019 4.888% (\$8,845) 2020 4.522% (\$8,183) 2021 4.462% (\$8,074) 2022 4.461% (\$8,073) 2023 4.462% (\$8,074) 2024 4.461% (\$8,073) 2025 4.462% (\$8,074) 2026 4.461% (\$8,073) 2027 4.462% (\$8,074) 2028 4.461% (\$8,073) 2029 4.462% (\$8,074) 2030 4.461% (\$8,073) 2031 4.462% (\$8,074) 2032 4.461% (\$8,073) 2033 2.231% (\$4,037) 100.000% (\$180,958)	
5	Less Capital Repairs Deduction	Line 3	(\$813,449)		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	(\$383,680)		
7	Percent of Plant Eligible for 100% Bonus Depreciation	Per Tax Department	2/ 5.67%		
8	Plant Eligible for 100% Bonus Depreciation	Line 6 * Line 7	(\$21,763)		
9	Bonus Depreciation Rate (April 2012 - December 2012)	1 * 75% * 100%	75.00%		
10	Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 100%	25.00%		
11	Total Bonus Depreciation Rate	Line 9 + Line 10	100.00%		
12	100% Bonus Depreciation	Line 8 * Line 11	(\$21,763)		
13	Plant Additions Net of Capital Repairs Deduction and 100% Bonus Depreciation	Line 6 - Line 12	(\$361,917)		
14	Plant Eligible for 50% Bonus Depreciation	Per Tax Department	100.00%		
15	Bonus Depreciation Rate (April 2012 - December 2012)	1 * 75% * 50%	37.50%		
16	Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 50%	12.50%		
17	Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%		
18	50% Bonus Depreciation	Line 13 * Line 17	(\$180,958)		
<u>Remaining Tax Depreciation</u>					
19	Plant Additions	Line 1	(\$1,197,129)		
20	Less Capital Repairs Deduction	Line 3	(\$813,449)		
21	Less Bonus Depreciation	Line 12 + Line 18	(\$202,721)		
22	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 19 - 20 - 21	(\$180,958)		
23	20 YR MACRS Tax Depreciation Rates	Per IRS Pub. 946	3.750%		
24	Remaining Tax Depreciation	Line 22 * Line 23	(\$6,786)		
25	Cost of Removal	Per Page 14 of 31, Line 5	(\$1,701,046)		
26	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 24, & 25	(\$2,724,002)		

1/ Capital Repairs percentage is based on the actual results of the FY 2013 tax return.  
2/ Long period production assets qualifying for 100% bonus depreciation in FY 2013 totaled \$3.2

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Computation of Revenue Requirement on FY 2012 Actual Incremental Gas Capital Investment

Line No.			Fiscal Year 2012 (a)	Cumulative FY13-FY17 (g)	Fiscal Year 2018 (h)	Fiscal Year 2019 (i)	Fiscal Year 2020 (j)
<b>Depreciable Net Capital Included in Rate Base</b>							
1	Total Allowed Capital Included in Rate Base in Current Year	Page 18 of 31, Line 3, Column (a)	\$6,721,626		\$0	\$0	\$0
2	Retirements	Page 18 of 31, Line 9, Column (a)	2,292,446		\$0	\$0	\$0
3	Net Depreciable Capital Included in Rate Base	Column (a) = Line 1 - Line 1a - Line 2; Column (b) through (h) =	\$4,429,180		\$4,429,180	\$4,429,180	\$4,429,180
<b>Change in Net Capital Included in Rate Base</b>							
4	Capital Included in Rate Base	Line 1	\$6,721,626		\$6,721,626	\$6,721,626	\$6,721,626
5	Cost of Removal	Page 18 of 31, Line 6, Column (a)	2/ (\$3,180,470)		(\$3,180,470)	(\$3,180,470)	(\$3,180,470)
6	<b>Net Plant Amount</b>	<b>Line 4 + Line 5</b>	<b>\$3,541,156</b>	<b>\$3,541,156</b>	<b>\$3,541,156</b>	<b>\$3,541,156</b>	<b>\$3,541,156</b>
<b>Deferred Tax Calculation:</b>							
7	Composite Book Depreciation Rate	As Approved in R.I.P.U.C. Docket No. 3943	3.38%		3.38%	3.38%	3.38%
8	Tax Depreciation	Page 3	\$3,001,202		\$27,421	\$25,368	\$25,031
9	Cumulative Tax Depreciation	Prior Year Line 9 + Current Year Line 8	\$3,001,202	\$3,175,507	\$3,202,929	\$3,228,297	\$3,253,328
10	Book Depreciation	Column (a) = Line 3 * Line 7 * 50%; Columns (b)-(e) = Line 3 *	\$74,853		\$149,706	\$149,706	\$149,706
11	Cumulative Book Depreciation	Prior Year Line 11 + Current Year Line 10	\$74,853	\$823,385	\$973,091	\$1,122,797	\$1,272,503
12	Cumulative Book / Tax Timer	Line 9 - Line 11	\$2,926,349	\$2,352,123	\$2,229,838	\$2,105,500	\$1,980,825
13	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
14	Deferred Tax Reserve	Line 12 * Line 13	\$1,024,222	\$823,243	\$468,266	\$442,155	\$415,973
15	Less: FY 2012 Federal NOL	Lessor of Line 14 or Page 23 of 31, Line 12	(\$1,024,222)	(\$823,243)	(\$468,266)	(\$442,155)	(\$415,973)
16	Proration Adjustment	Col (h) = Page 25b of 31, Line 40; Col (i) = Page 26b of 31, Line 40			\$0	\$0	\$0
17	Excess Deferred Taxes	Page 30, Line 3(e)			\$0	\$0	\$0
18	Net Deferred Tax Reserve	Sum of Lines 14 through 17	4/ \$0	\$0	\$0	\$0	\$0
<b>Rate Base Calculation:</b>							
19	Cumulative Incremental Capital Included in Rate Base	Line 6	\$3,541,156	\$3,541,156	\$3,541,156	\$3,541,156	\$3,541,156
20	Accumulated Depreciation	- Line 11	(\$74,853)	(\$823,385)	(\$973,091)	(\$1,122,797)	(\$1,272,503)
21	Deferred Tax Reserve	- Line 18	\$0	\$0	\$0	\$0	\$0
22	Year End Rate Base	Sum of Lines 19 through 21	\$3,466,303	\$2,717,771	\$2,568,065	\$2,418,359	\$2,268,652
<b>Revenue Requirement Calculation:</b>							
23	Average ISR Rate Base	Column (a) = Current Yr Line 21 ÷ 2; Columns (b)-(e) = (Prior Yr	\$1,733,151		\$2,642,918	\$2,493,212	\$2,343,505
24	Pre-Tax ROR	Page 31, Line 29(e)	11.41%		9.73%	8.78%	8.78%
25	Return and Taxes	Line 23 * Line 24	\$197,753		\$257,156	\$218,904	\$205,760
26	Book Depreciation	Line 10	\$74,853		\$149,706	\$149,706	\$149,706
27	Property Taxes	\$0 in Year 1, then Prior Year (Line 6 - Line 11) * Property Tax	3/ \$0		\$84,394	\$79,209	\$74,591
28	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 25 through 27</b>	<b>\$272,606</b>		<b>\$491,256</b>	<b>\$447,819</b>	<b>\$430,057</b>
Remaining FY12 NOL attributable to embedded rate base in RIPUC Docket 4323							
29		Per Page 23 of 31, Line 13 less Line 15	\$5,243,839		\$5,799,795	\$5,825,906	\$5,852,088
30	Average Rate Base	Col (a) = Line 29 * 50%; Col (b) through (g) = (Prior Year Line 29	\$2,621,920		\$5,622,307	\$5,812,851	\$5,838,997
31	Pre-Tax ROR	Page 31, Line 29(e)	11.41%		9.73%	8.78%	8.78%
32	Return and Taxes	Line 30 * Line 31	\$299,161		\$547,050	\$510,368	\$512,664
33	<b>Annual Revenue Requirement adjustment to base rates related to NOL</b>	<b>Line 32</b>	<b>\$299,161</b>		<b>\$547,050</b>	<b>\$510,368</b>	<b>\$512,664</b>
34	<b>Total Annual Revenue Requirement</b>	<b>Line 28 + Line 33</b>	<b>\$571,767</b>		<b>\$1,038,307</b>	<b>\$958,187</b>	<b>\$942,721</b>

1/ Actual Incremental Retirements

2/ Actual Incremental Cost of Removal

3/ FY 2018 effective property tax rate of 3.11% per Page 20 of 31 at Line 72(h)

4/ No proration or excessed deferred taxes due to NOL offset.

