

The Narragansett Electric Company  
d/b/a National Grid

**Electric Infrastructure,  
Safety, and Reliability Plan  
FY 2019 Proposal (Revised)**

Revised Revenue Requirement,  
Rate Design and Bill Impacts  
Related to Tax Cuts &  
Jobs Act of 2017

February 22, 2018

Docket No. 4783

**Submitted to:**  
Rhode Island Public Utilities Commission

Submitted by:  
The logo for National Grid, featuring the word "national" in a dark blue sans-serif font and "grid" in a lighter blue sans-serif font, with a small blue diamond shape above the "i" in "grid".



February 22, 2018

**BY HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: National Grid's Revised FY 2018 Electric Infrastructure, Safety, and Reliability Plan  
Docket No. 4783**

Dear Ms. Massaro:

I have enclosed ten (10) copies of National Grid's<sup>1</sup> revised Electric Infrastructure, Safety, and Reliability Plan (the Electric ISR Plan or Plan) for fiscal Year (FY) 2019 (Revised Plan). The Company is submitting the Revised Plan to reflect changes to the Electric ISR revenue requirement as a result of the recent federal Tax Cuts and Jobs Act of 2017 (Tax Act).

This filing includes the supplemental direct testimony of Adam S. Crary, William R. Richer, and Pamela D. Bushmich. Mr. Crary presents the revisions to Sections 6 and 7 of the FY 2019 Electric ISR Plan, which include the calculation of the proposed FY 2019 ISR factors and the customer bill impacts of the proposed ISR factors. Mr. Richer and Ms. Bushmich present the revisions to Section 5 of the FY 2019 Electric ISR Plan, which include the calculation of the proposed FY 2019 ISR revenue requirement as a result of the January 1, 2018 reduction in the corporate federal income tax rate. For a residential customer receiving Standard Offer Service and using 500 kWh per month, implementation of the proposed revised ISR CapEx Factors and O&M Factors for the period April 1, 2018 through March 31, 2019 will result in a monthly bill increase of \$0.53, or 0.5%.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



**Raquel J. Webster**

Enclosures

cc: Greg Booth, Division  
Leo Wold, Esq.  
Al Contente, Division

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



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4783  
RE: FY 2019 ELECTRIC INFRASTRUCTURE,  
SAFETY, AND RELIABILITY PLAN (REVISED)  
WITNESSES: WILLIAM R. RICHER AND PAMELA D. BUSHMICH**

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**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**WILLIAM R. RICHER AND PAMELA D. BUSHMICH**

**February 21, 2018**

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4783  
RE: FY 2019 ELECTRIC INFRASTRUCTURE,  
SAFETY, AND RELIABILITY PLAN (REVISED)  
WITNESSES: WILLIAM R. RICHER AND PAMELA D. BUSHMICH

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**Table of Contents**

<b>I. Introduction .....</b>	<b>1</b>
<b>II. Revised ISR Plan Revenue Requirement .....</b>	<b>3</b>
<b>III. Conclusion.....</b>	<b>11</b>

1   **I.     INTRODUCTION**

2           **William R. Richer**

3   **Q.     Mr. Richer, please state your full name and business address.**

4   A.     My name is William R. Richer, and my business address is 40 Sylvan Road, Waltham,  
5           Massachusetts 02451.

6  
7   **Q.     Have you previously testified in this docket?**

8   A.     Yes. On December 21, 2017, I submitted pre-filed direct testimony in The Narragansett  
9           Electric Company d/b/a National Grid's (the Company) annual Electric Infrastructure,  
10          Safety, and Reliability (ISR) Plan for Fiscal Year (FY) 2019 (Initial ISR Filing) regarding  
11          the calculation of the Company's proposed FY 2019 ISR Plan revenue requirement.

12  
13          **Pamela D. Bushmich**

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

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

17  
18   **Q.     Please state your position at National Grid and responsibilities in that position.**

19   A.     I am the Director of Income Tax – Massachusetts Jurisdiction, for the National Grid USA  
20          Service Company (Service Company), where I provide services to the Service Company  
21          for both its gas and electric businesses in New England, including the Company. One of

1 my functional responsibilities is to coordinate the process of providing income tax  
2 information in regulatory filings for all National Grid affiliated utility companies,  
3 including the Company.  
4

5 **Q. Please describe your education and your professional experience.**

6 A. I have a Bachelor of Science in Business Administration with majors in Accounting and  
7 Finance from Nichols College and a Master of Science in Taxation from Bentley  
8 University. From 1996 to 2000, I worked at Bay State Gas Company as a senior tax  
9 analyst. I started at National Grid in 2000 as a senior tax analyst and progressed through  
10 various levels in the income tax department to my present position of Director.  
11

12 **Q. Have you previously filed testimony or testified before the Rhode Island Public**  
13 **Utilities Commission (PUC) or any other state regulatory commission?**

14 A. No, I have not.  
15

16 **Q. What is the purpose of this supplemental testimony?**

17 A. The purpose of this supplemental testimony is to revise Section 5 of the FY 2019 Electric  
18 ISR Plan, which describes the calculation of the proposed FY 2019 ISR revenue  
19 requirement as a result of the January 1, 2018 reduction in the corporate federal income  
20 tax rate.  
21



1 On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (Tax Act) went into effect  
2 after the Company's Initial ISR Filing. This supplemental testimony describes the  
3 changes to the FY 2019 Electric ISR revenue requirement calculation provided in the  
4 revised FY 2019 Electric ISR Plan (Revised Plan) at Section 5, Attachment 1S.

5  
6 **II. REVISED ISR PLAN REVENUE REQUIREMENT**

7 **Q. What changes did the Company make associated with the Tax Act?**

8 A. The Tax Act has many elements, but two particular aspects of the new law have an  
9 impact on the Electric ISR revenue requirement. The first is the reduction of the federal  
10 income tax rate from 35 percent to 21 percent commencing January 1, 2018. This change  
11 has the effect of decreasing the Electric ISR revenue requirement. The second Tax Act  
12 element affecting the Electric ISR revenue requirement is changes to the bonus  
13 depreciation rules eliminating bonus depreciation for certain capital investments,  
14 including ISR-eligible investments, effective September 28, 2017. The change in the  
15 bonus depreciation rules specifically impacts the tax depreciation that the Company  
16 calculated in the Initial ISR Filing for the vintage FY 2018 and 2019 revenue requirement  
17 calculations. Unlike the reduction to the Company's revenue requirement for the  
18 decrease in the federal income tax rate, the change to the bonus depreciation rules has an  
19 opposite effect of increasing the Electric ISR revenue requirement, which we discuss  
20 later in our testimony. These updates for the Tax Act has resulted in a revised total FY

1        2019 Electric ISR revenue requirement of \$32,056,404, which is a \$697,981 decrease  
2        from the revenue requirement reflected in the Initial ISR Filing.

3  
4        **Q.     How did the Company revise the Electric ISR revenue requirement for the change**  
5        **in the federal income tax rate from 35 percent to 21 percent?**

6        A.     The decrease in the federal income tax rate from 35 percent to 21 percent reduced the  
7        amount of income tax to be recovered from customers on the return on equity component  
8        of each Electric ISR vintage year revenue requirement. The return on rate base in each  
9        revenue requirement is calculated by multiplying the Electric ISR rate base by the  
10       weighted average cost of capital (WACC). The equity component of the return on rate  
11       base is the taxable component of the Electric ISR revenue requirement. The federal  
12       income taxes that the Company must recover from customers are derived by grossing up  
13       the WACC to a pre-tax rate of return. Consequently, the Company revised the pre-tax  
14       WACC to reflect the change in the federal income tax rate. The calculation of the revised  
15       pre-tax WACC is shown in the Revised Plan at Section 5, Attachment 1S, page 29. This  
16       page was not included in the Initial ISR Filing's Attachment 1, and was added for the  
17       purposes of this Revised Plan filing. The pre-tax WACC approved in Docket No. 4323  
18       was 9.68 percent at the 35 percent tax rate, as shown on page 29. The new pre-tax  
19       WACC at the 21 percent tax rate, which became effective January 1, 2018, is 8.41  
20       percent. This new pre-tax WACC is in effect for the entirety of the FY 2019 revenue  
21       requirement since the effective date of the federal income tax rate change occurred prior

1 to the start of FY 2019. However, the Company used a blended WACC of 9.36 percent  
2 to calculate the return on rate base on the FY 2018 column of each vintage year revenue  
3 requirement calculation, as the 35 percent federal income tax was in effect for nine  
4 months of FY 2018 (April to December) and the 21 percent federal income tax rate will  
5 be in effect for three months of FY 2018 (January to March).

6  
7 **Q. Did the Company make any other revisions to the Electric ISR revenue requirement**  
8 **as a result of the change in the federal income tax rate from 35 percent to 21**  
9 **percent?**

10 A. Yes. Effective December 31, 2017, the Company must restate all of its deferred tax  
11 balances based on the new 21 percent federal income tax rate because the Company will  
12 be paying income taxes as the book/tax timing differences reverse at that 21 percent  
13 federal income tax rate. However, because deferred taxes are an offset to rate base in the  
14 Electric ISR revenue requirement, reducing the deferred tax balances based on the 21  
15 percent federal income tax rate has the effect of artificially increasing rate base. To  
16 counteract this artificial increase to rate base, a new line item called Excess Deferred  
17 Income Taxes has been added to each vintage year's revenue requirement calculation  
18 reflecting the value of the decrease to ISR rate base as of December 31, 2017. These  
19 excess deferred income taxes represent the net benefit as of December 31, 2017 that will  
20 eventually be earned by the Company through reduced future income taxes, and  
21 ultimately passed back to customers through base distribution rates, along with non-ISR

1 embedded plant-related excess deferred taxes and non-plant excess deferred taxes. The  
2 period of time during which the pass back of the depreciation related excess deferred  
3 taxes to customers will take place will be over the average remaining book life of the  
4 Company's plant assets, in accordance with the normalization deferred tax provisions of  
5 the Tax Act. Other unprotected excess deferred tax balances will be returned to  
6 customers over a period of time agreed with the PUC. The Company is currently in the  
7 process of calculating the amount of excess deferred taxes and the period of time to  
8 return that amount to customers in connection with the Company's pending general  
9 distribution rate case in Docket No. 4770. The restatement of the Electric ISR deferred  
10 tax balances at the new 21 percent tax rate, and the addition of the new line item for  
11 excess deferred taxes to counteract its effect, resulted in a very small change to the  
12 amount of total FY 2019 revenue requirement.

13  
14 **Q. Please describe the calculation of the excess deferred income tax amounts.**

15 A. The excess deferred income taxes are calculated in the Revised Plan at Section 5,  
16 Attachment 1S, Page 28. The Company derived the excess deferred income tax amounts  
17 by calculating the balance of ISR deferred taxes as of December 31, 2017 by vintage  
18 fiscal year, and multiplying that amount by the 14 percent change in the tax rate (35  
19 percent minus 21 percent).

