Division of Public Utilities and Carriers
RIPUC Docket No. 4783
Response to Commission Data Request Issued February 22, 2018

Request:

1-1. In his Memorandum, Mr. Effron states:

> As noted by the Company in its response to Division Data Request 2-1, the decrease in the federal income tax rate from 35 percent to 21 percent reduces the required pre-tax return on the ISR rate base included in the ISR revenue requirement. This decrease to the ISR revenue requirement is partially offset by the elimination of bonus depreciation as of September 28, 2017 and a slower accumulation of deferred income taxes as a result of the lower income tax rate. Narragansett calculated that the effect of the [Tax Cut and Jobs Act] was to decrease the FY 2018 ISR revenue requirement by $1,261,891 and the FY 2019 ISR revenue requirement by $697,981.
>
> The Company will reflect the reduction to FY 2018 ISR revenue requirement in the reconciliation of the revenue requirement based upon actual FY 2018 spending and revenue billed through the electric ISR factors. The [Tax Cut and Jobs Act] reduction to FY 2019 ISR revenue requirement of $697,981 should be incorporated into the ISR rates that will go into effect April 1, 2018.

Would the Division support reflecting the FY 2018 effect of the Tax Cut and Jobs Act in the ISR rates that will go into effect on April 1, 2018 (while maintaining the August 1, 2018 reconciliation filing that goes into effect on October 1, 2018)? Why or why not?

Response:

The Division would not oppose reflecting the FY 2018 effect of the Tax Cut and Jobs Act in the ISR rates that will go into effect on April 1, 2018 (while maintaining the August 1, 2018 reconciliation filing that goes into effect on October 1, 2018), but believes that reflecting the reduction to FY 2018 ISR revenue requirement through the reconciliation process would be simpler.

Prepared by David Effron