Column (g) - Summarizes previously submitted ISR filings

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Tax Depreciation and Repairs Deduction on FY 2012 Capital Investments

Line No.			Fiscal Year 2012 (a)		
<u>Capital Repairs Deduction</u>					
1	Plant Additions	Per Page 16 of 31, Line 1	\$6,721,626	20 Year MACRS Depreciation	
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 67.43%		
3	Capital Repairs Deduction	Line 1 * Line 2	\$4,532,392		
<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$6,721,626	Fiscal Year 2012 3.750% \$21,037 2013 7.219% \$40,498 2014 6.677% \$37,457 2015 6.177% \$34,652 2016 5.713% \$32,049 2017 5.285% \$29,648 2018 4.888% \$27,421 2019 4.522% \$25,368 2020 4.462% \$25,031 2021 4.461% \$25,026 2022 4.462% \$25,031 2023 4.461% \$25,026 2024 4.462% \$25,031 2025 4.461% \$25,026 2026 4.462% \$25,031 2027 4.461% \$25,026 2028 4.462% \$25,031 2029 4.461% \$25,026 2030 4.462% \$25,031 2031 4.461% \$25,026 2032 2.231% \$12,516 100.000% \$560,991	
5	Less Capital Repairs Deduction	Line 3	\$4,532,392		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$2,189,234		
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	2/ 85.00%		
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$1,860,849		
9	Bonus Depreciation Rate (April 2011 - December 2011)	1 * 75% * 100%	75.00%		
10	Bonus Depreciation Rate (January 2012 - March 2012)	1 * 25% * 50%	12.50%		
11	Total Bonus Depreciation Rate	Line 9 + Line 10	87.50%		
12	Bonus Depreciation	Line 8 * Line 11	\$1,628,243		
<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$6,721,626		
14	Less Capital Repairs Deduction	Line 3	\$4,532,392		
15	Less Bonus Depreciation	Line 12	\$1,628,243		
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - 14 - 15	\$560,991		
17	20 YR MACRS Tax Depreciation Rates	Per IRS Pub. 946	3.750%		
18	Remaining Tax Depreciation	Line 16 * Line 17	\$21,037		
19	Cost of Removal	Per Page 16 of 31, Line 5	(\$3,180,470)		
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	\$3,001,202		

1/ Capital Repairs percentage is based on the actual results of the FY 2012 tax return. Since growth is not included in the ISR, the percentage was derived by taking property qualifying for the repairs deduction as a percentage of the total annual plant additions in those categories that are considered as potentially qualifying for Capital Repairs

2/ Since not all property additions qualify for bonus depreciation and because a project must be started after the beginning of the bonus period, January 1, 2008, an estimate of

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
**FY 2019 Gas ISR Plan Revenue Requirement  
FY 2012 - FY 2014 Incremental Capital Investment Summary**

Line No.		Actual Fiscal Year 2012 (a)	Actual Fiscal Year 2013 (b)	Actual Fiscal Year 2014 (c)
<b><u>Capital Investment</u></b>				
1	ISR-eligible Capital Investment	\$ 54,477,445	\$56,416,101	\$70,137,361
1a	Work Order Write Off Adjustment New Service Installation and Service Relocations, Growth (per Informal Request Division 1-2)	Per Company's books \$0	\$393,288	\$771,673
1b		Per Company's books \$95,103	\$35,750	\$351,197
2	ISR-eligible Capital Additions included in Rate Base per R.I.P.U.C. Docket No. 4323	Docket No. 4323 Schedule MDL-3-Gas Page 51, Line Notes 1(a), 2(b) and 3(e) \$47,660,716	\$57,184,191	\$47,653,493
3	Incremental ISR Capital Investment	Line 1 - Line 1a - Line 1b - Line 2 \$6,721,626	(\$1,197,129)	\$21,360,998
<b><u>Cost of Removal</u></b>				
4	ISR-eligible Cost of Removal	Col (a) Docket No. 4219 FY 2012 ISR Reconciliation Filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation Filing; Col (c) Actual FY 2014 ISR Gas Cost of Removal per Company's Books \$2,583,612	\$3,152,565	\$2,707,824
4a	Work Order Write Off Adjustment	Per Company's books \$0	\$141,414	105,654.38
4b	Growth (per Informal Request Division 1-2)	Per Company's books \$8,994	\$10,801	4,092.00
5	ISR-eligible Cost of Removal in Rate Base per R.I.P.U.C. Docket No. 4323	Docket No. 4323, Workpaper MDL-19- GAS, Page 3 \$5,755,088	\$4,701,396	\$3,917,830
6	Incremental Cost of Removal	Line 4 - Line 4a - Line 4b - Line 5 (\$3,180,470)	(\$1,701,046)	(\$1,319,752)
<b><u>Retirements</u></b>				
7	ISR-eligible Retirements	Col (a) Docket No. 4219 FY 2012 ISR Reconciliation filing; Col (b) Docket No. 4306 FY 2013 ISR Reconciliation filing; Col (c) Actual FY 2014 ISR Gas Retirements \$5,366,562	5,775,791	\$5,274,944
8	ISR-eligible Retirements per R.I.P.U.C. Docket No. 4323	Col (a) Docket No. 4219 Supplemental Testimony 2-17-2011; Col (b) Docket No. 4306 FY 2013 ISR Proposal Filing; Col (c)= Line 2(c) * 7.68% Retirement rate per Docket No. 4323 (Workpaper MDL-19- GAS p 4) \$3,074,116	\$2,498,949	\$3,659,788
9	Incremental Retirements	Line 7 - Line 8 \$2,292,446	\$3,276,842	\$1,615,155

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Forecasted FY 2019 Property Tax Recovery Adjustment  
Section 3, Attachment 1-REVISED  
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The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Forecasted FY 2019 Property Tax Recovery Adjustment  
(\$000s)

Line	Effective Tax Rate Calculation	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			
		<u>RY End</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY14</u>			
1	Plant In Service	\$805,721	\$11,502	\$994	\$12,496				As filed \$817,337			
2												
3	Accumulated Depr	\$347,664				\$4,691	(\$879)	(\$433)	\$351,043			
4												
5	Net Plant	\$458,057							\$466,294			
6												
7	Property Tax Expense	\$13,995							\$15,624			
8												
9	Effective Prop tax Rate	3.06%							3.35%			
10												
11		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			
12		<u>End of FY14</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY15</u>			
13												
14	Plant In Service	\$817,569	\$74,505	\$22,014	\$96,519		(\$7,969)		\$906,119			
15												
16	Accumulated Depr	\$351,043				\$30,019	(\$7,969)	(\$2,164)	\$370,928			
17												
18	Net Plant	\$466,526							\$535,191			
19												
20	Property Tax Expense	\$15,624							\$16,221			
21												
22	Effective Prop tax Rate	3.35%							3.03%			
23												
24		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			
25		<u>End of FY15</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY16</u>			
26												
27	Plant In Service	\$906,119	\$89,323	\$27,286	\$116,610		(\$3,178)		\$1,019,550			
28												
29	Accumulated Depr	\$370,928				\$33,433	(\$3,178)	(\$3,684)	\$397,499			
30												
31	Net Plant	\$535,191							\$622,052			
32												
33	Property Tax Expense	\$16,221							\$19,316			
34												
35	Effective Prop tax Rate	3.03%							3.11%			
36												
37												
38	<b>Property Tax Recovery Calculation</b>	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
39		<u>Cumulative Incremental ISR Property Tax for FY14</u>				<u>Cumulative Incremental ISR Property Tax for FY15</u>				<u>Cumulative Incremental ISR Property Tax for FY16</u>		
40												
41	ISR Additions		\$11,502				\$74,505				\$89,323	
42	Book Depreciation: base allowance on ISR eligible plant		(\$4,060)				(\$24,356)				(\$24,356)	
43	Book Depreciation: current year ISR additions		(\$631)				(\$1,165)				(\$1,456)	
44	COR		\$433				\$2,164				\$3,684	
45												
46	Net Plant Additions		\$7,244				\$51,148				\$67,195	
47												
48	Rate Year Effective Tax Rate		3.06%				3.06%				3.06%	
49	Property Tax Recovery on 2 mos FY14 vintage investment			\$221				\$229				\$218
50	Property Tax Recovery on FY15 vintage investment							\$1,563				\$1,494
51	Property Tax Recovery on FY16 vintage investment											\$2,053
52												
53	ISR Year Effective Tax Rate		3.35%				3.03%				3.11%	
54	RY Effective Tax Rate & differential		3.06%	0.29%			3.06%	-0.03%			3.06%	0.05%
55	RY Effective Tax Rate differential for 2 months FY 2014			0.05%								
56	RY Net Plant times Tax Rate differential	\$458,057	* 0.05%	\$225		\$458,057	* -0.03%	(\$116)		\$458,057	* 0.05%	\$229
57	2 mos FY14 Net Adds times ISR Year Effective Tax rate	\$7,244	* 0.29%	\$21		\$7,486	* -0.03%	(\$2)		\$7,127	* 0.05%	\$4
58	FY15 Net Adds times ISR Year Effective Tax rate					\$51,148	* -0.03%	(\$13)		\$48,899	* 0.05%	\$24
59	FY16 Net Adds times ISR Year Effective Tax rate									\$67,195	* 0.05%	\$34
60	Total Property Tax related to rate differential			\$246				(\$131)				\$290
61												
62	Total ISR Property Tax Recovery			\$468				\$1,661				\$4,055