20

1   **Q.     How did the Company revise the Electric ISR revenue requirement for the change**  
2           **in the bonus depreciation rules resulting from the Tax Act?**

3   A.     Bonus depreciation, sometimes known as first year bonus depreciation, is an accelerated  
4           tax depreciation method established first in 2002 as an economic stimulus to incent U.S.  
5           corporations to increase capital investments. Bonus depreciation allows companies to  
6           take an immediate tax deduction for some portion of certain qualified capital investments  
7           based on the bonus depreciation rates in effect for that year of investment. Bonus  
8           depreciation rates have ranged from a high of 100 percent in some years, to as low as 30  
9           percent for calendar year 2019, as specified in the tax laws prior to the passage of the Tax  
10          Act. Pursuant to those prior tax laws, bonus depreciation was set to expire at the end of  
11          calendar year 2019. As described earlier in this testimony, the Tax Act changed the rules  
12          for bonus depreciation by eliminating bonus depreciation for certain capital investments,  
13          including ISR-eligible investments, effective September 28, 2017. Accordingly, tax  
14          depreciation calculations in the Revised Plan at Section 5, Attachment 1S, pages 3 and 5  
15          have been updated to modify the calculation of bonus depreciation on estimated vintage  
16          FY 2019 and FY 2018 Electric ISR Plan capital investment, respectively. Bonus  
17          depreciation for FY 2019 and FY 2018 in the Initial ISR Filing was based on bonus  
18          depreciation rates of 50 percent, 40 percent, and 30 percent for calendar years 2017 to  
19          2019, respectively; however, pursuant to the Tax Act, bonus depreciation is no longer an  
20          eligible deduction as of September 28, 2017. Investment in vintage FY 2019 Electric ISR  
21          capital projects will occur over the period April 1, 2018 through March 31, 2019. Since

1        this period of time extends beyond the September 28, 2017 effective date of the change to  
2        the bonus depreciation rules, no portion of FY 2019 investment will be eligible for bonus  
3        depreciation. The Company adjusted the calculation of vintage FY 2019 tax depreciation  
4        on page 3 of Section 5, Attachment 1S to reflect no bonus depreciation. Investment in  
5        vintage FY 2018 Electric ISR capital projects has been taking place since April 1, 2017  
6        and will continue through March 31, 2018. Since the September 28, 2017 effective date  
7        of the change to the bonus depreciation rules occurred during FY 2018, the Company  
8        adjusted the calculation of vintage FY 2018 tax depreciation on page 5 of Attachment 1S  
9        to reflect bonus depreciation eligibility for only a portion of FY 2018.

10  
11    **Q.    You stated previously in your testimony that the change to the federal income tax**  
12    **rate from 35 percent to 21 percent reduced the amount of revenue requirement**  
13    **needed to be recovered from customers, but the change to the bonus depreciation**  
14    **rules under the Tax Act has the opposite effect on the revenue requirement. How do**  
15    **the bonus depreciation rule changes increase the revenue requirement?**

16    **A.**    As described previously, bonus depreciation is a form of accelerated depreciation. This  
17        means the Company is able to depreciate assets on its income tax returns faster than it  
18        depreciates those assets on its books. The difference between tax depreciation and book  
19        depreciation is referred to as book/tax timing differences. Deferred income taxes are  
20        calculated by multiplying book/tax timing differences by the federal income tax rate.  
21        ISR-related deferred income taxes are liabilities for income taxes that will eventually be

1        paid to the federal government when the underlying book/tax time difference reverses.

2        Deferred income taxes reflect the net cash benefit that the Company receives as a result

3        of accelerated tax depreciation, and this benefit is passed along to customers as a

4        reduction to rate base upon which the Company earns a return in the Electric ISR revenue

5        requirement calculation. Lower deferred taxes result in a lower reduction to rate base,

6        which results in an increase in rate base over the levels included in the Initial ISR Filing.

7        The change in the bonus depreciation rules pursuant to the Tax Act has reduced the

8        amount of bonus depreciation in the vintage FY 2018 and FY 2019 tax depreciation

9        calculations from the amount of bonus depreciation reflected in the Initial ISR Filing.

10       The reduction in bonus depreciation in the revised FY 2019 Electric ISR revenue

11       requirement has reduced the book/tax timing differences for vintage FY 2019 and FY

12       2018 investments, which results in lower deferred income taxes for those vintage years.

13       This lower level of deferred income taxes results in a reduced offset to Electric ISR rate

14       base, therefore increasing Electric ISR rate base, resulting in a corresponding increase in

15       the return on rate base. The increase in the return on rate base in turn increases the

16       revenue requirement on vintage FY 2019 and 2018 Electric ISR investment, partially

17       mitigating the decrease in the revenue requirement for those years as a result of the

18       decrease in the federal income tax rate from 35 percent to 21 percent.

19

20

21

1   **Q.     What is the impact to the revenue requirement as a result of the Tax Act?**

2   A.     The overall change in the FY 2019 ISR revenue requirement is a decrease of \$697,981  
3           from the Initial FY 2019 ISR revenue requirement calculation as a result of the update for  
4           the Tax Act.

6   **Q.     Please summarize the revenue requirement for the Company's Revised Plan.**

7   A.     As demonstrated in the Revised Plan at Section 5, Attachment 1S, page 1, Column (b),  
8           the Company's Revised Plan revenue requirement amounts to \$32,056,404, or an  
9           incremental \$5,219,225 over the amount currently being billed for the Electric ISR Plan.

10          The revenue requirement consists of the following elements:

11          (1) operation and maintenance (O&M) expense associated with the Company's  
12          vegetation management (VM) activities, the Company's Inspection and Maintenance  
13          (I&M) Program and other costs related to maintaining the safety and reliability of the  
14          electric distribution system., all totaling \$11,872,251; (2) the FY 2019 revenue  
15          requirement associated with the Company's incremental capital investment in electric  
16          utility infrastructure of \$17,344,802, which includes the \$3,239,642 revenue requirement  
17          on FY 2019 proposed incremental ISR capital investment, plus the FY 2019 revenue  
18          requirements on incremental ISR capital investment for FY 2012 through FY 2018,  
19          totaling \$14,105,160; and (3) FY 2019 Property Tax Recovery Adjustment of



1       \$2,839,351. Importantly, these amounts will be trued up to actual O&M and capital  
2       investment activity after the conclusion of the fiscal year, with rate adjustments for the  
3       revenue requirement differences incorporated in future ISR filings.

4  
5       For illustration purposes only, Column (c), Page 1 of Attachment 1 provides the FY 2020  
6       revenue requirement. Please see Section 5 of the FY 2019 Electric ISR Plan for a  
7       detailed description of the calculation of the Company's revenue requirement.

8  
9       **Q. Did the Company make any other modifications to Section 5, Attachment 1S?**

10      A. Yes, the Company made some changes to the format of Section 5, Attachment 1S to  
11      improve the size of the print for many of the pages in the attachment. Specifically, the  
12      Company reoriented pages 2 through 17 and page 23 from a portrait view to a landscape  
13      format. Also, for the vintage year revenue requirement calculations for FY 2012 through  
14      FY 2015, certain columns of information that have been presented for many previous  
15      years were accumulated into a single column. Additionally, pages 25, 26, and 27 of the  
16      Initial ISR Filing, which contain the calculation of deferred tax proration adjustments, are  
17      now being presented as pages 25a and 25b, 26a and 26b, and 27a and 27b.

18  
19      **III. CONCLUSION**

20      **Q. Does this conclude your testimony?**

21      A. Yes.

**Revenue Requirement  
(Clean)**

## **Section 5**

### **Revenue Requirement FY 2019 Electric ISR Plan Annual Filing (Revised)**

## **Section 5: Revenue Requirement FY 2019 Proposal**

### **Introduction**

The attached proposed revenue requirement calculation reflects the revenue requirement related to the Company's proposed investment in its Electric ISR Plan for the fiscal year (FY) ended March 31, 2019.

As shown on Attachment 1S to Section 5, Page 1, Column (b), the Company's FY 2019 Electric ISR Plan cumulative revenue requirement is \$32,056,404 and consists of the following elements: (1) operation and maintenance (O&M) expense associated with the Company's vegetation management (VM) activities, the Company's Inspection and Maintenance (I&M) program, and other programs, (2) the Company's capital investment in electric utility infrastructure, and (3) the FY 2019 Property Tax Recovery Adjustment. Lines 1, 2, and 3 of Column (b) reflect the forecasted FY 2019 revenue requirement related to current year O&M expenses for VM, I&M, and Other Programs of \$9,800,000 and \$867,000, and \$1,369,000, respectively. As described in Section 4 of this document, the Electric ISR Plan includes the recovery of O&M inspection and maintenance costs associated with the Company's Contact Voltage Detection and Repair Program (Contact Voltage Program), mandated by R.I. Gen. Laws §39-2-25 and approved by the PUC in Docket No. 4237.<sup>1</sup> Contact Voltage Program costs are included in the \$867,000 of I&M expenses referred to above. Line 4 includes a reduction of \$163,749, which represents the portion of Contact Voltage Program costs that are being recovered in base rates from Docket No. 4323 and, therefore, should not be included in the Electric ISR revenue requirement.

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<sup>1</sup> R.I. Gen. Laws § 39-2-25(6)(c).

The FY 2019 revenue requirement associated with the Company's incremental capital investment in electric utility infrastructure of \$20,184,153 is shown on Line 20. This amount includes (1) the \$3,239,642 revenue requirement on FY 2019 proposed incremental ISR capital investment, as calculated on Attachment 1S, Page 2, (2) the FY 2019 revenue requirements on incremental ISR capital investment for FY 2012 through FY 2018 totaling \$14,105,160, and (3) the FY 2019 Property Tax Recovery Adjustment of \$2,839,351 from Attachment 1S, Page 21. Importantly, the incremental capital investment for the FY 2019 Electric ISR revenue requirement excludes capital investment embedded in base rates in Docket No. 4323 for FY 2012, FY 2013 and FY 2014. Incremental electric capital investment for this purpose is defined as cumulative allowed capital plus cost of removal, less annual depreciation expense embedded in the Company's base rates, net of depreciation expense attributable to general plant. The total annual FY 2019 Electric ISR Plan revenue requirement for both O&M expenses and capital investment is \$32,056,404, as reflected in Column (b) on Line 21, and is equal to the sum of Lines 5 and 20.

For illustration purposes only, Column (c) of Page 1 provides the FY 2019 revenue requirement for the respective vintage year capital investments. These amounts will be trued up to actual investment activity after the conclusion of the FY, with rate adjustments for the revenue requirement differences incorporated in future ISR filings.

### **Operation and Maintenance Expenses**

As previously noted, the Company's FY 2019 Electric ISR Plan revenue requirement includes \$9,800,000 of VM, \$867,000 of I&M expenses, and \$1,369,000 of Other Program

expenses as shown on Page 1, Lines 1, 2, and 3 in Column (b) of Attachment 1S. As described above, the Electric ISR Plan I&M component includes the recovery of O&M inspection and maintenance costs associated with the Company's Contact Voltage Program. However, the Company's base rates are recovering \$163,749 of voltage monitoring costs, so that amount is being deducted on Line 4 in determining total FY 2019 O&M expenses of \$11,872,251, as shown on Line 5 of Attachment 1S.

## **Electric Infrastructure Investment**

### Incremental Capital Investment

Page 2 of Attachment 1S calculates the revenue requirement of incremental capital investment associated with the Company's FY 2019 Electric ISR Plan; that is, electric infrastructure investment (net of general plant) incremental to the amounts embedded in the Company's base distribution rates. The proposed capital investment and estimated cost of removal were obtained from Chart 10 of Section 2 in this Plan. The FY 2019 revenue requirement also includes the incremental capital investment associated with the Company's FY 2012 through FY 2018 Electric ISR Plans, excluding investments reflected in rate base in Docket No. 4323 for FY 2012 through FY 2014. Page 18 of Attachment 1S calculates the incremental FY 2012 through FY 2014 ISR capital investment and the related incremental cost of removal and incremental retirements for the FY 2019 electric ISR revenue requirement. The calculations on Page 18 compare ISR-eligible capital investment, cost of removal and retirements for FY 2012 through FY 2014 to the corresponding amounts reflected in Docket No. 4323.

For purposes of calculating the capital-related revenue requirement, investments in electric infrastructure have been divided into two categories: (1) non-discretionary capital investments, which principally represent the Company's commitment to meet statutory and/or regulatory obligations, and (2) discretionary capital investments, which represent all other electric infrastructure-related capital investment falling outside of the specifically defined non-discretionary categories. This ISR plan limits the amount of eligible discretionary capital investments made since April 1, 2011 to the lesser of cumulative discretionary capital additions, or the cumulative amount of discretionary project spend as agreed to by the Division and as approved by the PUC since the April 1, 2011 effective date of this ISR mechanism. This limitation on discretionary capital investment will be analyzed as a part of the previously mentioned annual reconciliation of the proposed ISR investment to actual investment activity after the conclusion of the fiscal year.