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Forecasted FY 2019 Property Tax Recovery Adjustment (continued)  
(\$000s)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>End of FY16</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY17</u>
63 Plant In Service	\$1,019,550	\$81,161	\$ 22,407	\$103,568		\$ 20,507		\$1,143,625
64 Accumulated Depr	\$397,499				\$37,446	\$20,507	(\$6,100)	\$449,352
65 Net Plant	\$622,052							\$694,273
66 Property Tax Expense	\$19,316							\$21,414
67 Effective Prop tax Rate	3.11%							3.08%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>End of FY17</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY18</u>
68 Plant In Service	\$1,143,625	\$93,177	\$25,518	\$118,695		(\$3,289)		\$1,259,031
69 Accumulated Depr	\$449,352				\$41,494	(\$3,289)	(\$8,008)	\$479,548
70 Net Plant	\$694,273							\$779,482
71 Property Tax Expense	\$21,414							\$24,205
72 Effective Prop tax Rate	3.08%							3.11%
<b>Property Tax Recovery Calculation</b>								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	<u>Cumulative Incremental ISR Property Tax for FY17</u>				<u>Cumulative Incremental ISR Property Tax for FY18</u>			
73 ISR Additions		\$81,161				\$93,177		
74 Book Depreciation: base allowance on ISR eligible plant		(\$24,356)				(\$24,356)		
75 Book Depreciation: current year ISR additions		(\$1,235)				(\$1,519)		
76 COR		\$6,100				\$8,008		
77								
78 Net Plant Additions		\$61,671				\$75,310		
79								
80 Rate Year Effective Tax Rate		3.08%				3.06%		
81 Property Tax Recovery on 2 mos FY14 vintage investment			\$208					\$194
82 Property Tax Recovery on FY15 vintage investment			\$1,416					\$1,311
83 Property Tax Recovery on FY16 investment			\$1,954					\$1,819
84 Property Tax Recovery on FY17 investment			\$1,902					\$1,756
85 Property Tax Recovery on FY18 investment								\$2,301
86								
86 ISR Year Effective Tax Rate		3.08%				3.11%		
87 RY Effective Tax Rate & differential		3.06%	0.02%			3.06%	0.05%	
88 RY Net Plant times Tax Rate differential	\$458,057	* 0.02%	\$92		\$458,057	* 0.05%	\$229	
89 2 mos FY14 Net Adds times ISR Year Effective Tax rate	\$6,735	* 0.02%	\$1		\$6,342	* 0.05%	\$3	
90 FY15 Net Adds times ISR Year Effective Tax rate	\$45,906	* 0.02%	\$9		\$42,913	* 0.05%	\$21	
91 FY16 Net Adds times ISR Year Effective Tax rate	\$63,361	* 0.02%	\$13		\$59,527	* 0.05%	\$30	
92 FY17 Net Adds times ISR Year Effective Tax rate	\$61,671	* 0.02%	\$12		\$57,477	* 0.05%	\$29	
93 FY18 Net Adds times ISR Year Effective Tax rate					\$75,310	* 0.05%	\$38	
94 Total Property Tax related to rate differential			<u>\$127</u>				<u>\$350</u>	
95								
96 Total ISR Property Tax Recovery			<u>\$5,607</u>				<u>\$7,730</u>	

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Forecasted FY 2019 Property Tax Recovery Adjustment (continued)  
(\$000s)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	<u>End of FY18</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY19</u>
97 Plant In Service	\$1,259,031	\$100,772	\$2,800	\$103,572		(\$10,050)		\$1,352,552
98 Accumulated Depr	\$479,548				\$45,025	(\$10,050)	(\$5,440)	\$509,082
99 Net Plant	\$779,482							\$843,470
100 Property Tax Expense	\$24,205							\$26,016
101 Effective Prop tax Rate	3.11%							3.08%

Property Tax Recovery Calculation

	(a)	(b)	(c)
	<u>Cumulative Incremental ISR Property Tax for FY19</u>		
102 ISR Additions		\$100,772	
103 Book Depreciation: base allowance on ISR eligible plant		(\$24,356)	
104 Book Depreciation: current year ISR additions		(\$1,533)	
105 COR		\$5,440	
106			
107 Net Plant Additions		\$80,323	
108			
109 Rate Year Effective Tax Rate		3.06%	
110 Property Tax Recovery on 2 mos FY14 vintage investment			\$182
111 Property Tax Recovery on FY15 vintage investment			\$1,220
112 Property Tax Recovery on FY16 investment			\$1,702
113 Property Tax Recovery on FY17 investment			\$1,628
114 Property Tax Recovery on FY18 investment			\$2,182
115 Property Tax Recovery on FY19 investment			\$2,454
116			
116 ISR Year Effective Tax Rate		3.08%	
117 RY Effective Tax Rate & differential		3.06%	0.02%
118 RY Net Plant times Tax Rate differential	\$458,057	* 0.02%	\$92
119 2 mos FY14 Net Adds times ISR Year Effective Tax rate	\$5,949	* 0.02%	\$1
120 FY15 Net Adds times ISR Year Effective Tax rate	\$39,920	* 0.02%	\$8
121 FY16 Net Adds times ISR Year Effective Tax rate	\$55,693	* 0.02%	\$11
122 FY17 Net Adds times ISR Year Effective Tax rate	\$53,284	* 0.02%	\$11
123 FY18 Net Adds times ISR Year Effective Tax rate	\$71,409	* 0.02%	\$14
124 FY19 Net Adds times ISR Year Effective Tax rate	\$80,323	* 0.02%	\$16
125 Total Property Tax related to rate differential			\$153
126			
127 Total ISR Property Tax Recovery			\$9,520

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Forecasted FY 2019 Property Tax Recovery Adjustment (continued)  
(\$000s)

<u>Line Notes</u>	<u>Line Notes</u>
1(a) - 9(a) Per Rate Year cost of service per Compliance filing Attachment 6 at Docket No. 4323.	97(a) Per Line 68(h)
1(b) - 9(h) Per Docket 4380 FY 2014 Gas ISR Plan Reconciliation filing at Page 10 of 13	97(b) Per Page 2 of 31, Line 1
14(a)-22(h) Per Docket 4474 FY 2015 Gas ISR Plan Reconciliation filing at Page 12 of 18	97(c) FY 2019 forecasted Growth investment of \$500k and General Plant of \$1,300k.
27(a)-35(h) Per Docket 4540 FY 2016 Gas ISR Plan Reconciliation filing at Page 14 of 19	97(d) Line 97(b) + Line 97(c)
41(a) - 62(c) Per Docket 4380 FY 2014 Gas ISR Plan Reconciliation filing at Page 10 of 13	97(f) Per Page 2 of 31, Line 2
41(e)-62(g) Per Docket 4474 FY 2015 Gas ISR Plan Reconciliation filing at Page 12 of 17	97(h) Line 97(a) + Line 97(d) +Line 97(f)
41(i)-62(k) Per Docket 4540 FY 2016 Gas ISR Plan Reconciliation filing at Page 14 of 19	98(a) Per Line 69(h)
63(a) - 67(h) Per Docket 4590 FY 2017 Gas ISR Plan Proposal Compliance filing at Page 16 of 20	98(e) Rate Year depn allowance of \$28,130k + (Line 1(d)+Line 1(f)* composite depn rate of 3.38% + (Line 14(d)+Line 14(f)*3.38%) + (Line 27(d)+Line 27(f)* 3.38%)+(Line 63(d)+Line 63(f)*3.38%) + (Line 68(d)+Line 68(f)*3.38%)+(Line 97(d)+Line 97(f)*3.38%*50%)
68(a) Per Line 63(h)	98(f) Line 97(f)
68(b) Per Page 4 of 31, Line 1	98(g) Per Page 3 of 31, Line 20
68(c) FY 2018 forecasted Growth investment of \$24,218k and General Plant of \$1,300k.	98(h) Line 98(a) + Line 98(e) + Line 98(f) + Line 98(g)
68(d) Line 68(b) + Line 68(c)	100(a) Line 71(h)
68(f) Per Page 4 of 31, Line 2	100(h) Line 99(h) * Line 101(h)
68(h) Line 68(a) + Line 68(d) +Line 68(f)	101(a) Line 72(h)
69(a) Per Line 64(h)	101(h) Line 67(h)
69(e) Rate Year depn allowance of \$28,130k + (Line 1(d)+Line 1(f)* composite depn rate of 3.38% + (Line 14(d)+Line 14(f)*3.38%) + (Line 27(d)+Line 27(f)* 3.38%)+(Line 63(d)+Line 63(f)*3.38%) + (Line 68(d)+Line 68(f)*3.38%*50%)	102(b) Line 97(b)
69(f) Line 68(f)	103(b) Per Page 2 of 31, Line 5
69(g) Per Page 4 of 31, Line 7	104(b) Per Page 2 of 31, Line 12
69(h) Line 69(a) + Line 69(e) + Line 69(f) + Line 69(g)	105(b) Per Line 98(g)
71(a) Line 66(h)	107(b) Sum of Lines 102(b) through 105(b)
71(h) Line 70(h) * Line 72(h)	109(b) Line 9(a)
72(a) Line 67(h)	110(c) Line 109(b) * Line 119(a)
72(h) Line 35(h); effective tax rate per FY 2016 Gas ISR reconciliation filing	111(c) Line 109(b) * Line 120(a)
73(a) - 96(c) Per Docket 4590 FY 2017 Gas ISR Plan Proposal Compliance filing at Page 16 of 20	112(c) Line 109(b) * Line 121(a)
73(f) Line 68(b)	113(c) Line 109(b) * Line 122(a)
74(f) Per Page 4 of 31, Line 5	114(c) Line 109(b) * Line 123(a)
75(f) Per Page 4 of 31, Line 12	115(c) Line 109(b) * Line 107(b)
76(f) Per Line 69(g)	116(a) Line 101(h)
78(f) Sum of Lines 73 through 76	117(a) Line 9(a)
80(f) Line 9(a)	118(a) Line 5(a)
81(g) Line 80(f) * Line 89(e)	119(a) Line 89(e) - ((Line 1(d)+Line 1(f))*3.38%)
82(g) Line 80(f) * Line 90(e)	120(a) Line 90(e) - ((Line 14(d)+Line 14(f))*3.38%)
83(g) Line 80(f) * Line 91(e)	121(a) Line 91(e) - ((Line 27(d)+Line 27(f))*3.38%)
84(g) Line 80(f) * Line 92(e)	122(a) Line 92(e) - ((Line 63(d)+Line 63(f))*3.38%)
85 Line 78 * Line 80	123(a) Line 93(e) - ((Line 68(d)+Line 68(f))*3.38%)
86(e) Line 72(h)	124(a) Line 107(b)
87(e) Line 9(a)	117(b)-124(b) Line 116(a) - Line 117(a)
87(f) Line 86(e) - Line 87(e)	118(c)-124(c) Colum (a) * Column (b)
88(e) Line 5(a)	125(c) Sum of Lines 118(c) through 124(c)
89(e) Line 89(a) - ((Line 1(d)+Line 1(f))*3.38%)	127(c) Line 125(c) plus sum of lines 110(c) through 115(c)
90(e) Line 90(a) - ((Line 14(d)+Line 14(f))*3.38%)	
91(e) Line 91(a) - ((Line 27(d)+Line 27(f))*3.38%)	
92(e) Line 92(a) - ((Line 63(d)+Line 63(f))*3.38%)	
93(e) Line 78(f)	
88(f)-93(f) Line 87(f)	
88(g)-93(g) Lines 88(e) through 93(e), Col (e) * Col (f)	
94(g) Sum of Lines 88(g) through 93(g)	
96(g) Sum of Lines 81(g) through 85(g) + Line 94(g)	