### **Electric Infrastructure Revenue Requirement**

The revenue requirement calculation on incremental electric infrastructure investment for vintage year FY 2019 is shown on Page 2 of Attachment 1S. The revenue requirement calculation incorporates the incremental Electric ISR Plan capital investment, cost of removal, and retirements. The calculation on Page 2 begins with the determination of the depreciable net incremental capital that will be included in the ISR Plan rate base. Because depreciation expense is affected by plant retirements, retirements have been deducted from the total allowed capital included in ISR Plan rate base in determining depreciation expense. Retirements, however, do not affect rate base because both plant-in-service and the depreciation reserve are reduced by the

installed value of the plant being retired and therefore have no impact on net plant. For purposes of calculating the revenue requirement, plant retirements have been estimated based on the three-year average percentage of retirements to additions during FY 2015 through FY 2017, and have been deducted from the total depreciable capital amount as shown on Lines 4 through 6.

Incremental book depreciation expense on Line 16 is computed based on the net depreciable additions, from Line 6 at the 3.40 percent composite depreciation rate as approved in Docket No. 4065,<sup>2</sup> and as shown on Line 12. The Company has assumed a half year convention for the year of installation. Unlike retirements, cost of removal affects rate base but not depreciation expense. Consequently, the cost of removal, as shown on Line 10, is combined with the incremental depreciable amount from Line 9 (vintage year ISR Plan allowable capital additions less non-general plant depreciation expense included in base distribution rates) to arrive at the incremental investment on Line 11 to be included in the rate base upon which the return component of the annual revenue requirement is calculated.

The rate base calculation incorporates net plant from Line 11 and accumulated depreciation and accumulated deferred tax reserves, as shown on Lines 17 and 23, respectively. The deferred tax amount arising from the capital investment, as calculated on Lines 18 through 23, equals the difference between book depreciation and tax depreciation on the capital investment, times the effective tax rate of 21 percent, net of any tax NOL and proration adjustment. The calculation of tax depreciation is described below. The average rate base is shown on Line 29. This amount is multiplied by the pre-tax rate of return approved by the PUC in Docket No. 4323, as calculated on Page 29 and shown on Line 30, to compute the return and

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<sup>2</sup> The PUC did not change depreciation rates in the Company's base rate filing in Docket No. 4323.



tax portion of the incremental revenue requirement, as shown on Line 31. As reflected on Line 32, incremental depreciation expense is added to this amount. The sum of these amounts reflects the annual revenue requirement associated with the capital investment portion of the Company's Electric ISR Plan on Line 33, which is carried forward to Page 1, Line 13, as part of the total Electric ISR Plan revenue requirement. Similar revenue requirement calculations for the vintage FY 2018 through FY 2012 incremental ISR Plan capital investments are shown on Attachment 1S at Pages 4, 6, 8, 10, 12, 14 and 16. These capital investment revenue requirement and property tax amounts are added to the total O&M expenses on Attachment 1S, Page 1, Line 5, to derive the total FY 2019 Electric ISR Plan revenue requirement of \$32,056,404, as shown on Page 1, Line 21. This represents a \$5,219,225 increase from the FY 2018 Electric ISR Plan revenue requirement, as shown on Line 22.

### **Tax Depreciation Calculation**

The tax depreciation calculation for FY 2019 is provided on Attachment 1S, Page 3. The tax depreciation amount assumes that a portion of the capital investment, as shown on Line 1 of Page 3, will be eligible for immediate deduction on the Company's corresponding FY federal

income tax return. This immediate deductibility is referred to as the capital repairs deduction.<sup>3</sup>

In addition, plant additions not subject to the capital repairs deduction may be subject to bonus depreciation for vintage FY 2012 through FY 2018. In 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the 2010 Act), which provided for an extension of bonus depreciation. Specifically, the 2010 Act provides for the application of 100 percent bonus depreciation for investment constructed and placed into service after September 8, 2010 through December 31, 2011, and then 50 percent bonus depreciation for similar capital investment placed into service after December 31, 2011 through December 31, 2012. The 50 percent bonus depreciation rate was later extended through December 31, 2013 and then extended further through December 31, 2017 through the Protecting Americans from Tax Hikes (PATH) Act. The PATH Act also extended bonus depreciation through 2019 with the rate phasing down to 40 percent in 2018 and 30 percent in 2019. On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (2017 Tax Act) was signed into law by the President, which, among other things, eliminated bonus depreciation for certain capital investments, including ISR-eligible investments, effective September 28, 2017. Consequently, no bonus depreciation has been calculated related to vintage FY 2019 capital investment. Finally, the remaining plant

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<sup>3</sup> In 2009, the Internal Revenue Service (IRS) issued additional guidance under Internal Revenue Code Section 162, related to certain work considered to be repair and maintenance expense and which is eligible for immediate tax deduction for income tax purposes but capitalized by the Company for book purposes. As a result of this additional guidance, the Company recorded a one-time tax expense for repair and maintenance costs in its FY 2009 federal income tax return, which National Grid Holdings, Inc. filed on December 11, 2009. Since that time, the Company has taken a capital repairs deduction on all subsequent FY tax returns. This has formed the basis for the capital repairs deduction assumed in the Company's revenue requirement. This tax deduction has the effect of increasing deferred taxes and lowering the revenue requirement that customers will pay under the capital investment reconciliation mechanism. The Company's federal income tax returns are subject to audit by the IRS. If it is determined in the future that the Company's position on its tax returns on this matter was incorrect, the Company will reflect any related IRS disallowances, plus any associated interest assessed by the IRS, in a subsequent reconciliation filing under the ISR Plan.

additions not deducted as bonus depreciation are then subject to the IRS Modified Accelerated Cost-Recovery System (MACRS) tax depreciation rate. Also, the IRS clarified its tangible property regulations, and, consequently, the Company submitted a §481(a) election with the IRS to apply for a change in accounting method regarding the treatment of gains or losses on asset retirements, which are characterized as partial retirements for tax purposes. This election was submitted to the PUC, as required under IRS rules, on December 17, 2015. The late partial disposition election was made to protect the Company's deduction of cost of removal (COR). Otherwise, the Company would have been required to make a §481(a) adjustment to reverse all historical COR deductions, resulting in a substantial reduction in deferred tax liabilities. Because the Company made the election, COR remains 100% deductible. The vintage FY 2015 through FY 2019 tax depreciation calculations in this filing now include an additional tax deduction related to this change in accounting issue. The total amount of tax depreciation equals the amount of capital repairs deduction plus the bonus depreciation deduction, MACRS depreciation, the tax loss on retirements, and cost of removal. These annual total tax depreciation amounts are carried forward to Page 2 of Attachment 1S, and incorporated in the deferred tax calculation. Similar tax depreciation calculations are provided for FY 2018 through FY 2012 on Attachment 1S, Pages 5, 7, 9, 11, 13, 15 and 17.

### **Tax Cuts and Jobs Act of 2017 (2017 Tax Act)**

The 2017 Tax Act has many elements, but two particular aspects of the new law have an impact on the Electric ISR revenue requirement. The first is the reduction of the federal income tax rate from 35 percent to 21 percent commencing January 1, 2018. The second 2017 Tax Act

element affecting the Electric ISR revenue requirement involves the elimination of bonus depreciation, effective September 28, 2017, affecting ISR capital investment as described above.

The decrease in the federal income tax rate from 35 percent to 21 percent reduces the amount of income tax to be recovered from customers on the return on equity component of each Electric ISR vintage year revenue requirement. The return on rate base in each revenue requirement is calculated by multiplying the Electric ISR rate base by the weighted average cost of capital (WACC). The equity component of the return on rate base is the taxable component of the Electric ISR revenue requirement. The federal income taxes that the Company must recover from customers are derived by grossing up the WACC to a pre-tax rate of return. The calculation of the pre-tax WACC is shown on Attachment 1S, Page 29. The pre-tax WACC approved in Docket No. 4323 was 9.68 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 8.41 percent. This new pre-tax WACC is in effect for the entirety of the FY 2019 revenue requirement since the effective date of the federal income tax rate change occurred prior to the start of FY 2019. However, the Company used a blended WACC of 9.36 percent to calculate the return on rate base on the FY 2018 column of each vintage year revenue requirement calculation, 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).

As a consequence of the reduction in the federal income tax rate from 35 percent to 21 percent, 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, because deferred taxes are an offset to rate base in the Electric ISR revenue requirement, 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 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 represent the net benefit as of December 31, 2017 that will eventually be earned by the Company through reduced future income taxes, and ultimately passed back to customers through base distribution rates, along with non-ISR embedded plant-related excess deferred taxes and non-plant excess deferred taxes. The period of time during which the pass back of the depreciation related excess deferred taxes to customers will take place will be over the average remaining book life of the Company's plant assets, in accordance with the normalization deferred tax provisions of the 2017 Tax Act. Other unprotected excess deferred tax balances will be returned to customers over a period of time agreed with the PUC. The Company is currently in the process of calculating the amount of excess deferred taxes and the period of time to return that amount to customers in connection with the Company's pending general distribution rate case in Docket No. 4770. The restatement of the Electric ISR deferred tax balances at the new 21 percent tax rate, and the addition of the new line item for excess deferred taxes to counteract its effect, results in a very small change to the amount of total FY 2019 revenue requirement.

The excess deferred income taxes are calculated on Attachment 1S, Page 28. The Company derived the excess deferred income tax amounts by calculating the balance of ISR deferred taxes as of December 31, 2017 by vintage fiscal year, and multiplying that amount by the 14 percent change in the tax rate (35 percent minus 21 percent).

### **Federal Net Operating Loss**

Tax net operating losses (NOLs) are generated when the Company has tax deductions on its income tax returns that exceed its taxable income. This does not mean that the Company is suffering losses in its financial statements; instead, the Company's tax NOLs are the result of the significant tax deductions that have been generated in recent years by the bonus depreciation and capital repairs tax deductions. In addition to first-year bonus tax depreciation, the US tax code allows the Company to classify certain costs as repairs expense, which the Company takes as an immediate deduction on its income tax return; however, these costs are recorded as plant investment on the Company's books. These significant bonus depreciation and capital repairs tax deductions have exceeded the amount of taxable income reported in tax returns filed for FY 2009 to FY 2016, with the exception of FY 2011. NOLs are recorded as non-cash assets on the Company's balance sheet and represent a benefit that the Company and customers will receive when the Company is able to realize actual cash savings and applies these NOLs against taxable income in the future. If the Company is able to utilize any of its currently accumulated NOLs in future tax years, the benefit will flow to customers in the particular fiscal year the benefit is reflected in the Company's federal income tax return.

NOLs are an offset to the Company's accumulated deferred income taxes. Accumulated deferred income taxes, which equals the difference between book depreciation and tax depreciation on ISR capital investment times the effective rate, are included as a credit or reduction in the calculation of rate base. However, since the Company was not able to fully utilize all of its tax deductions, tax NOLs were recorded which offset a portion of the rate base reduction for accumulated deferred income taxes.

As indicated above, the Company has generated NOLs on its fiscal year tax returns from FY 2009 to FY 2016, with the exception of FY 2011. The Company filed its FY 2017 federal income tax return in December 2017. The Company's tax deductions did not exceed taxable income in FY 2017, meaning that the Company earned taxable income in FY 2017. Therefore, no NOL offset to accumulated deferred income taxes has been included in the FY 2017 rate base calculation. The Company is currently estimating that in FY 2018 and FY 2019 there will be taxable income; therefore, the NOL amount is zero. Actual and estimated NOLs can be found in the FY 2016, FY 2015, FY 2014, FY 2013, and FY 2012 revenue requirement calculations on Pages 8, 10, 12, 14 and 16, respectively. If the Company is able to utilize any of its currently accumulated NOLs in future tax years, that benefit will be flowed through to customers.