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) CY 2011	(i) CY 2012	(j) Jan-2013	(k) Feb 13 - Jan 14	(l)	(m)	(n)	(o)
1 Total Base Rate Plant DIT Provision								\$ 16,572,023	\$ 19,058,494	\$ 1,700,343	\$ 13,893,167				
2 Total Base Rate Plant DIT Provision	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
3 Incremental FY 12	\$1,121,846	\$1,080,717	\$1,038,476	\$906,443	\$865,263	\$823,243	\$468,266	\$17,193,641	\$18,309,741	\$11,577,639	\$0	\$0	\$0	\$0	\$0
4 Incremental FY 13	\$0	(\$734,732)	(\$690,174)	(\$829,884)	(\$780,869)	(\$731,561)	(\$409,188)	\$0	(\$41,129)	(\$42,241)	(\$132,033)	(\$41,180)	(\$42,020)	(\$354,977)	(\$468,266)
5 Incremental FY 14	\$0	\$0	\$6,444,262	\$5,821,675	\$5,651,257	\$5,476,107	\$3,177,941	\$0	\$0	\$6,444,262	(\$622,587)	(\$170,419)	(\$175,149)	(\$2,298,167)	(\$3,177,941)
6 FY 2015	\$0	\$0	\$0	\$23,687,481	\$23,214,645	\$22,716,080	\$13,316,267	\$0	\$0	\$0	\$23,687,481	(\$472,835)	(\$498,565)	(\$9,399,813)	(\$13,316,267)
7 FY 2016	\$0	\$0	\$0	\$0	\$28,518,812	\$27,774,974	\$16,206,281	\$0	\$0	\$0	\$0	\$28,518,812	(\$743,838)	(\$11,568,693)	(\$16,206,281)
8 FY 2017	\$0	\$0	\$0	\$0	\$0	\$26,106,575	\$15,329,202	\$0	\$0	\$0	\$0	\$0	\$26,106,575	(\$10,777,372)	(\$15,329,202)
9 FY 2018	\$0	\$0	\$0	\$0	\$0	\$0	\$16,587,058	\$0	\$0	\$0	\$0	\$0	\$0	\$16,587,058	(\$16,587,058)
10 FY 2019	\$0	\$0	\$0	\$0	\$0	\$0	(\$16,077,559)	\$0	\$0	\$0	\$0	\$0	\$0	(\$16,077,559)	\$16,077,559
11 TOTAL Plant DIT Provision	\$ 1,121,846	\$ 345,985	\$ 6,792,564	\$ 29,585,715	\$ 57,469,108	\$ 82,165,419	\$ 48,598,268	\$ 18,315,487	\$ 17,533,880	\$ 18,024,218	\$ 22,793,151	\$ 27,883,393	\$ 24,696,311	\$ (33,567,151)	\$ (48,598,268)
12 NOL								\$ 6,268,061	\$ 6,136,520	\$ 23,775,494	\$ 19,205,538	\$ 11,594,940	\$ -	\$ -	\$ -
13 Lesser of NOL or DIT Provision								\$ 6,268,061	\$ 6,136,520	\$ 18,024,218	\$ 19,205,538	\$ 11,594,940	\$ -	\$ -	\$ -

Line Notes:

- 1(h) Per Dkt 4323 Compliance filing Attachment 6, Page 59 of 65, Line 18(e) less Line 18(a)
- 1(i)-1(k) Per Dkt 4323 Compliance filing Attachment 6, Page 64 of 65, Lines 32, 38, and 44
- 2 Col (h) = Line 1(f) \* 75% + Line 1(g) \* 25%; Col (i) = Line 1(g) \* 75% + Line 1(h) + Line 1(i) \* 2/12ths; Col (j) = Line 1(i) \* 10/12ths
- 3(a)-7(g) Cumulative DIT per vintage year ISR revenue requirement calculations (Page 10, Line 14; Page 8, Line 14; Page 6, Line 16; Page 4, Line 16 ; Page 2, Line 16)
- 3(h) -7(n) Year over year change in cumulative DIT shown in Cols (a) through (g)
  - 11 Sum of Lines 2 through 9
  - 12 Per Tax dept
  - 13 Lesser of Line 10 or Line 11

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
True-Up for FY 2012 through FY 2016 Net Operating Losses ("NOL")

	(a)	(b)	(c) Revenue Requirement Year			(d)	(e)	(f)	(g)	(h)
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019		
1 Return on Rate Base	11.41%	11.18%	10.05%	10.05%	10.05%	10.05%	9.73%	8.78%		
	Vintage Capital Investment Year									
2 Lesser of NOL or DIT Provision	\$ 6,268,061	\$ 6,136,520	\$ 18,024,218	\$ 19,205,538	\$ 11,594,940	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue Requirement Increase due to NOL</b>										
	Vintage Capital Investment Year									
	FY 2012	FY 2013	FY 2014			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
3 FY 2012	\$ 357,593	\$ 700,769	\$ 629,940	\$ 629,940	\$ 629,940	\$ 629,940	\$ 629,940	\$ 609,882	\$ 550,336	
4 FY 2013	\$ -	\$ 343,031	\$ 616,720	\$ 616,720	\$ 616,720	\$ 616,720	\$ 616,720	\$ 597,083	\$ 538,786	
5 FY 2014	\$ -	\$ -	\$ 882,298	\$ 1,811,434	\$ 1,811,434	\$ 1,811,434	\$ 1,811,434	\$ 1,753,756	\$ 1,582,526	
6 FY 2015	\$ -	\$ -	\$ -	\$ 965,078	\$ 1,930,157	\$ 1,930,157	\$ 1,930,157	\$ 1,868,699	\$ 1,686,246	
7 FY 2016	\$ -	\$ -	\$ -	\$ -	\$ 582,646	\$ 1,165,291	\$ 1,128,188	\$ 1,018,036		
8 FY 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
9 FY 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
10 FY 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11 TOTAL	\$ 357,593	\$ 1,043,801	\$ 2,128,958	\$ 4,023,173	\$ 5,570,897	\$ 6,153,542	\$ 5,957,609	\$ 5,375,931		

Line Notes:

- 1 Col (a) - per Docket 4219, Attachment WRR-1 at Page 2; Col (b) - per Docket 4306, Attachment WRR-1 at Page 2;
- 2 Col (c) through (g) - Weighted Average Cost of Capital per Settlement Agreement RIPUC Docket No. 4323
- 3 Per Page 23 of 31, Line 13
- 4 Col (a) = Line 2(a) \* Line 1(a) \* 50%; Col (b) = Line 2(a) \* Line 1(b); Col (c) = Line 2(a) \* Line 1(c); Col (d) = Line 2(a) \* Line 1(d); Col (e) = Line 2(a) \* Line 1(e); Col (f) = Line 1(f) \* Line 2(c); Col (g) = Line 1(g) \* 2(c)
- 5 Col (a) = Line 2(b) \* Line 1(b) \* 50%; Col (b) = Line 2(b) \* Line 1(c); Col (c) = Line 2(b) \* Line 1(d); Col (d) = Line 2(b) \* Line 1(e); Col (f) = Line 1(f) \* Line 2(b); Col (g) = Line 1(g) \* Line 2(b)
- 6 Col (c) =
  - a) NOL applied to FY 2014 ISR DIT \$ 6,444,262 Page 23 of 31 Line 2(j)
  - b) FY 2014 ISR weighted average additions rate 31.41% Page 28 of 31 Line 16
  - c) FY 2014 ISR weighted average NOL \$ 2,024,108 Line (a) \* Line (b)
  - d) FY 2014 Rate of Return 10.05% Line 1(c) above
  - e) FY 2014 Return on weighted average ISR NOL \$ 203,423 Line (c) \* Line (d)
  - f) NOL applied to base rate deferred tax provision \$ 11,579,956 Page 23 of 31 Line 11(j) less Line (a) above
  - g) FY 2014 weighted average base rate DIT rate 58.33% Per Line 15
  - h) FY 2014 base rate weighted average NOL \$ 6,754,974 Line (f) \* Line (g)
  - i) FY 2014 Rate of Return 10.05% Line 1
  - j) FY 2014 Return on weighted average base rate NOL \$ 678,875 Line (h) \* Line (i)
- 7 k) Total FY 2014 NOL impact on vintage FY 2014 investment \$ 882,298 Line (e) + Line (j)
- 8 cont. Col (d) = Line 2(c) \* Line 1(d); Col (e) = Line 2(c) \* Line 1(e); Col (f) = Line 1(f) \* Line 2(c); Col (g) = Line 1(g) \* 2(c)
- 9 Col (d) = Line 1(d) \* Line 2(d) \* 50%; Col (e) = Line 1(d) \* Line 2(d); Col (f) = Line 1(f) \* Line 2(d); Col (g) = Line 1(g) \* 2(d)
- 10 Col (e) = Line 1(e) \* Line 2(e) \* 50%; Col (f) = Line 1(f) \* Line 2(e); Col (g) = Line 1(g) \* Line 2(e)
- 11 Col (f) = Line 1(f) \* Line 2(f) \* 50%; Col (g) = Line 1(g) \* Line 2(f)
- 12 Col (g) = Line 1(g) \* Line 2(g) \* 50%
- 13 Sum of Lines 3 through 9