#### **Accumulated Deferred Income Tax Proration Adjustment**

The Electric ISR Plan includes a proration calculation regarding the accumulated deferred income tax (ADIT) balance included in rate base. The calculation fulfills requirements set out under IRS Regulation 26 C.F.R. §1.167(1)-1(h)(6). This regulation stipulates normalization requirements for regulated entities so that the benefits of accelerated depreciation

are not passed back to customers too quickly. The penalty of a normalization violation is the loss of all federal income tax deductions for accelerated depreciation, including bonus depreciation. Any regulatory filing that includes capital expenditures, book depreciation expense and ADIT related to those capital expenditures must follow the normalization requirements. When the regulatory filing is based on a future period, the deferred tax must be prorated to reflect the period of time that the ADIT balances are in rate base. This filing includes FY 2018, FY 2019 and FY 2020 proration calculations at Page 25a and 25b, 26a and 26b, and 27a and 27b, respectively, the effects of which are included in each year's respective revenue requirement.

#### **Property Tax Recovery Adjustment**

The Property Tax Recovery Adjustment is shown on Pages 20 through 22 of Attachment 1S. The method used to recover property tax expense under the ISR was modified by the rate case settlement agreement in Docket No. 4323. In determining the base on which property tax expense is calculated for purposes of the ISR revenue requirement, the Company includes an amount equal to the base-rate allowance for depreciation expense and depreciation expense on incremental ISR plant additions in the accumulated reserve for depreciation that is deducted from plant in service. The ISR property tax recovery adjustment also includes the impact of any changes in the Company's effective property tax rates on base-rate embedded property, plus cumulative ISR net additions. Property tax impacts associated with non-ISR plant additions are excluded from the property tax recovery calculation. This provision of the settlement agreement became effective for ISR property tax recovery periods subsequent to the



January 31, 2014 end of the rate year. The FY 2019 revenue requirement includes \$2,839,351 for the net property tax recovery adjustment.

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Annual Revenue Requirement Summary

Line No.		As Approved		
		Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)
	<b><u>Operation and Maintenance (O&amp;M) Expenses:</u></b>			
1	Current Year Vegetation Management (VM)	\$9,400,000	\$9,800,000	
2	Current Year Inspection & Maintenance (I&M)	\$1,069,800	\$867,000	
3	Current Year Other Programs		\$1,369,000	
4	Electric Contact Voltage expenses included in RIPUC Docket No. 4323	(\$163,749)	(\$163,749)	
5	<b>Total O&amp;M Expense Component of Revenue Requirement</b>	<b>\$10,306,051</b>	<b>\$11,872,251</b>	
	<b><u>Capital Investment:</u></b>			
6	Actual Revenue Requirement on Incremental FY 2012 Capital included in ISR Rate Base	\$268,500	\$231,828	\$232,231
7	Actual Revenue Requirement on Incremental FY 2013 Capital included in ISR Rate Base	(\$1,074,896)	(\$960,140)	(\$910,114)
8	Actual Revenue Requirement on Incremental FY 2014 Capital included in ISR Rate Base	\$706,927	\$645,661	\$603,144
9	Actual Revenue Requirement on FY 2015 Capital included in ISR Rate Base	\$3,758,934	\$3,366,174	\$3,198,488
10	Actual Revenue Requirement on FY 2016 Capital included in ISR Rate Base	\$3,967,711	\$3,354,459	\$3,225,807
11	Actual Revenue Requirement on FY 2017 Capital included in ISR Rate Base	\$4,415,399	\$3,189,241	\$3,034,888
12	Actual Revenue Requirement on FY 2018 Capital included in ISR Rate Base	\$2,267,653	\$4,277,937	\$3,967,781
13	Actual Revenue Requirement on FY 2019 Capital included in ISR Rate Base	\$0	\$3,239,642	\$6,353,418
14	Subtotal	\$14,310,230	\$17,344,802	\$19,705,643
15	FY 2018 Property Tax Recovery Adjustment	\$3,906,950		
16	FY 2019 Property Tax Recovery Adjustment		\$2,839,351	
17	True-Up for FY 2012 through FY 2016 Transmission - Related Net Operating Losses ("NOL")	(\$1,125,115)	\$0	
18	True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment: Capital Investment	(\$560,347)	\$0	
19	True-Up for FY 2013 through FY 2016 Work Order Write Off Adjustment: Property Tax	(\$589)	\$0	
20	<b>Total Capital Investment Component of Revenue Requirement</b>	<b>\$16,531,128</b>	<b>\$20,184,153</b>	
21	<b>Total Fiscal Year Revenue Requirement</b>	<b>\$26,837,179</b>	<b>\$32,056,404</b>	
22	<b>Total Updated Fiscal Year Rate Adjustment</b>		<b>\$5,219,225</b>	

Column (a) - as Approved per RIPUC Docket No. 4682

Column (b)

- 1 Vegetation Management per Section 3, Chart 2
- 2 Inspection & Maintenance per Section 4, Chart 1
- 3 Other Program Expense per Section 4, Chart 2
- 5 Sum of Lines 1 through 4
- 6 Page 16 of 29, Line 31
- 7 Page 14 of 29, Line 38
- 8 Page 12 of 29, Line 33
- 9 Page 10 of 29, Line 33
- 10 Page 8 of 29, Line 33
- 11 Page 6 of 29, Line 33
- 12 Page 4 of 29, Line 33
- 13 Page 2 of 29, Line 33
- 14 Sum of Lines 6 through 13
- 16 Page 21 of 29, Line 128
- 20 Sum of Lines 14 through 19
- 21 Line 5 + Line 20
- 22 Current Year Line 21 - Prior Year Line 21

Updates Include Tax Act Change

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2019 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2019 (a)	Fiscal Year 2020 (b)
<u>Capital Investment Allowance</u>				
1	Non-Discretionary Capital	Section 2, Chart 10	\$30,991,000	\$0
2	Discretionary Capital Lesser of Actual Cumulative Non-Discretionary Capital Additions or Spending, or Approved Spending	Section 2, Chart 10	\$60,346,000	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	\$91,337,000	\$0
<u>Depreciable Net Capital Included in Rate Base</u>				
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$91,337,000	\$0
5	Retirements	Line 4 * 29.85%	\$27,264,095	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$64,072,906	\$64,072,906
<u>Change in Net Capital Included in Rate Base</u>				
7	Capital Included in Rate Base	Line 3	\$91,337,000	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$48,305,226	\$48,305,226
10	Cost of Removal	Section 2, Chart 10	\$12,054,000	\$12,054,000
11	<b>Total Net Plant in Service</b>	<b>Line 9 + Line 10</b>	<b>\$60,359,226</b>	<b>\$60,359,226</b>
<u>Deferred Tax Calculation:</u>				
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%
13	Vintage Year Tax Depreciation:			
14	2019 Spend	Page 3 of 29, Line 23	\$42,474,816	\$4,830,848
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$42,474,816	\$47,305,664
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50% ; Column (b) = Line 6 * Line 12	\$1,089,239	\$2,178,479
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$1,089,239	\$3,267,718
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$41,385,577	\$44,037,946
19	Effective Tax Rate		21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$8,690,971	\$9,247,969
21	Less: FY 2019 Federal NOL	Page 23 of 29, Line 13(p)	\$0	\$0
22	Less: Proration Adjustment	Col (a) = Page 26b of 29, Line 40; Col (b) = Page 27b of 29, Line 40	(\$560,161)	(\$302,406)
23	Excess Deferred Tax		\$0	\$0
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$8,130,810	\$8,945,562
<u>Rate Base Calculation:</u>				
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$60,359,226	\$60,359,226
26	Accumulated Depreciation	-Line 17	(\$1,089,239)	(\$3,267,718)
27	Deferred Tax Reserve	-Line 24	(\$8,130,810)	(\$8,945,562)
28	Year End Rate Base	Sum of Lines 25 through 27	\$51,139,176	\$48,145,946
<u>Revenue Requirement Calculation:</u>				
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$25,569,588	\$49,642,561
30	Pre-Tax ROR		8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$2,150,402	\$4,174,939
32	Book Depreciation	Line 16	\$1,089,239	\$2,178,479
33	<b>Annual Revenue Requirement</b>	<b>Line 31 + Line 32</b>	<b>\$3,239,642</b>	<b>\$6,353,418</b>

1/ Based on three year average FY 2017, FY 2016, and FY 2015 actual retirements as a percent of capital investment

2/ FY19 Discretionary Capital includes Advance Metering Infrastructure of:

\$7,367,000

3/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2019 Incremental Capital Investments**

Line No.			Fiscal Year <u>2019</u> (a)	Fiscal Year <u>2020</u> (b)
	<u>Capital Repairs Deduction</u>			
1	Plant Additions - excluding AMI	Page 2 of 29, Line 3	\$83,970,000	
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 29.08%	
3	Capital Repairs Deduction	Line 1 * Line 2	\$24,418,476	
	<u>Bonus Depreciation</u>			
4	Plant Additions - excluding AMI	Line 1	\$83,970,000	
5	Plant Additions - AMI		\$7,367,000	
6	Less Capital Repairs Deduction	Line 3	\$24,418,476	
7	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 6	\$66,918,524	
8	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%	
9	Plant Eligible for Bonus Depreciation	Line 7 * Line 8	\$66,249,339	
10	Bonus Depreciation Rate (April 2018 - December 2018)	1 * 75% * 0%	0.00%	
11	Bonus Depreciation Rate (January 2019 - March 2019)	1 * 25% * 0%	0.00%	
12	Total Bonus Depreciation Rate	Line 10 + Line 11	0.00%	
13	Bonus Depreciation	Line 9 * Line 12	\$0	
	<u>Remaining Tax Depreciation</u>			
14	Plant Additions	Line 1	\$83,970,000	
15	Plant Additions - AMI		\$7,367,000	
16	Less Capital Repairs Deduction	Line 3	\$24,418,476	
17	Less Bonus Depreciation	Line 13	\$0	
18	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 14 - Line 16 - Line 17	\$66,918,524	\$66,918,524
19	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	7.219%
20	Remaining Tax Depreciation	Line 18 * Line 19	\$2,509,445	\$4,830,848
21	FY19 Loss incurred due to retirements	Per Tax Department	2/ \$3,492,895	
22	Cost of Removal	Page 2 of 29, Line 10	\$12,054,000	
		Sum of Lines 3, 13, 20, 21, and 22		
23	Total Tax Depreciation and Repairs Deduction		\$42,474,816	\$4,830,848

1/ Capital Repairs percentage is based on a three year average 2014, 2015, and 2016 of electric property qualifying for the repairs deduction as a percentage of total annual plant additions.

2/ FY 2019 estimated tax loss on retirements is based on FY 2017 actuals (Page 7 of 29, Line 19).