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas Infrastructure, Safety,  
and Reliability Plan Proposal Filing  
Section 3, Attachment 1-REVISED  
Page 25a of 31

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of FY 2018 Net Deferred Tax Reserve Proration

Line No.	Deferred Tax Subject to Proration		(a)=Sum of (b)	(b)	(c)	(d)	
			through (h)	Vintage Year 2018	Vintage Year 2017	Vintage Year 2016	
			Total				
1	Book Depreciation	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 1	\$10,032,984	\$1,519,105	\$2,581,784	\$2,916,853	
2	Bonus Depreciation	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 2	(\$13,764,576)	(\$13,764,576)	\$0	\$0	
3	Remaining MACRS Tax Depreciation	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 3	(\$3,366,917)	(\$570,505)	(\$890,237)	(\$892,846)	
4	FY18 tax (gain)/loss on retirements	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 4	(\$238,628)	(\$238,628)	\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$7,337,137)	(\$13,054,604)	\$1,691,547	\$2,024,007	
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	(\$2,567,998)	(\$4,569,111)	\$592,041	\$708,402	
<b>Deferred Tax Not Subject to Proration</b>							
8	Capital Repairs Deduction	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 8	(\$64,198,946)	(\$64,198,946)			
9	Cost of Removal	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 9	(\$8,008,000)	(\$8,008,000)			
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0	\$0			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$72,206,946)	(\$72,206,946)			
12	Effective Tax Rate		35.00%	35.00%			
13	Deferred Tax Reserve	Line 11 * Line 12	(\$25,272,431)	(\$25,272,431)			
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$27,840,429)	(\$29,841,543)	\$592,041	\$708,402	
15	Net Operating Loss	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 15	\$0	\$0			
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$27,840,429)	(\$29,841,543)	\$592,041	\$708,402	
<b>Allocation of FY 2018 Estimated Federal NOL</b>							
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$13,054,604)	(\$13,054,604)			
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$72,206,946)	(\$72,206,946)			
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$85,261,550)	(\$85,261,550)			
20	Total FY 2018 Federal NOL	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 20	\$0	\$0			
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19 ) * Line 20	\$0	\$0			
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19 ) * Line 20	\$0	\$0			
23	Effective Tax Rate		35.00%	35.00%			
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0			
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$2,567,998)	(\$4,569,111)	\$592,041	\$708,402	
<b>Proration Calculation</b>							
		(i)	(j)	(k)= Sum of (l)			
		<u>Number of Days in</u>		through (r)	(l)	(m)	(n)
		<u>Month</u>	<u>Proration Percentage</u>				
26	April 2017	30	91.78%	(\$196,411)	(\$349,464)	\$45,282	\$54,181
27	May 2017	31	83.29%	(\$178,235)	(\$317,126)	\$41,091	\$49,168
28	June 2017	30	75.07%	(\$160,646)	(\$285,830)	\$37,036	\$44,316
29	July 2017	31	66.58%	(\$142,471)	(\$253,492)	\$32,846	\$39,302
30	August 2017	31	58.08%	(\$124,296)	(\$221,153)	\$28,656	\$34,288
31	September 2017	30	49.86%	(\$106,707)	(\$189,858)	\$24,601	\$29,436
32	October 2017	31	41.37%	(\$88,531)	(\$157,520)	\$20,411	\$24,422
33	November 2017	30	33.15%	(\$70,942)	(\$126,224)	\$16,355	\$19,570
34	December 2017	31	24.66%	(\$52,767)	(\$93,886)	\$12,165	\$14,556
35	January 2018	31	16.16%	(\$34,592)	(\$61,547)	\$7,975	\$9,542
36	February 2018	28	8.49%	(\$18,175)	(\$32,338)	\$4,190	\$5,014
37	March 2018	31	0.00%	\$0	\$0	\$0	\$0
38	Total	365		(\$1,173,774)	(\$2,088,439)	\$270,609	\$323,795
39	Deferred Tax Without Proration	Line 25		(\$2,567,998)	(\$4,569,111)	\$592,041	\$708,402
40	Proration Adjustment	Line 38 - Line 39		\$1,394,224	\$2,480,673	(\$321,433)	(\$384,608)

**Column Notes:**

- (j) Sum of remaining days in the year (Col (i)) divided by 365
- (l) through (r) = Current Year Line 25 \* Current Month Col (j)

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas Infrastructure, Safety,  
and Reliability Plan Proposal Filing  
Section 3, Attachment 1-REVISED  
Page 25b of 31

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of FY 2018 Net Deferred Tax Reserve Proration

Line No.			(a)=Sum of (b) through (h)	(e) Vintage Year 2015	(f) Vintage Year 2014	(g) Vintage Year 2013	(h) Vintage Year 2012	
	<b>Deferred Tax Subject to Proration</b>		<b>Total</b>					
1	Book Depreciation	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 1	\$10,032,984	\$2,333,053	\$679,280	(\$150,012)	\$152,921	
2	Bonus Depreciation	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 2	(\$13,764,576)	\$0	\$0	\$0	\$0	
3	Remaining MACRS Tax Depreciation	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 3	(\$3,366,917)	(\$837,819)	(\$156,979)	\$9,278	(\$27,809)	
4	FY18 tax (gain)/loss on retirements	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 4	(\$238,628)	\$0	\$0	\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$7,337,137)	\$1,495,234	\$522,301	(\$140,734)	\$125,112	
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%	35.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	(\$2,567,998)	\$523,332	\$182,805	(\$49,257)	\$43,789	
	<b>Deferred Tax Not Subject to Proration</b>							
8	Capital Repairs Deduction	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 8	(\$64,198,946)					
9	Cost of Removal	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 9	(\$8,008,000)					
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$72,206,946)					
12	Effective Tax Rate		35.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	(\$25,272,431)					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$27,840,429)	\$523,332	\$182,805	(\$49,257)	\$43,789	
15	Net Operating Loss	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 15	\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$27,840,429)	\$523,332	\$182,805	(\$49,257)	\$43,789	
	<b>Allocation of FY 2018 Estimated Federal NOL</b>							
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$13,054,604)					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$72,206,946)					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$85,261,550)					
20	Total FY 2018 Federal NOL	RIPUC Docket No. 4678 (FY 2018 Plan), Page 22 of 25, Line 20	\$0					
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19 ) * Line 20	\$0					
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19 ) * Line 20	\$0					
23	Effective Tax Rate		35.00%					
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0					
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$2,567,998)	\$523,332	\$182,805	(\$49,257)	\$43,789	
		(i)	(j)	(k)= Sum of (l) through (r)	(o)	(p)	(q)	(r)
	<b>Proration Calculation</b>	<u>Number of Days in</u>	<u>Proration Percentage</u>					
26	April 2017	30	91.78%	(\$196,411)	\$40,027	\$13,982	(\$3,767)	\$3,349
27	May 2017	31	83.29%	(\$178,235)	\$36,323	\$12,688	(\$3,419)	\$3,039
28	June 2017	30	75.07%	(\$160,646)	\$32,738	\$11,436	(\$3,081)	\$2,739
29	July 2017	31	66.58%	(\$142,471)	\$29,034	\$10,142	(\$2,733)	\$2,429
30	August 2017	31	58.08%	(\$124,296)	\$25,330	\$8,848	(\$2,384)	\$2,119
31	September 2017	30	49.86%	(\$106,707)	\$21,746	\$7,596	(\$2,047)	\$1,820
32	October 2017	31	41.37%	(\$88,531)	\$18,042	\$6,302	(\$1,698)	\$1,510
33	November 2017	30	33.15%	(\$70,942)	\$14,457	\$5,050	(\$1,361)	\$1,210
34	December 2017	31	24.66%	(\$52,767)	\$10,753	\$3,756	(\$1,012)	\$900
35	January 2018	31	16.16%	(\$34,592)	\$7,049	\$2,462	(\$664)	\$590
36	February 2018	28	8.49%	(\$18,175)	\$3,704	\$1,294	(\$349)	\$310
37	March 2018	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$1,173,774)	\$239,203	\$83,556	(\$22,514)	\$20,015
39	Deferred Tax Without Proration	Line 25	(\$2,567,998)	\$523,332	\$182,805	(\$49,257)	\$43,789	
40	Proration Adjustment	Line 38 - Line 39	\$1,394,224	(\$284,129)	(\$99,249)	\$26,743	(\$23,774)	

**Column Notes:**

(j) Sum of remaining days in the year (Col (i) divided by 365

(l) through (r) = Current Year Line 25 \* Current Month Col (j)

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The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of FY 2019 Net Deferred Tax Reserve Proration

Line No.		(a)=Sum of (b) through (i) Total	(b) Vintage Year 2019	(c) Vintage Year 2018	(d) Vintage Year 2017	(e) Vintage Year 2016	
	<b>Deferred Tax Subject to Proration</b>						
	Book Depreciation	Col (b) = Page 4 of 31, Line 12; Col (c) = Page 6 of 31, Line 12; Col (d) = Page 8 of 31, Line 12; Col (e) = Page 10 of 31, Line 12; Col (f) = Page 12 of 31, Line 12; Col (g) = Page 14 of 31, Line 10; Col (h) = Page 16 of 31, Line 10					
1		\$12,948,793	\$1,533,196	\$3,038,209	\$2,469,637	\$2,911,746	
2	Bonus Depreciation	\$0	\$0	\$0	\$0	\$0	
	Remaining MACRS Tax Depreciation	Col (b) = Page 5 of 31, Line 18; Col (c) = Page 6 of 31, Line 10; Col (d) = Page 8 of 31, Line 10; Col (e) = Page 10 of 31, Line 10; Col (f) = Page 12 of 31, Line 10; Col (g) = Page 14 of 31, Line 8; Col (h) = Page 16 of 31, Line 8					
3		(\$6,060,101)	(\$2,074,026)	(\$1,568,944)	(\$809,884)	(\$672,971)	
4	FY19 tax (gain)/loss on retirements	(\$238,628)	(\$238,628)	\$0	\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$6,650,064	(\$779,458)	\$1,469,265	\$1,659,754	
6	Effective Tax Rate	Line 5 * Line 6	35.00%	35.00%	35.00%	35.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	\$2,327,522	(\$272,810)	\$514,243	\$783,571	
	<b>Deferred Tax Not Subject to Proration</b>						
8	Capital Repairs Deduction		(\$72,041,903)	(\$72,041,903)			
9	Cost of Removal		(\$5,440,400)	(\$5,440,400)			
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0	\$0			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$77,482,303)	(\$77,482,303)			
12	Effective Tax Rate		21.00%	21.00%			
13	Deferred Tax Reserve	Line 11 * Line 12	(\$16,271,284)	(\$16,271,284)			
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$13,943,761)	(\$16,544,094)	\$514,243	\$580,914	
15	Net Operating Loss		\$0	\$0			
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$13,943,761)	(\$16,544,094)	\$514,243	\$580,914	
	<b>Allocation of FY 2018 Estimated Federal NOL</b>						
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	\$689,807	(\$779,458)	\$1,469,265		
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$77,482,303)	(\$77,482,303)	\$0		
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$76,792,496)	(\$78,261,761)	\$1,469,265		
20	Total FY 2018 Federal NOL		\$0	\$0			
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0	\$0			
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0	\$0			
23	Effective Tax Rate		21.00%	21.00%			
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0			
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$2,327,522	(\$272,810)	\$514,243	\$783,571	
	<b>Proration Calculation</b>	(j) Number of Days in Month (k) Proration Percentage	(l)= Sum of (m) through (t)	(m)	(n)	(o)	(p)
26	April 2017	30 91.78%	\$178,018	(\$20,866)	\$39,331	\$44,431	\$59,931
27	May 2017	31 83.29%	\$161,545	(\$18,935)	\$35,692	\$40,319	\$54,385
28	June 2017	30 75.07%	\$145,603	(\$17,066)	\$32,170	\$36,340	\$49,018
29	July 2017	31 66.58%	\$129,130	(\$15,135)	\$28,530	\$32,229	\$43,472
30	August 2017	31 58.08%	\$112,656	(\$13,205)	\$24,890	\$28,117	\$37,926
31	September 2017	30 49.86%	\$96,714	(\$11,336)	\$21,368	\$24,138	\$32,559
32	October 2017	31 41.37%	\$80,241	(\$9,405)	\$17,728	\$20,027	\$27,014
33	November 2017	30 33.15%	\$64,299	(\$7,537)	\$14,206	\$16,048	\$21,647
34	December 2017	31 24.66%	\$47,826	(\$5,606)	\$10,567	\$11,937	\$16,101
35	January 2018	31 16.16%	\$31,352	(\$3,675)	\$6,927	\$7,825	\$10,555
36	February 2018	28 8.49%	\$16,473	(\$1,931)	\$3,640	\$4,111	\$5,546
37	March 2018	31 0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365	\$1,063,858	(\$124,695)	\$235,049	\$265,523	\$358,153
39	Deferred Tax Without Proration	Line 25	\$2,327,522	(\$272,810)	\$514,243	\$580,914	\$783,571
40	Proration Adjustment	Line 38 - Line 39	(\$1,263,664)	\$148,115	(\$279,194)	(\$315,391)	(\$425,418)

Column Notes:

(j) Sum of remaining days in the year (Col (i)) divided by 365  
(l) through (r) = Current Year Line 25 \* Current Month Col (j)

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The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of FY 2019 Net Deferred Tax Reserve Proration

Line No.			(a)=Sum of (b)	(f)	(g)	(h)	(i)	
			through (i)	Vintage Year 2015	Vintage Year 2014	Vintage Year 2013	Vintage Year 2012	
			Total					
	<b>Deferred Tax Subject to Proration</b>							
	Book Depreciation	Col (b) = Page 4 of 31, Line 12; Col (c) = Page 6 of 31, Line 12; Col (d) = Page 8 of 31, Line 12; Col (e) = Page 10 of 31, Line 12; Col (f) = Page 12 of 31, Line 12; Col (g) = Page 14 of 31, Line 10; Col (h) = Page 16 of 31, Line 10						
1			\$12,948,793	\$2,330,109	\$667,409	(\$151,220)	\$149,706	
2	Bonus Depreciation		\$0	\$0	\$0	\$0	\$0	
	Remaining MACRS Tax Depreciation	Col (b) = Page 5 of 31, Line 18; Col (c) = Page 6 of 31, Line 10; Col (d) = Page 8 of 31, Line 10; Col (e) = Page 10 of 31, Line 10; Col (f) = Page 12 of 31, Line 10; Col (g) = Page 14 of 31, Line 8; Col (h) = Page 16 of 31, Line 8						
3			(\$6,060,101)	(\$774,884)	(\$142,869)	\$8,845	(\$25,368)	
4	FY19 tax (gain)/loss on retirements		(\$238,628)	\$0	\$0	\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$6,650,064	\$1,555,224	\$524,540	(\$142,375)	\$124,338	
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%	35.00%	
7	Deferred Tax Reserve	Line 5 * Line 6	\$2,327,522	\$544,328	\$183,589	(\$49,831)	\$43,518	
	<b>Deferred Tax Not Subject to Proration</b>							
8	Capital Repairs Deduction		(\$72,041,903)					
9	Cost of Removal		(\$5,440,400)					
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$77,482,303)					
12	Effective Tax Rate		21.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	(\$16,271,284)					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$13,943,761)	\$544,328	\$183,589	(\$49,831)	\$43,518	
15	Net Operating Loss		\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$13,943,761)	\$544,328	\$183,589	(\$49,831)	\$43,518	
	<b>Allocation of FY 2018 Estimated Federal NOL</b>							
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	\$689,807					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$77,482,303)					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$76,792,496)					
20	Total FY 2018 Federal NOL		\$0					
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0					
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0					
23	Effective Tax Rate		21.00%					
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0					
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$2,327,522	\$544,328	\$183,589	(\$49,831)	\$43,518	
	<b>Proration Calculation</b>							
		(j) Number of Days in Month	(k) Proration Percentage	(l)= Sum of (m) through (t)	(q)	(r)	(s)	(t)
26	April 2017	30	91.78%	\$178,018	\$41,632	\$14,042	(\$3,811)	\$3,328
27	May 2017	31	83.29%	\$161,545	\$37,780	\$12,742	(\$3,459)	\$3,020
28	June 2017	30	75.07%	\$145,603	\$34,052	\$11,485	(\$3,117)	\$2,722
29	July 2017	31	66.58%	\$129,130	\$30,199	\$10,185	(\$2,765)	\$2,414
30	August 2017	31	58.08%	\$112,656	\$26,346	\$8,886	(\$2,412)	\$2,106
31	September 2017	30	49.86%	\$96,714	\$22,618	\$7,629	(\$2,071)	\$1,808
32	October 2017	31	41.37%	\$80,241	\$18,766	\$6,329	(\$1,718)	\$1,500
33	November 2017	30	33.15%	\$64,299	\$15,037	\$5,072	(\$1,377)	\$1,202
34	December 2017	31	24.66%	\$47,826	\$11,185	\$3,772	(\$1,024)	\$894
35	January 2018	31	16.16%	\$31,352	\$7,332	\$2,473	(\$671)	\$586
36	February 2018	28	8.49%	\$16,473	\$3,853	\$1,299	(\$353)	\$308
37	March 2018	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		\$1,063,858	\$248,800	\$83,914	(\$22,777)	\$19,891
39	Deferred Tax Without Proration	Line 25	\$2,327,522	\$544,328	\$183,589	(\$49,831)	\$43,518	
40	Proration Adjustment	Line 38 - Line 39	(\$1,263,664)	(\$295,528)	(\$99,675)	\$27,054	(\$23,627)	

Column Notes:

- (j) Sum of remaining days in the year (Col (i)) divided by 365
- (l) through (r) = Current Year Line 25 \* Current Month Col (j)

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The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of FY 2020 Net Deferred Tax Reserve Proration