Updates Include Tax Act Change

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2018 Actual Incremental Capital Investment

Line No.			Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)
<u>Capital Investment Allowance</u>					
1	Non-Discretionary Capital	Section 2, Page 27 of 27, Chart 11	\$32,731,000	\$0	\$0
2	Discretionary Capital Lesser of Actual Cumulative Non-Discretionary Capital Additions or Spending, or Approved Spending	Section 2, Page 27 of 27, Chart 11	\$42,112,000	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	\$74,843,000	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>					
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$74,843,000	\$0	\$0
5	Retirements	Line 4 * 21.99%	\$16,457,400	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$58,385,600	\$58,385,600	\$58,385,600
<u>Change in Net Capital Included in Rate Base</u>					
7	Capital Included in Rate Base	Line 3	\$74,843,000	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$31,811,226	\$31,811,226	\$31,811,226
10	Cost of Removal	Section 2, Page 27 of 27, Chart 11	\$9,646,000	\$9,646,000	\$9,646,000
11	<b>Total Net Plant in Service</b>	<b>Line 9 + Line 10</b>	<b>\$41,457,226</b>	<b>\$41,457,226</b>	<b>\$41,457,226</b>
<u>Deferred Tax Calculation:</u>					
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:				
14	2018 Spend	Page 3 of 26, Line 21	\$44,716,241	\$3,115,135	\$2,881,252
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$44,716,241	\$47,831,376	\$50,712,628
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$992,555	\$1,985,110	\$1,985,110
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$992,555	\$2,977,666	\$4,962,776
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$43,723,686	\$44,853,710	\$45,749,852
19	Effective Tax Rate		21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$9,181,974	\$9,419,279	\$9,607,469
21	Less: FY 2018 Federal NOL	Page 21 of 26, Line 12(n)	\$0	\$0	\$0
22	Less: Proration Adjustment	Col (b) = Page 26b of 29, Line 40; Col (c) = Page 27b of 29, Line 40	(\$3,150,463)	(\$214,730)	(\$170,287)
23	Excess Deferred Tax	Page 28 of 29, Line 7(f)	\$4,590,987	\$4,590,987	\$4,590,987
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$10,622,498	\$13,795,536	\$14,028,169
<u>Rate Base Calculation:</u>					
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$41,457,226	\$41,457,226	\$41,457,226
26	Accumulated Depreciation	-Line 17	(\$992,555)	(\$2,977,666)	(\$4,962,776)
27	Deferred Tax Reserve	-Line 24	(\$10,622,498)	(\$13,795,536)	(\$14,028,169)
28	Year End Rate Base	Sum of Lines 25 through 27	\$29,842,173	\$24,684,025	\$22,466,281
<u>Revenue Requirement Calculation:</u>					
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$14,921,086	\$27,263,099	\$23,575,153
30	Pre-Tax ROR		9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$1,396,614	\$2,292,827	\$1,982,670
32	Book Depreciation	Line 16	\$992,555	\$1,985,110	\$1,985,110
33	<b>Annual Revenue Requirement</b>	<b>Line 31 + Line 32</b>	<b>\$2,389,169</b>	<b>\$4,277,937</b>	<b>\$3,967,781</b>

1/ Based on three year average FY 2016, FY 2015, and FY 2014 actual retirements as a percent of capital investment

2/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2018 Incremental Capital Investments**

Line No.			Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions	Page 2 of 26, Line 3	\$74,843,000		
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 23.38%		
3	Capital Repairs Deduction	Line 1 * Line 2	\$17,498,293		
	<u>Bonus Depreciation</u>				
4	Plant Additions	Line 1	\$74,843,000		
5	Less Capital Repairs Deduction	Line 3	\$17,498,293		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$57,344,707		
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%		
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$56,771,260		
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	\$14,192,815		
	<u>Remaining Tax Depreciation</u>				
13	Plant Additions	Line 1	\$74,843,000		
14	Less Capital Repairs Deduction	Line 3	\$17,498,293		
15	Less Bonus Depreciation	Line 12	\$14,192,815		
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$43,151,892	\$43,151,892	\$43,151,892
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	7.219%	6.677%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,618,196	\$3,115,135	\$2,881,252
19	FY18 Loss incurred due to retirements	Per Tax Department	2/ \$1,760,937		
20	Cost of Removal	Page 2 of 26, Line 10	\$9,646,000		
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19, and 20	\$44,716,241	\$3,115,135	\$2,881,252

1/ Capital Repairs percentage is based on a three year average 2013, 2014, and 2015 of electric property qualifying for the repairs deduction as a percentage of total annual plant additions.

2/ FY 2018 estimated tax loss on retirements is based on FY 2016 actuals (Page 7 of 26, Line 19).

Updates Include Tax Act Change

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2017 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2017 (a)	Fiscal Year 2018 (b)	Fiscal Year 2019 (c)	Fiscal Year 2020 (d)
<u>Capital Additions Allowance</u>						
1	Non-Discretionary Capital Non-Discretionary Additions	Attachment PSA-1, Page 3, Table 1	\$28,593,675	\$0	\$0	\$0
2	Discretionary Capital Lesser of Actual Cumulative Discretionary Capital Additions or Spending, or Approved Spending	Page 19 of 29, Line 12	\$46,895,663	\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	\$75,489,338	\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>						
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$75,489,338	\$0	\$0	\$0
5	Retirements	1/	\$22,244,993	\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$53,244,346	\$53,244,346	\$53,244,346	\$53,244,346
<u>Change in Net Capital Included in Rate Base</u>						
7	Capital Included in Rate Base	Line 3	\$75,489,338	\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0	\$0	\$0
9	Incremental Depreciable Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$32,457,565	\$32,457,565	\$32,457,565	\$32,457,565
10	Total Cost of Removal	Attachment PSA-1, Page 4, Table 2	\$7,806,949	\$7,806,949	\$7,806,949	\$7,806,949
11	<b>Total Net Plant in Service</b>	<b>Line 9 + Line 10</b>	<b>\$40,264,513</b>	<b>\$40,264,513</b>	<b>\$40,264,513</b>	<b>\$40,264,513</b>
<u>Deferred Tax Calculation:</u>						
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:					
14	2017 Spend	Page 7 of 29, Line 21	\$58,425,852	\$2,127,323	\$1,967,605	\$1,820,263
15	Cumulative Tax Depreciation	Prior Year Line 14 + Current Year Line 13	\$58,425,852	\$60,553,175	\$62,520,779	\$64,341,042
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$905,154	\$1,810,308	\$1,810,308	\$1,810,308
17	Cumulative Book Depreciation	Prior Year Line 16 + Current Year Line 15	\$905,154	\$2,715,462	\$4,525,770	\$6,336,077
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$57,520,698	\$57,837,713	\$57,995,010	\$58,004,965
19	Effective Tax Rate		35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$20,132,244	\$12,145,920	\$12,178,952	\$12,181,043
21	Less: FY 2017 Federal NOL	Page 23 of 29, Line 13(n)	\$0	\$0	\$0	\$0
22	Less: Proration Adjustment	Col (c) = Page 26b of 29, Line 40; Col (d) = Page 27b of 29, Line 40	\$0	(\$16,852)	\$14,700	(\$1,892)
23	Excess Deferred Tax	Page 28 of 29, Line 6(f)		\$8,086,184	\$8,086,184	\$8,086,184
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$20,132,244	\$20,215,252	\$20,279,836	\$20,265,335
<u>Rate Base Calculation:</u>						
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$40,264,513	\$40,264,513	\$40,264,513	\$40,264,513
26	Accumulated Depreciation	-Line 17	(\$905,154)	(\$2,715,462)	(\$4,525,770)	(\$6,336,077)
27	Deferred Tax Reserve	-Line 24	(\$20,132,244)	(\$20,215,252)	(\$20,279,836)	(\$20,265,335)
28	Year End Rate Base	Sum of Lines 25 through 27	\$19,227,115	\$17,333,800	\$15,458,908	\$13,663,101
<u>Revenue Requirement Calculation:</u>						
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 +	\$9,613,558	\$18,280,458	\$16,396,354	\$14,561,004
30	Pre-Tax ROR	Current Year Line 28) ÷ 2	9.68%	9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$930,592	\$1,711,051	\$1,378,933	\$1,224,580
32	Book Depreciation	Line 16	\$905,154	\$1,810,308	\$1,810,308	\$1,810,308
33	<b>Annual Revenue Requirement</b>	<b>Line 31 + Line 32</b>	<b>\$1,835,746</b>	<b>\$3,521,359</b>	<b>\$3,189,241</b>	<b>\$3,034,888</b>

1/ Actual Retirements

2/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2017 Incremental Capital Investments**

Line No.			Fiscal Year <u>2017</u> (a)	Fiscal Year <u>2018</u> (b)	Fiscal Year <u>2019</u> (c)	Fiscal Year <u>2020</u> (d)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 6 of 29, Line 3	\$75,489,338			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 22.70%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$17,136,080			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$75,489,338			
5	Less Capital Repairs Deduction	Line 3	\$17,136,080			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$58,353,258			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$57,769,726			
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	\$28,884,863			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$75,489,338			
14	Less Capital Repairs Deductions	Line 3	\$17,136,080			
15	Less Bonus Depreciation	Line 12	\$28,884,863			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$29,468,395	\$29,468,395	\$29,468,395	\$29,468,395
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	7.219%	6.677%	6.177%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,105,065	\$2,127,323	\$1,967,605	\$1,820,263
19	FY17 Loss incurred due to retirements	Per Tax Department	\$3,492,895			
20	Cost of Removal	Page 6 of 29, Line 10	\$7,806,949			
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19, and 20	\$58,425,852	\$2,127,323	\$1,967,605	\$1,820,263

1/ Capital Repairs percentage is based on a three year average, 2012, 2013 and 2014 of electric property qualifying for the repairs deduction as a percentage of total annual plant additions.



**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2016 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2016 (a)	Fiscal Year 2017 (b)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)	Fiscal Year 2020 (f)
<u>Capital Investment Allowance</u>							
1	Non-Discretionary Capital	Per RIPUC Docket No. 4539	\$35,964,438	\$0	\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	\$672,272	\$0	\$0	\$0	\$0
<u>Discretionary Capital</u>							
2	Lesser of Actual Cumulative Non-Discretionary Capital Additions or Spending, or Approved Spending	Per RIPUC Docket No. 4539	\$35,488,464	\$0	\$0	\$0	\$0
2a	Work Order Write Off Adjustment	Per Company's books	(\$121,728)	\$0	\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 1a + Line 2 + Line 2a	\$72,003,445	\$0	\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$72,003,445	\$0	\$0	\$0	\$0
5	Retirements	1/	\$28,489,814	\$0	\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$43,513,631	\$43,513,631	\$43,513,631	\$43,513,631	\$43,513,631
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	\$72,003,445	\$0	\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774	\$0	\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$28,971,671	\$28,971,671	\$28,971,671	\$28,971,671	\$28,971,671
10	Cost of Removal	Per RIPUC Docket No. 4539	\$8,192,983	\$8,192,983	\$8,192,983	\$8,192,983	\$8,192,983
10a	Work Order Write Off Adjustment	Per Company's books	(\$19,884)	(\$19,884)	(\$19,884)	(\$19,884)	(\$19,884)
11	<b>Total Net Plant in Service</b>	<b>Line 9 + Line 10 + Line 10a</b>	<b>\$37,144,770</b>	<b>\$37,144,770</b>	<b>\$37,144,770</b>	<b>\$37,144,770</b>	<b>\$37,144,770</b>
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%	3.40%	3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:						
14	2016 Spend	Page 9 of 29, Line 21	\$60,569,127	\$1,868,699	\$1,728,398	\$1,598,969	\$1,478,858
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$60,569,127	\$62,437,826	\$64,166,224	\$65,765,193	\$67,244,051
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$739,732	\$1,479,463	\$1,479,463	\$1,479,463	\$1,479,463
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$739,732	\$2,219,195	\$3,698,659	\$5,178,122	\$6,657,586
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$59,829,395	\$60,218,631	\$60,467,565	\$60,587,071	\$60,586,465
19	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$20,940,288	\$21,076,521	\$12,698,189	\$12,723,285	\$12,723,158
21	Less: FY 2016 Federal NOL	Page 23 of 29, Line 13(m)	(\$10,693,796)	(\$10,693,796)	(\$10,693,796)	(\$10,693,796)	(\$10,693,796)
22	Less: Proration Adjustment	Col (d) = Page 26b of 29, Line 40; Col (e) = Page 27b of 29, Line 40	\$0	\$0	(\$75,493)	(\$48,787)	\$115
23	Excess Deferred Tax	Page 28 of 29, Line 5(f)			\$8,456,746	\$8,456,746	\$8,456,746
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$10,246,492	\$10,382,725	\$10,385,646	\$10,437,448	\$10,486,223
<u>Rate Base Calculation:</u>							
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$37,144,770	\$37,144,770	\$37,144,770	\$37,144,770	\$37,144,770
26	Accumulated Depreciation	-Line 17	(\$739,732)	(\$2,219,195)	(\$3,698,659)	(\$5,178,122)	(\$6,657,586)
27	Deferred Tax Reserve	-Line 24	(\$10,246,492)	(\$10,382,725)	(\$10,385,646)	(\$10,437,448)	(\$10,486,223)
28	Year End Rate Base	Sum of Lines 25 through 27	\$26,158,546	\$24,542,850	\$23,060,465	\$21,529,200	\$20,000,961
<u>Revenue Requirement Calculation:</u>							
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$13,079,273	\$25,350,698	\$23,801,658	\$22,294,832	\$20,765,081
30	Pre-Tax ROR		9.68%	9.68%	9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$1,266,074	\$2,453,948	\$2,227,835	\$1,874,995	\$1,746,343
32	Book Depreciation	Line 16	\$739,732	\$1,479,463	\$1,479,463	\$1,479,463	\$1,479,463
33	<b>Annual Revenue Requirement</b>	<b>Line 31 + Line 32</b>	<b>\$2,005,805</b>	<b>\$3,933,411</b>	<b>\$3,707,299</b>	<b>\$3,354,459</b>	<b>\$3,225,807</b>