Line No.			(a)=Sum of (b)	(b)	(c)	(d)	(e)
			through (h)	Vintage Year 2019	Vintage Year 2018	Vintage Year 2017	Vintage Year 2016
	<b>Deferred Tax Subject to Proration</b>		<u>Total</u>				
		Col (b) = Page 4 of 31, Line 12; Col (c) = Page 6 of 31, Line 12; Col (d) = Page 8 of 31, Line 12; Col (e) = Page 10 of 31, Line 12; Col (f) = Page 12 of 31, Line 12; Col (g) = Page 14 of 31, Line 10; Col (h) = Page 16 of 31, Line 10					
1	Book Depreciation		\$14,481,989	\$3,066,392	\$3,038,209	\$2,469,637	\$2,911,746
2	Bonus Depreciation		\$0	\$0	\$0	\$0	\$0
		Col (b) = Page 5 of 31, Line 18; Col (c) = Page 6 of 31, Line 10; Col (d) = Page 8 of 31, Line 10; Col (e) = Page 10 of 31, Line 10; Col (f) = Page 12 of 31, Line 10; Col (g) = Page 14 of 31, Line 8; Col (h) = Page 16 of 31, Line 8					
3	Remaining MACRS Tax Depreciation		(\$5,762,648)	(\$2,074,026)	(\$1,451,148)	(\$749,236)	(\$622,419)
4	FY19 tax (gain)/loss on retirements		\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$8,719,341	\$992,367	\$1,587,061	\$1,720,401	\$2,289,327
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%	35.00%
7	Deferred Tax Reserve	Line 5 * Line 6	\$3,051,769	\$347,328	\$555,471	\$602,140	\$801,264
	<b>Deferred Tax Not Subject to Proration</b>						
8	Capital Repairs Deduction		\$0	\$0			
9	Cost of Removal		\$0	\$0			
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0	\$0			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0	\$0			
12	Effective Tax Rate		21.00%	21.00%			
13	Deferred Tax Reserve	Line 11 * Line 12	\$0	\$0			
14	Total Deferred Tax Reserve	Line 7 + Line 13	\$3,051,769	\$347,328	\$555,471	\$602,140	\$801,264
15	Net Operating Loss		\$0	\$0	\$0		
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$3,051,769	\$347,328	\$555,471	\$602,140	\$801,264
	<b>Allocation of FY 2018 Estimated Federal NOL</b>						
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	\$2,579,427	\$992,367	\$1,587,061		
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0	\$0		
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	\$2,579,427	\$992,367	\$1,587,061		
20	Total FY 2018 Federal NOL		\$0	\$0			
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0	\$0			
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0	\$0			
23	Effective Tax Rate		21.00%	21.00%			
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0			
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$3,051,769	\$347,328	\$555,471	\$602,140	\$801,264
	<b>Proration Calculation</b>	(j) Number of Days in Month (k) Proration Percentage	(l)= Sum of (m) through (s)	(m)	(n)	(o)	
26	April 2017	30 91.78%	\$206,847	\$42,485	\$42,485	\$46,054	\$61,284
27	May 2017	31 83.29%	\$187,705	\$38,553	\$38,553	\$41,792	\$55,613
28	June 2017	30 75.07%	\$169,182	\$34,749	\$34,749	\$37,668	\$50,125
29	July 2017	31 66.58%	\$150,041	\$30,817	\$30,817	\$33,406	\$44,454
30	August 2017	31 58.08%	\$130,900	\$26,886	\$26,886	\$29,145	\$38,783
31	September 2017	30 49.86%	\$112,376	\$23,081	\$23,081	\$25,020	\$33,295
32	October 2017	31 41.37%	\$93,235	\$19,150	\$19,150	\$20,759	\$27,623
33	November 2017	30 33.15%	\$74,712	\$15,345	\$15,345	\$16,634	\$22,135
34	December 2017	31 24.66%	\$55,571	\$11,414	\$11,414	\$12,373	\$16,464
35	January 2018	31 16.16%	\$36,430	\$7,482	\$7,482	\$8,111	\$10,793
36	February 2018	28 8.49%	\$19,141	\$3,931	\$3,931	\$4,262	\$5,671
37	March 2018	31 0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365	\$1,236,140	\$253,894	\$253,894	\$275,225	\$366,240
39	Deferred Tax Without Proration	Line 25	\$2,704,441	\$347,328	\$555,471	\$602,140	\$801,264
40	Proration Adjustment	Line 38 - Line 39	(\$1,468,302)	(\$93,435)	(\$301,578)	(\$326,915)	(\$435,024)

Column Notes:

(j) Sum of remaining days in the year (Col (i)) divided by 365  
(l) through (r) = Current Year Line 25 \* Current Month Col (j)

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The Narragansett Electric Company  
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d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of FY 2020 Net Deferred Tax Reserve Proration

Line No.			(a)=Sum of (b)	(b)	(f)	(g)	(h)	(i)	
			through (h)	Vintage Year 2019	Vintage Year 2015	Vintage Year 2014	Vintage Year 2013	Vintage Year 2012	
			Total						
	<b>Deferred Tax Subject to Proration</b>								
	Book Depreciation	Col (b) = Page 4 of 31, Line 12; Col (c) = Page 6 of 31, Line 12; Col (d) = Page 8 of 31, Line 12; Col (e) = Page 10 of 31, Line 12; Col (f) = Page 12 of 31, Line 12; Col (g) = Page 14 of 31, Line 10; Col (h) = Page 16 of 31, Line 10							
1			\$14,481,989	\$3,066,392	\$2,330,109	\$667,409	(\$151,220)	\$149,706	
2	Bonus Depreciation		\$0	\$0	\$0	\$0	\$0	\$0	
	Remaining MACRS Tax Depreciation	Col (b) = Page 5 of 31, Line 18; Col (c) = Page 6 of 31, Line 10; Col (d) = Page 8 of 31, Line 10; Col (e) = Page 10 of 31, Line 10; Col (f) = Page 12 of 31, Line 10; Col (g) = Page 14 of 31, Line 8; Col (h) = Page 16 of 31, Line 8							
3			(\$5,762,648)	(\$2,074,026)	(\$716,832)	(\$132,137)	\$8,183	(\$25,031)	
4	FY 19 tax (gain)/loss on retirements		\$0	\$0	\$0	\$0	\$0	\$0	
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$8,719,341	\$992,367	\$1,613,276	\$535,272	(\$143,037)	\$124,675	
6	Effective Tax Rate	Line 5 * Line 6	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	
7	Deferred Tax Reserve		\$3,051,769	\$347,328	\$564,647	\$187,345	(\$50,063)	\$43,636	
	<b>Deferred Tax Not Subject to Proration</b>								
8	Capital Repairs Deduction		\$0	\$0	\$0	\$0	\$0	\$0	
9	Cost of Removal		\$0	\$0	\$0	\$0	\$0	\$0	
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0	\$0	\$0	\$0	\$0	\$0	
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0	\$0	\$0	\$0	\$0	\$0	
12	Effective Tax Rate		21.00%	21.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	\$0	\$0					
14	Total Deferred Tax Reserve	Line 7 + Line 13	\$3,051,769	\$347,328	\$564,647	\$187,345	(\$50,063)	\$43,636	
15	Net Operating Loss		\$0	\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$3,051,769	\$347,328	\$564,647	\$187,345	(\$50,063)	\$43,636	
	<b>Allocation of FY 2018 Estimated Federal NOL</b>								
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	\$2,579,427	\$992,367					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	\$2,579,427	\$992,367					
20	Total FY 2018 Federal NOL		\$0	\$0					
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$0	\$0					
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$0	\$0					
23	Effective Tax Rate		21.00%	21.00%					
24	Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$0	\$0					
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$3,051,769	\$347,328	\$564,647	\$187,345	(\$50,063)	\$43,636	
	<b>Proration Calculation</b>								
		(j) Number of Days in Month (k) Proration Percentage (l)= Sum of (m) through (s)				(p)	(q)	(r)	(s)
26	April 2017	30 91.78%	\$206,847	\$42,485	\$43,186	\$14,329	(\$3,829)	\$3,337	
27	May 2017	31 83.29%	\$187,705	\$38,553	\$39,190	\$13,003	(\$3,475)	\$3,029	
28	June 2017	30 75.07%	\$169,182	\$34,749	\$35,323	\$11,720	(\$3,132)	\$2,730	
29	July 2017	31 66.58%	\$150,041	\$30,817	\$31,326	\$10,394	(\$2,777)	\$2,421	
30	August 2017	31 58.08%	\$130,900	\$26,886	\$27,330	\$9,068	(\$2,423)	\$2,112	
31	September 2017	30 49.86%	\$112,376	\$23,081	\$23,462	\$7,785	(\$2,080)	\$1,813	
32	October 2017	31 41.37%	\$93,235	\$19,150	\$19,466	\$6,459	(\$1,726)	\$1,504	
33	November 2017	30 33.15%	\$74,712	\$15,345	\$15,599	\$5,176	(\$1,383)	\$1,205	
34	December 2017	31 24.66%	\$55,571	\$11,414	\$11,602	\$3,850	(\$1,029)	\$897	
35	January 2018	31 16.16%	\$36,430	\$7,482	\$7,606	\$2,524	(\$674)	\$588	
36	February 2018	28 8.49%	\$19,141	\$3,931	\$3,996	\$1,326	(\$354)	\$309	
37	March 2018	31 0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
38	Total	365	\$1,236,140	\$253,894	\$258,087	\$85,631	(\$22,883)	\$19,945	
39	Deferred Tax Without Proration	Line 25	\$2,704,441	\$347,328	\$564,647	\$187,345	(\$50,063)	\$43,636	
40	Proration Adjustment	Line 38 - Line 39	(\$1,468,302)	(\$93,435)	(\$306,559)	(\$101,714)	\$27,180	(\$23,691)	

Column Notes:

(j) Sum of remaining days in the year (Col (i)) divided by 365  
(l) through (r) = Current Year Line 25 \* Current Month Col (j)

Updated with Tax Law Change

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas Infrastructure, Safety,**  
**and Reliability Plan Proposal Filing**  
**Section 3, Attachment 1-REVISED**  
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**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas ISR Plan Revenue Requirement**  
**Weighted ISR Additions FY 2014**