1/ Actual Retirements

2/ Actual Cost of Removal

3/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2016 Incremental Capital Investments**

Line No.			Fiscal Year <u>2016</u> (a)	Fiscal Year <u>2018</u> (c)	Fiscal Year <u>2019</u> (d)	Fiscal Year <u>2020</u> (e)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 8 of 29, Line 3	\$72,003,445			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 29.67%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$21,361,075			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$72,003,445			
5	Less Capital Repairs Deduction	Line 3	\$21,361,075			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$50,642,370			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	97.77%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$49,513,045			
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	\$24,756,523			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$72,003,445			
14	Less Capital Repairs Deduction	Line 3	\$21,361,075			
15	Less Bonus Depreciation	Line 12	\$24,756,523			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$25,885,847	\$25,885,847	\$25,885,847	\$25,885,847
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	6.677%	6.177%	5.713%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$970,719	\$1,728,398	\$1,598,969	\$1,478,858
19	FY16 Loss incurred due to retirements	Per Tax Department	\$5,307,711			
20	Cost of Removal	Page 8 of 29, Line 10 + Line 10a	\$8,173,099			
		Sum of Lines 3, 12, 18, 19, and 20				
21	Total Tax Depreciation and Repairs Deduction		\$60,569,127	\$1,728,398	\$1,598,969	\$1,478,858

1/ Capital Repairs percentage is based on the actual results of the FY 2016 tax return.

Updates Include Tax Act Change

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2015 Actual Incremental Capital Investment

Line No.			Fiscal Year 2015 (a)	Cumulative FY16-FY17 (d)	Fiscal Year 2018 (e)	Fiscal Year 2019 (f)	Fiscal Year 2020 (g)
<u>Capital Investment Allowance</u>							
1	Non-Discretionary Capital	Per RIPUC Docket No. 4473	\$22,246,664		\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	(\$268,138)		\$0	\$0	\$0
<u>Discretionary Capital</u>							
2	Lesser of Actual Cumulative Non-Discretionary Capital Additions or Spending, or Approved Spending	Per RIPUC Docket No. 4473	\$54,410,377		\$0	\$0	\$0
2a	Work Order Write Off Adjustment	Per Company's books	(\$48,499)		\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 1a + Line 2 + Line 2a	\$76,340,403		\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$76,340,403		\$0	\$0	\$0
5	Retirements	1/	\$15,666,095		\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$60,674,308		60,674,308	60,674,308	60,674,308
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	\$76,340,403		\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	\$43,031,774		\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$33,308,629		\$33,308,629	\$33,308,629	\$33,308,629
10	Cost of Removal	Per RIPUC Docket No. 4473	\$6,988,398		\$6,988,398	\$6,988,398	\$6,988,398
10a	Work Order Write Off Adjustment	Per Company's books	\$22,398		\$22,398	\$22,398	\$22,398
11	<b>Total Net Plant in Service</b>	<b>Line 9 + Line 10 + Line 10a</b>	<b>\$40,319,425</b>	<b>\$40,319,425</b>	<b>\$40,319,425</b>	<b>\$40,319,425</b>	<b>\$40,319,425</b>
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%		3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:						
14	2015 Spend	Page 11 of 29, Line 22	\$71,871,022		\$1,814,760	\$1,678,440	\$1,552,696
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$71,871,022	\$75,953,570	\$77,768,330	\$79,446,770	\$80,999,466
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$1,031,463		\$2,062,926	\$2,062,926	\$2,062,926
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$1,031,463	\$5,157,316	\$7,220,243	\$9,283,169	\$11,346,096
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$70,839,559	\$ 70,796,254	\$ 70,548,087	\$ 70,163,601	\$ 69,653,370
19	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$24,793,846	\$24,778,689	\$14,815,098	\$14,734,356	\$14,627,208
21	Less: FY 2015 Federal NOL	Page 23 of 29, Line 13(l)	(\$8,148,936)	(\$8,148,936)	(\$8,148,936)	(\$8,148,936)	(\$8,148,936)
22	Less: Proration Adjustment	Col (e) = Page 26b of 29, Line 40; Col (f) = Page 27b of 29, Line 40	\$0	\$0	\$47,157	\$73,061	\$96,955
23	Excess Deferred Tax	Page 28 of 29, Line 4(f)		\$9,885,418	\$9,885,418	\$9,885,418	\$9,885,418
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$16,644,909	\$16,629,752	\$16,598,737	\$16,543,899	\$16,460,645
<u>Rate Base Calculation:</u>							
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$40,319,425	\$40,319,425	\$40,319,425	\$40,319,425	\$40,319,425
26	Accumulated Depreciation	-Line 17	(\$1,031,463)	(\$5,157,316)	(\$7,220,243)	(\$9,283,169)	(\$11,346,096)
27	Deferred Tax Reserve	-Line 24	(\$16,644,909)	(\$16,629,752)	(\$16,598,737)	(\$16,543,899)	(\$16,460,645)
28	Year End Rate Base	Sum of Lines 25 through 27	\$22,643,053	\$18,532,357	\$16,500,445	\$14,492,357	\$12,512,685
<u>Revenue Requirement Calculation:</u>							
29	Average Rate Base	Column (a) = Current Year Line 28 ÷ 2; Column (b) = (Prior Year Line 28 + Current Year Line 28) ÷ 2	\$11,321,526		\$17,516,401	\$15,496,401	\$13,502,521
30	Pre-Tax ROR	3/	9.68%		9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$1,095,924		\$1,639,535	\$1,303,247	\$1,135,562
32	Book Depreciation	Line 16	\$1,031,463		\$2,062,926	\$2,062,926	\$2,062,926
33	<b>Annual Revenue Requirement</b>	<b>Line 31 + Line 32</b>	<b>\$2,127,387</b>		<b>\$3,702,462</b>	<b>\$3,366,174</b>	<b>\$3,198,488</b>

1/ Actual Retirements

2/ Actual Cost of Removal

3/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2015 Incremental Capital Investments**

Line No.		Fiscal Year 2015 (a)	Fiscal Year 2018 (d)	Fiscal Year 2019 (e)	Fiscal Year 2020 (f)
	<u>Capital Repairs Deduction</u>				
1	Plant Additions	Page 10 of 29, Line 3	\$76,340,403		
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 23.10%		
3	Capital Repairs Deduction	Line 1 * Line 2	\$17,634,633		
	<u>Bonus Depreciation</u>				
4	Plant Additions	Line 1	\$76,340,403		
5	Less Capital Repairs Deduction	Line 3	\$17,634,633		
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$58,705,770		
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.91%		
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$58,652,935		
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	\$29,326,468		
	<u>Remaining Tax Depreciation</u>				
13	Plant Additions	Line 1	\$76,340,403		
14	Less Capital Repairs Deduction	Line 3	\$17,634,633		
15	Less Bonus Depreciation	Line 12	\$29,326,468		
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$29,379,302	\$29,379,302	\$29,379,302
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	6.177%	5.285%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,101,724	\$ 1,814,760	\$ 1,678,440
19	481(a) adjustment for partial retirements	Per Tax Department	\$14,395,754		
20	FY15 Loss incurred due to retirements	Per Tax Department	\$2,401,647		
21	Cost of Removal	Page 10 of 29, Line 10 + Line 10a Sum of Lines 3, 12, 18, 19, 20, and 21	\$7,010,796		
22	Total Tax Depreciation and Repairs Deduction		\$71,871,022	\$1,814,760	\$1,678,440

1/ Capital Repairs percentage is based on the actual results of the FY 2015 tax return.

Updates Include Tax Act Change

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2014 Actual Incremental Capital Investment**

Line No.			Fiscal Year 2014 (a)	Cumulative FY15-FY17 (e)	Fiscal Year 2018 (f)	Fiscal Year 2019 (g)	Fiscal Year 2020 (h)
<u>Capital Investment Allowance</u>							
1	Non-Discretionary Capital	Per RIPUC Docket No. 4382	\$6,923,860		\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	(\$472,942)		\$0	\$0	\$0
2	Discretionary Capital						
	Lesser of Actual Cumulative Non-Discretionary Capital						
	Additions or Spending, or Approved Spending	Per RIPUC Docket No. 4382	\$6,400,406		\$0	\$0	\$0
2a	Work Order Write Off Adjustment	Per Company's books	(\$8,965)		\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 1a + Line 2 + Line 2a	\$12,842,359		\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$12,842,359		\$0	\$0	\$0
5	Retirements	Page 18 of 29, Line 9(c)	1/ (\$4,165,367)		\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Column (b) = Prior Year Line 6	\$17,007,726		17,007,726	17,007,726	17,007,726
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	\$12,842,359		\$0	\$0	\$0
8	Depreciation Expense	Per Settlement Agreement Docket No. 4323, excluding General Plant	2/ \$7,173,397		\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Column (b) = Prior Year Line 9	\$5,668,962		\$5,668,962	\$5,668,962	\$5,668,962
10	Total Cost of Removal	Page 18 of 29, Line 6(c)	(\$887,841)		(\$887,841)	(\$887,841)	(\$887,841)
10a	Work Order Write Off Adjustment	Per Company's books	(\$37,062)		(\$37,062)	(\$37,062)	(\$37,062)
11	<b>Total Net Plant in Service</b>	<b>Line 9 + Line 10 + Line 10a</b>	<b>\$4,744,059</b>	<b>\$4,744,059</b>	<b>\$4,744,059</b>	<b>\$4,744,059</b>	<b>\$4,744,059</b>
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4323	3.40%		3.40%	3.40%	3.40%
13	Vintage Year Tax Depreciation:						
14	2014 Spend	Page 13 of 29, Line 20	\$7,826,326		\$242,832	\$224,640	\$207,766
15	Cumulative Tax Depreciation	Prior Year Line 15 + Current Year Line 14	\$7,826,326	\$8,679,534	\$8,922,366	\$9,147,006	\$9,354,772
16	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Column (b) = Line 6 * Line 12	\$289,131		\$578,263	\$578,263	\$578,263
17	Cumulative Book Depreciation	Prior Year Line 17 + Current Year Line 16	\$289,131	\$2,023,919	\$2,602,182	\$3,180,445	\$3,758,708
18	Cumulative Book / Tax Timer	Line 15 - Line 17	\$7,537,194	\$6,655,614	\$6,320,184	\$5,966,562	\$5,596,064
19	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
20	Deferred Tax Reserve	Line 18 * Line 19	\$2,638,018	\$2,329,465	\$1,327,239	\$1,252,978	\$1,175,174
21	Less: FY 2014 Federal NOL	Page 23 of 29, Line 13(k)	(\$1,200,808)	(\$1,200,808)	(\$1,200,808)	(\$1,200,808)	(\$1,200,808)
22	Less: Proration Adjustment	Col (f) = Page 26b of 29, Line 40; Col (g) = Page 27b of 29, Line 40	\$0	\$0	\$63,739	\$67,196	\$70,403
23	Excess Deferred Tax	Page 28 of 29, Line 3(f)			\$896,566	\$896,566	\$896,566
24	Net Deferred Tax Reserve	Sum of Lines 20 through 23	\$1,437,210	\$1,128,657	\$1,086,736	\$1,015,932	\$941,334
<u>Rate Base Calculation:</u>							
25	Cumulative Incremental Capital Included in Rate Base	Line 11	\$4,744,059	\$4,744,059	\$4,744,059	\$4,744,059	\$4,744,059
26	Accumulated Depreciation	-Line 17	(\$289,131)	(\$2,023,919)	(\$2,602,182)	(\$3,180,445)	(\$3,758,708)
27	Deferred Tax Reserve	-Line 24	(\$1,437,210)	(\$1,128,657)	(\$1,086,736)	(\$1,015,932)	(\$941,334)
28	Year End Rate Base	Sum of Lines 25 through 27	\$3,017,717	\$1,591,482	\$1,055,141	\$547,682	\$44,017
<u>Revenue Requirement Calculation:</u>							
		Col (a) = Line 28 * 23.23%; Col (b) = (Prior Year Line 28 + Current Year					
29	Average Rate Base	Line 28)/2	3/ \$670,654		\$1,323,312	\$801,411	\$295,849
30	Pre-Tax ROR		4/ 9.68%		9.36%	8.41%	8.41%
31	Return and Taxes	Line 29 * Line 30	\$64,919		\$123,862	\$67,399	\$24,881
32	Book Depreciation	Line 16	\$289,131		\$578,263	\$578,263	\$578,263
33	<b>Annual Revenue Requirement</b>	<b>Line 31 + Line 32</b>	<b>\$354,051</b>		<b>\$702,125</b>	<b>\$645,661</b>	<b>\$603,144</b>

1/ Actual Retirements

2/ Depreciation Expense has been prorated for 2 months (February - March 2014)

3/ 23.23% per RIPUC Docket No. 4382 (FY 2014 Elec ISR reconciliation), Attachment WRR-1-Revised, Page 12.