<u>Line No.</u>	<u>Month No.</u>	<u>Month</u>	<u>FY 2014 ISR Additions</u> (a)	<u>In Rates</u> (b)	<u>Not In Rates</u> (c) = (a) - (b)	<u>Weight</u> (d)	<u>Weighted Average</u> (e) = (d) * (c)
1				\$57,184,191			
2	1	Apr-13	\$5,751,208	4,765,349	\$985,858	0.958	\$944,781
3	2	May-13	5,751,208	4,765,349	985,858	0.875	862,626
4	3	Jun-13	5,751,208	4,765,349	985,858	0.792	780,471
5	4	Jul-13	5,751,208	4,765,349	985,858	0.708	698,316
6	5	Aug-13	5,751,208	4,765,349	985,858	0.625	616,161
7	6	Sep-13	5,751,208	4,765,349	985,858	0.542	534,007
8	7	Oct-13	5,751,208	4,765,349	985,858	0.458	451,852
9	8	Nov-13	5,751,208	4,765,349	985,858	0.375	369,697
10	9	Dec-13	5,751,208	4,765,349	985,858	0.292	287,542
11	10	Jan-14	5,751,208	4,765,349	985,858	0.208	205,387
12	11	Feb-14	5,751,208	-	5,751,208	0.125	718,901
13	12	Mar-14	5,751,208	-	5,751,208	0.042	239,634
14	Total FY 2014		<u>\$69,014,490</u>	<u>\$47,653,493</u>	<u>\$21,360,998</u>		<u>\$6,709,374</u>
15	<b>Total Additions February &amp; March 2014</b>				<b>\$11,502,415</b>		
16	<b>FY 2014 Weighted Average Incremental Rate Base Percentage</b>						<b>31.41%</b>

Column (a) = Page 18 of 31, Line 1(c)

Column (b) = Page 18 of 31, Line 2(c)

Column (d) = (12.5 - Month No.) ÷ 12

Line 15 = Line 12(c) + Line 13(c)

Line 16 = Line 14(e)/Line 14(c)

Updated with Tax Law Change

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas Infrastructure, Safety,**  
**and Reliability Plan Proposal Filing**  
**Section 3, Attachment 1-REVISED**  
**Page 29 of 31**

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Gas ISR Plan Revenue Requirement**  
**Weighted ISR Deferred Tax Provision FY 2014**

<u>Line No.</u>	<u>Month No.</u>	<u>Month</u>	<u>FY 2014 ISR Deferred Tax</u> (a)	<u>In Rates</u> (b)	<u>Not In Rates</u> (c) = (a) - (b)	<u>Weight</u> (d)	<u>Weighted Average</u> (e) = (d) * (c)
1				\$13,893,167			
2	1	Apr-13	\$ -	1,157,764	(\$1,157,764)	0.958	(\$1,109,524)
3	2	May-13	-	1,157,764	(1,157,764)	0.875	(1,013,043)
4	3	Jun-13	-	1,157,764	(1,157,764)	0.792	(916,563)
5	4	Jul-13	-	1,157,764	(1,157,764)	0.708	(820,083)
6	5	Aug-13	-	1,157,764	(1,157,764)	0.625	(723,602)
7	6	Sep-13	-	1,157,764	(1,157,764)	0.542	(627,122)
8	7	Oct-13	-	1,157,764	(1,157,764)	0.458	(530,642)
9	8	Nov-13	-	1,157,764	(1,157,764)	0.375	(434,161)
10	9	Dec-13	-	1,157,764	(1,157,764)	0.292	(337,681)
11	10	Jan-14	-	1,157,764	(1,157,764)	0.208	(241,201)
12	11	Feb-14	-	-	-	0.125	-
13	12	Mar-14	-	-	-	0.042	-
14	Total FY 2014		<u>\$ -</u>	<u>\$11,577,639</u>	<u>(\$11,577,639)</u>		<u>(\$6,753,623)</u>
15	<b>FY 2014 Weighted Average Deferred Tax Provision Percentage</b>						<b>58.33%</b>

Column (a) = Page 4 Line 18(a)

Column (b) = Page 23 of 31, Line 1(k). Lines 2 through 11 = 1/12th of Line 1.

Column (d) = (12.5 - Month No.) ÷ 12

Line 15 = Line 14(e)/Line 14(c)

Updated with Tax Law Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas Infrastructure, Safety,  
and Reliability Plan Proposal Filing  
Section 3, Attachment 1-REVISED  
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The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Excess Deferred Taxes at 12/31/17

<u>Line No</u>		Cumulative Book/Tax Timing Difference at 03/31/17 (a)	Projected Book/Tax Timing Difference at 3/31/18 (b)	Difference (c) = (b) - (a)	Prorated Change as of 12/31/17 (d) = (c) x 75%	Cumulative Timing Difference through 12/31/17 (e) = (a) + (d)	Excess Deferred Taxes at 12/31/17 (f)
1	Vintage Year						
2	2012	\$2,352,123	\$2,229,838	(\$122,285)	(\$91,714)	\$2,260,409	\$316,457
3	2013	(\$2,090,173)	(\$1,948,516)	\$141,657	\$106,242	(\$1,983,931)	(\$277,750)
4	2014	\$15,646,021	\$15,133,051	(\$512,970)	(\$384,728)	\$15,261,294	\$2,136,581
5	2015	\$64,903,087	\$63,410,797	(\$1,492,289)	(\$1,119,217)	\$63,783,870	\$8,929,742
6	2016	\$79,357,069	\$77,172,768	(\$2,184,301)	(\$1,638,226)	\$77,718,843	\$10,880,638
7	2017	\$74,590,214	\$72,996,202	(\$1,594,012)	(\$1,195,509)	\$73,394,705	\$10,275,259
8	2018	\$ -	\$78,985,991	\$78,985,991	\$59,239,493	\$59,239,493	\$8,293,529

Line Notes

- 2(a) Page 16, Line 12(f)
- 2(b) Page 16, Line 12(h)
- 3(a) Page 14, Line 12(e)
- 3(b) Page 14, Line 12(g)
- 4(a) Page 12, Line 14(d)
- 4(b) Page 12, Line 14(f)
- 5(a) Page 10 Line 14(d)
- 5(b) Page 10, Liine 14(e)
- 6(a) Page 8, Line 14(c)
- 6(b) Page 8, Line 14(d)
- 7(a) Page 6, Line 14(a)
- 7(b) Page 6, Line 14(b)
- 8(b) Page 4, Line 14(a)

Updated with Tax Law Change

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas Infrastructure, Safety,  
and Reliability Plan Proposal Filing  
Section 3, Attachment 1-REVISED  
Page 31 of 31**

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Gas ISR Plan Revenue Requirement  
Calculation of Weighted Average Cost of Capital**

Line No.

Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 3943						
	(a)	(b)	(c)	(d)	(e)	
	Ratio	Rate	Rate	Taxes	Return	
4	Long Term Debt	40.63%	7.99%	3.25%	3.25%	
5	Short Term Debt	11.66%	3.91%	0.45%	0.45%	
6	Preferred Stock	0.00%	0.00%	0.00%	0.00%	
7	Common Equity	47.71%	10.50%	5.01%	2.70%	7.71%
8		<u>100.00%</u>		<u>8.71%</u>	<u>2.70%</u>	<u>11.41%</u>

9  
10 (d) - Column (c) x 35% divided by (1 - 35%)  
11

Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 35% income tax rate						
	(a)	(b)	(c)	(d)	(e)	
	Ratio	Rate	Rate	Taxes	Return	
15	Long Term Debt	49.95%	5.70%	2.85%	2.85%	
16	Short Term Debt	0.76%	0.80%	0.01%	0.01%	
17	Preferred Stock	0.15%	4.50%	0.01%	0.01%	
18	Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
19		<u>100.00%</u>		<u>7.54%</u>	<u>2.51%</u>	<u>10.05%</u>

20  
21 (d) - Column (c) x 35% divided by (1 - 35%)  
22  
23

Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 21% income tax rate						
	(a)	(b)	(c)	(d)	(e)	
	Ratio	Rate	Rate	Taxes	Return	
27	Long Term Debt	49.95%	5.70%	2.85%	2.85%	
28	Short Term Debt	0.76%	0.80%	0.01%	0.01%	
29	Preferred Stock	0.15%	4.50%	0.01%	0.01%	
30	Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
31		<u>100.00%</u>		<u>7.54%</u>	<u>1.24%</u>	<u>8.78%</u>

32 (d) - Column (c) x 21% divided by (1 - 21%)  
33

FY18 Blended Rate

Line 19(e) x 75% + Line 31(e) x 25% **9.73%**

34

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4781  
In Re: Gas Infrastructure, Safety, and Reliability Plan FY2019  
Responses to the Division's First Set of Data Requests  
Issued on January 12, 2018

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Division 1-2

Request:

How will the Company take into account the effect of the recently enacted federal Tax Cuts and Jobs Act of 2017 on the reconciliation of the FY 2018 and FY 2019 Gas ISR revenue requirement? The response should include all supporting workpapers.

Response:

The Company calculated the amount of Gas Infrastructure, Safety, and Reliability (ISR)-related excess deferred taxes as of December 31, 2017 that will ultimately be passed back to customers in its response to Data Request Division 1-1 at Attachment DIV 1-1-2 (Section 3, Attachment 1-REVISED). The pass back to customers for "protected" plant-related excess deferred taxes will be passed back in accordance with Internal Revenue Service (IRS) regulations over the average remaining life of the plant asset.

The Company will revise the revenue requirement in its currently pending rate case in Docket No. 4770 to reflect the pass back of the protected excess deferred taxes and will make a proposal for the return of the non-protected excess deferred taxes also through base rates.

For purposes of its Fiscal Year (FY) 2018 and FY 2019 ISR reconciliations, the Company will adjust the pre-tax weighted average cost of capital rate for all periods beginning January 1, 2018 to reflect the lower federal income tax rate of 21 percent. In addition, the balance of deferred taxes will be re-set to reflect the new 21 percent federal income tax rate, but this reduction to rate base will be offset by an equal and offsetting increase to rate base for the amount excess deferred income taxes related to incremental ISR investment. Once the timing of the pass back of excess deferred income taxes has been determined in the rate case, the excess deferred taxes in the ISR will be amortized over the same period of time.