4/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2014 Incremental Capital Investments**

Line No.			Fiscal Year 2014 (a)	Fiscal Year 2018 (e)	Fiscal Year 2019 (f)	Fiscal Year 2020 (g)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 12 of 29, Line 3	\$12,842,359			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 34.46%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$4,425,477			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$12,842,359			
5	Less Capital Repairs Deduction	Line 3	\$4,425,477			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$8,416,882			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	99.00%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$8,332,713			
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	\$4,166,357			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$12,842,359			
14	Less Capital Repairs Deduction	Line 3	\$4,425,477			
15	Less Bonus Depreciation	Line 12	\$4,166,357			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$4,250,525	\$4,250,525	\$4,250,525	\$4,250,525
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	5.713%	5.285%	4.888%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$159,395	\$242,832	\$224,640	\$207,766
19	Cost of Removal	Page 12 of 29, Line 10 + Line 10a	(\$924,903)			
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18 and 19	\$7,826,326	\$242,832	\$224,640	\$207,766

1/ Capital Repairs percentage is based on the FY 2014 tax return.

Updates Include Tax Act Change

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2013 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)
<u>Capital Additions Allowance</u>							
<i>Non-Discretionary Capital</i>							
1	Non-Discretionary Additions	Per RIPUC Docket No. 4307	(\$5,184,396)		\$0	\$0	\$0
1a	Work Order Write Off Adjustment	Per Company's books	(\$576,955)		\$0	\$0	\$0
<i>Discretionary Capital</i>							
2	Lesser of Actual Discretionary Capital Additions or Approved Spending	Per RIPUC Docket No. 4307	(\$1,850,463)		\$0	\$0	\$0
2a	Work Order Write Off Adjustment	Per Company's books	(\$207,197)		\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base in Current Year	Line 1 + Line 1a + Line 2 + Line 2a	(\$7,819,012)		\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>							
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	(\$7,819,012)		\$0	\$0	\$0
5	Retirements		\$5,838,935		\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Columns (b), (c), & (d) = Prior Year Line 6	(\$13,657,947)		(\$13,657,947)	(\$13,657,947)	(\$13,657,947)
<u>Change in Net Capital Included in Rate Base</u>							
7	Capital Included in Rate Base	Line 3	(\$7,819,012)		\$0	\$0	\$0
8	Depreciation Expense	As approved per R.I.P.U.C. Docket No. 4065, excluding general plant	\$0		\$0	\$0	\$0
9	Incremental Capital Amount	Column (a) = Line 7 - Line 8; Columns (b), (c) & (d) = Prior Year Line 9	(\$7,819,012)		(\$7,819,012)	(\$7,819,012)	(\$7,819,012)
10	Total Cost of Removal		(\$1,895,059)		(\$1,895,059)	(\$1,895,059)	(\$1,895,059)
10a	Work Order Write Off Adjustment	Per Company's books	(\$106,751)		(\$106,751)	(\$106,751)	(\$106,751)
11	<b>Total Net Plant in Service</b>	<b>Line 9 + Line 10 + Line 10a</b>	<b>(\$9,820,822)</b>	<b>(\$9,820,822)</b>	<b>(\$9,820,822)</b>	<b>(\$9,820,822)</b>	<b>(\$9,820,822)</b>
<u>Deferred Tax Calculation:</u>							
12	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4065	3.40%		3.40%	3.40%	3.40%
13	Tax Depreciation	Page 15 of 29, Line 20	(\$6,531,672)		(\$180,604)	(\$167,038)	(\$154,530)
14	Cumulative Tax Depreciation	Prior Year Line 13 + Current Year Line 14	(\$6,531,672)	(\$7,412,857)	(\$7,593,461)	(\$7,760,499)	(\$7,915,029)
15	Book Depreciation	Column (a) = Line 6 * Line 12 * 50%; Columns (b), (c) & (d) = Line 6 * Line 12	(\$232,185)		(\$464,370)	(\$464,370)	(\$464,370)
16	Cumulative Book Depreciation	Prior Year Line 16 + Current Year Line 15	(\$232,185)	(\$2,089,666)	(\$2,554,036)	(\$3,018,406)	(\$3,482,776)
17	Cumulative Book / Tax Timer	Line 14 - Line 16	(\$6,299,487)	(\$5,323,191)	(\$5,039,425)	(\$4,742,093)	(\$4,432,253)
18	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%	21.00%
19	Deferred Tax Reserve	Line 17 * Line 18	(\$2,204,820)	(\$1,863,117)	(\$1,058,279)	(\$995,839)	(\$930,773)
20	Excess Deferred Tax	Line 28 of 29, Line 2(f)			(\$715,451)	(\$715,451)	(\$715,451)
21	Less: FY 2013 Federal NOL	Page 23 of 29, Line 13(j)	(\$2,342,381)	(\$2,342,381)	(\$2,342,381)	(\$2,342,381)	(\$2,342,381)
22	Less: Proration Adjustment	Col (g) = Page 26b of 29, Line 40; Col (h) = Page 27b of 29, Line 40	\$0	\$0	(\$53,922)	(\$56,500)	(\$58,877)
23	Net Deferred Tax Reserve	Sum of Lines 19 through 22	(\$4,547,202)	(\$4,205,498)	(\$4,170,034)	(\$4,110,172)	(\$4,047,483)
24							
25	<u>Rate Base Calculation:</u>						
26	Cumulative Incremental Capital Included in Rate Base	Line 11	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)	(\$9,820,822)
27	Accumulated Depreciation	-Line 16	\$232,185	\$2,089,666	\$2,554,036	\$3,018,406	\$3,482,776
28	Deferred Tax Reserve	-Line 23	\$4,547,202	\$4,205,498	\$4,170,034	\$4,110,172	\$4,047,483
29	Year End Rate Base	Sum of Lines 26 through 28	(\$5,041,435)	(\$3,525,658)	(\$3,096,752)	(\$2,692,243)	(\$2,290,563)
30							
31	<u>Revenue Requirement Calculation:</u>						
32	Average Rate Base	Column (a) = Current Year Line 29 ÷ 2; Column (b) = (Prior Year Line 29 + Current Year Line 29) ÷ 2	(\$2,520,717)		(\$3,311,205)	(\$2,894,498)	(\$2,491,403)
33	Pre-Tax ROR		9.68%		9.36%	8.41%	8.41%
34	Return and Taxes	Line 32 * Line 33	(\$244,005)		(\$309,929)	(\$243,427)	(\$209,527)
35	Book Depreciation	Line 15	(\$232,185)		(\$464,370)	(\$464,370)	(\$464,370)
36	Property Taxes	Year 1 = \$0, then Prior Year (Line 11 - Line 16) * Current Year Effective Property Tax rate	\$0		(\$289,520)	(\$252,342)	(\$236,217)
37							
38	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 34 through 36</b>	<b>(\$476,191)</b>		<b>(\$1,063,819)</b>	<b>(\$960,140)</b>	<b>(\$910,114)</b>

1/ FY 2017 effective property tax rate of 3.47% per Page 21 of 29, Line 71(h)

2/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2013 Incremental Capital Investments**

		Fiscal Year <u>2013</u> (a)	Fiscal Year <u>2018</u> (f)	Fiscal Year <u>2019</u> (g)	Fiscal Year <u>2020</u> (h)
<u>Capital Repairs Deduction</u>					
1 Plant Additions	Page 14 of 29, Line 3	(\$7,819,012)			
2 Capital Repairs Deduction Rate	1/	12.59%			
3 Capital Repairs Deduction	Line 1 * Line 2	(\$984,414)			
<u>Bonus Depreciation</u>					
4 Plant Additions	Line 1	(\$7,819,012)			
5 Less Capital Repairs Deduction	Line 3	(\$984,414)			
6 Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	(\$6,834,598)			
7 Percent of Plant Eligible for Bonus Depreciation		100.00%			
8 Plant Eligible for Bonus Depreciation	Line 6 * Line 7	(\$6,834,598)			
9 Bonus Depreciation Rate (April 2012 - December 2012)	1 * 75% * 50%	37.50%			
10 Bonus Depreciation Rate (January 2013 - March 2013)	1 * 25% * 50%	12.50%			
11 Total Bonus Depreciation Rate	Line 9 + Line 10	50.00%			
12 Bonus Depreciation	Line 8 * Line 11	(\$3,417,299)			
<u>Remaining Tax Depreciation</u>					
13 Plant Additions	Line 1	(\$7,819,012)			
14 Less Capital Repairs Deduction	Line 3	(\$984,414)			
15 Less Bonus Depreciation	Line 12	(\$3,417,299)			
16 Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	(\$3,417,299)	(\$3,417,299)	(\$3,417,299)	(\$3,417,299)
17 20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	5.285%	4.888%	4.522%
18 Remaining Tax Depreciation	Line 16 * Line 17	(\$128,149)	(\$180,604)	(\$167,038)	(\$154,530)
19 Cost of Removal	Page 14 of 29, Line 10 + Line 10a	(\$2,001,810)			
20 Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	(\$6,531,672)	(\$180,604)	(\$167,038)	(\$154,530)

1/ Capital Repairs percentage is based on the FY 2013 tax return.



**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2019 Revenue Requirement on FY 2012 Actual Incremental Capital Investment**

Line No.		Fiscal Year 2012 (a)	Cumulative FY13-FY17 (g)	Fiscal Year 2018 (h)	Fiscal Year 2019 (i)	Fiscal Year 2020 (j)
<u>Capital Additions Allowance</u>						
1	Non-Discretionary Capital Non-Discretionary	Per RIPUC Docket No. 4218	(\$4,019,686)	\$0	\$0	\$0
2	Discretionary Capital Lesser of Actual Discretionary Capital Additions or Spending or Approved Spending	Per RIPUC Docket No. 4218	\$4,163,942	\$0	\$0	\$0
3	Total Allowed Capital Included in Rate Base	Line 1 + Line 2	\$144,256	\$0	\$0	\$0
<u>Depreciable Net Capital Included in Rate Base</u>						
4	Total Allowed Capital Included in Rate Base in Current Year	Line 3	\$144,256	\$0	\$0	\$0
5	Retirements		\$19,938	\$0	\$0	\$0
6	Net Depreciable Capital Included in Rate Base	Column (a) = Line 4 - Line 5; Columns (b) through (h) = Prior Year Line 6	\$124,318	\$124,318	\$124,318	\$124,318
<u>Change in Net Capital Included in Rate Base</u>						
7	Incremental Capital Amount	Column (a) = Line 4, Columns (b) through (h) = Prior Year Line 7	\$144,256	\$144,256	\$144,256	\$144,256
8	Cost of Removal		(\$771,131)	(\$771,131)	(\$771,131)	(\$771,131)
9	<b>Total Net Plant in Service</b>	<b>Line 7 + Line 8</b>	<b>(\$626,875)</b>	<b>(\$626,875)</b>	<b>(\$626,875)</b>	<b>(\$626,875)</b>
<u>Deferred Tax Calculation:</u>						
10	Composite Book Depreciation Rate	As approved per R.I.P.U.C. Docket No. 4065	3.40%	3.40%	3.40%	3.40%
11	Tax Depreciation	Page 17 of 29, Line 20	(\$654,965)	\$1,427	\$1,320	\$1,302
12	Cumulative Tax Depreciation	Prior Year Line 12 + Current Year Line 11	(\$654,965)	(\$645,897)	(\$644,471)	(\$643,151)
13	Book Depreciation	Column (a) = -Line 6 * Line 10 * 50%; Columns (b) through (h) = Line 6 * Line 10	(\$2,113)	(\$4,227)	(\$4,227)	(\$4,227)
14	Cumulative Book Depreciation	Prior Year Line 14 + Current Year Line 13	(\$2,113)	(\$23,247)	(\$27,474)	(\$31,701)
15	Cumulative Book / Tax Timer	Line 12 - Line 14	(\$652,852)	(\$622,650)	(\$616,996)	(\$611,450)
16	Effective Tax Rate		35.00%	35.00%	21.00%	21.00%
17	Deferred Tax Reserve	Line 15 * Line 16	(\$228,498)	(\$217,927)	(\$129,569)	(\$128,404)
18	Less: FY 2013 Federal NOL	Page 23 of 29, Line 13(i)	(\$3,434,992)	(\$3,434,992)	(\$3,434,992)	(\$3,434,992)
19	Less: Proration Adjustment	Col (h) = Page 26b of 29, Line 40; Col (i) = Page 27b of 29, Line 40	\$0	\$0	(\$1,074)	(\$1,054)
20	Excess Deferred Tax	Page 28 of 29, Line 1(f)		(\$86,577)	(\$86,577)	(\$86,577)
21	Net Deferred Tax Reserve	Sum of Lines 17 through 20	(\$3,663,490)	(\$3,652,920)	(\$3,652,213)	(\$3,651,028)
<u>Rate Base Calculation:</u>						
22	Cumulative Incremental Capital Included in Rate Base	Line 9	(\$626,875)	(\$626,875)	(\$626,875)	(\$626,875)
23	Accumulated Depreciation	-Line 14	\$2,113	\$23,247	\$31,701	\$35,928
24	Deferred Tax Reserve	-Line 21	\$3,663,490	\$3,652,920	\$3,652,213	\$3,651,028
25	Year End Rate Base	Sum of Lines 22 through 24	\$3,038,729	\$3,049,292	\$3,052,812	\$3,055,854
<u>Revenue Requirement Calculation:</u>						
26	Average Rate Base	(Prior Year Line 25 + Current Year Line 25) ÷ 2	\$1,519,364	\$3,051,052	\$3,054,333	\$3,057,385
27	Pre-Tax ROR		2/ 9.30%	9.36%	8.41%	8.41%
28	Return and Taxes	Line 26 * Line 27	\$141,301	\$285,578	\$256,869	\$257,126
29	Book Depreciation	Line 13	(\$2,113)	(\$4,227)	(\$4,227)	(\$4,227)
30	Property Taxes	Year 1 = \$0, then Prior Year (Line 9 - Line 14) * Current Year Effective Property Tax rate	1/ \$0	(\$22,605)	(\$20,814)	(\$20,668)
31	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 28 through 30</b>	<b>\$139,188</b>	<b>\$258,746</b>	<b>\$231,828</b>	<b>\$232,231</b>

1/ FY 2017 effective property tax rate of 3.47% per Page 21 of 29, Line 71(h)

2/ Refer to Page 29

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY2012 Incremental Capital Investments**

Line No.			Fiscal Year 2012 (a)	Fiscal Year 2018 (g)	Fiscal Year 2019 (h)	Fiscal Year 2020 (i)
	<u>Capital Repairs Deduction</u>					
1	Plant Additions	Page 16 of 29, Line 3	\$144,256			
2	Capital Repairs Deduction Rate	Per Tax Department	1/ 21.05%			
3	Capital Repairs Deduction	Line 1 * Line 2	\$30,366			
	<u>Bonus Depreciation</u>					
4	Plant Additions	Line 1	\$144,256			
5	Less Capital Repairs Deduction	Line 3	\$30,366			
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5	\$113,890			
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	2/ 85.00%			
8	Plant Eligible for Bonus Depreciation	Line 6 * Line 7	\$96,807			
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	\$84,706			
	<u>Remaining Tax Depreciation</u>					
13	Plant Additions	Line 1	\$144,256			
14	Less Capital Repairs Deduction	Line 3	\$30,366			
15	Less Bonus Depreciation	Line 12	\$84,706			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15	\$29,184	\$29,184	\$29,184	\$29,184
17	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946	3.750%	4.888%	4.522%	4.462%
18	Remaining Tax Depreciation	Line 16 * Line 17	\$1,094	\$1,427	\$1,320	\$1,302
19	Cost of Removal	Page 16 of 29, Line 8	(\$771,131)			
20	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19	(\$654,965)	\$1,427	\$1,320	\$1,302

1/ Per Docket 4307 FY 2013 Electric ISR Reconciliation Filing at Attachment WRR-1, Page 8, Line 2

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 85% is used rather than 100%.

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2012 - 2014 Incremental Capital Investment Summary

Line No.			Actual Fiscal Year 2012 (a)	Actual Fiscal Year 2013 (b)	Fiscal Year 2014 (c)
<b><u>Capital Investment</u></b>					
1	ISR - Eligible Capital Investment	Col (a) =FY 2012 ISR Reconciliation Filing Docket No. 4218; Col (b) = FY 2013 ISR Reconciliation Filing Docket No. 4307; Col (c) = FY 2014 ISR Reconciliation Filing Docket No. 4382	\$48,946,456	\$44,331,141	\$56,129,551
1a	Work Order Write Off Adjustment	Per Company's books	\$0	(\$784,153)	(\$481,907)
2	ISR - Eligible Capital Additions included in Rate Base per R.I.P.U.C. Docket No. 4323	Schedule MDL-3-ELEC Page 53, Docket No. 4323: Col (a)= Line Note 1(a); Col (b)= Line Note 2(b); Col (c)= Line Note 3(e )	\$48,802,200	\$51,366,341	\$42,805,284
3	Incremental ISR Capital Investment	Line 1 + Line 1a - Line 2	\$144,256	(\$7,819,353)	\$12,842,360
<b><u>Cost of Removal</u></b>					
4	ISR - Eligible Cost of Removal	Col (a) =FY 2012 ISR Reconciliation Filing Docket No. 4218; Col (b)= FY 2013 Reconciliation Filing Docket No. 4307; Col (c) = FY 2014 ISR Reconciliation Filing Docket No. 4382	\$5,807,869	5,179,941	\$5,007,992
4a	Work Order Write Off Adjustment	Per Company's books	\$0	(\$106,751)	(\$37,062)
5	ISR - Eligible Cost of Removal in Rate Base per R.I.P.U.C. Docket No. 4323	Workpaper MDL-19-ELEC Page 2, Docket No. 4323: Col (a)= Line Note 1(a); Col (b)= Line Note 2(b); Line Note 3(e )	\$6,579,000	\$7,075,000	\$5,895,833
6	Incremental Cost of Removal	Line 4 + Line 4a - Line 5	(\$771,131)	(\$2,001,810)	(\$924,903)
<b><u>Retirements</u></b>					
7	ISR - Eligible Retirements/Actual	Col (a)= FY 2012 ISR Reconciliation Filing Docket No. 4218; Col (b) = FY 2013 ISR Reconciliation Filing Docket No. 4307; Col (c) = FY 2014 ISR Reconciliation Filing Docket No. 4382	\$7,740,446	\$14,255,714	\$3,299,874
8	ISR - Eligible Retirements/Estimated	Col (a)= FY 2012 ISR Proposal Filing Docket No. 4218; Col (b)= FY 2013 ISR Proposal Filing Docket No. 4307; Col (c) = Line 2 (c) * 17.44% Retirement rate per Docket 4323 (Workpaper MDL-19-ELEC Page 3)	\$7,720,508	\$8,416,779	\$7,465,242
9	Incremental Retirements	Line 7 - Line 8	\$19,938	\$5,838,935	(\$4,165,367)

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
FY 2017 Capital Investment

		<b>Actuals</b>	
		(a)	
Line No.	<b><u>Discretionary Capital</u></b>		
1	Cumulative FY 2016 Discretionary Capital <b>ADDITIONS</b>	Docket No. 4539 FY16 Reconciliation Att. AST-1 Page 14, Line 3	\$159,030,344
2	FY 2017 Discretionary Capital <b>ADDITIONS</b>	Attachment PSA-1, Page 3, Table 1	\$46,895,663
3	Cumulative Actual Discretionary Capital Additions	Line 1 + Line 2	\$205,926,007
4	Cumulative FY 2016 Discretionary Capital <b>SPENDING</b>	Docket No. 4539 FY16 Reconciliation Att. AST-1 Page 14, Line 6	\$192,056,464
5	FY 2017 Discretionary Capital <b>SPENDING</b>	Attachment PSA-1, Page 5, Table 3	\$48,266,492
6	Cumulative Actual Discretionary Capital Spending	Line 4 + Line 5	\$240,322,956
		<b>As Approved in Docket No. 4592</b>	
7	Cumulative FY 2016 Approved Discretionary Capital <b>SPENDING</b>	Docket No. 4539 FY16 Reconciliation Att. AST-1 Page 14, Line 9	\$174,212,150
8	FY 2017 Approved Discretionary Capital <b>SPENDING</b>	Attachment PSA-1, Page 5, Table 3	\$52,523,386
9	Cumulative Actual Approved Discretionary Capital Spending	Line 7 + Line 8	\$226,735,536
		<b>Total Allowed</b>	
10	Cumulative Allowed Discretionary Capital Included in Rate Base	Lesser of Line 3, Line 6, or Line 9	\$205,926,007
11	Prior Year Cumulative Allowed Discretionary Capital Included in Rate Base	Docket No. 4539 FY16 Reconciliation Filing Att. AST-1, Page 14, Line 10	\$159,030,344
12	<b>Total Allowed Discretionary Capital Included in Rate Base Current Year</b>	Line 10 - Line 11	<b>\$46,895,663</b>

# Updates Include Tax Act Change

The Narragansett Electric Company d/b/a National Grid FY 2019 ISR Property Tax Recovery Adjustment (000s)										
Line		(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 (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY 2014</u>	
1	Plant In Service	\$1,358,470	\$9,275	\$1,885	\$11,160		\$550		\$1,370,180	
2										
3	Accumulated Depr	\$611,570				\$7,498	\$550	(\$828)	\$618,789	
4										
5	Net Plant	\$746,900							\$751,391	
6										
7	Property Tax Expense	\$29,743							\$27,502	
8										
9	Effective Prop tax Rate	3.98%							3.66%	
10										
11										
12	<b>Effective tax Rate Calculation</b>	<u>End of FY 2014</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY 2015</u>	
13										
14	Plant In Service	\$1,370,180	\$76,340	\$5,801	\$82,141		(\$15,666)		\$1,436,655	
15										
16	Accumulated Depr	\$618,789				\$46,514	(\$15,666)	(\$6,988)	\$642,649	
17										
18	Net Plant	\$751,391							\$794,006	
19										
20	Property Tax Expense	\$27,502							\$32,549	
21										
22	Effective Prop tax Rate	3.66%							4.10%	
23										
24	<b>Effective tax Rate Calculation</b>	<u>End of FY 2015</u>	<u>ISR Additions</u>	<u>Non-ISR Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>End of FY 2016</u>	
25										
26	Plant In Service	\$1,436,655	\$72,003	\$17,773	\$89,777		(\$28,490)		\$1,497,942	
27										
28	Accumulated Depr	\$642,649				\$48,686	(\$28,490)	(\$8,193)	\$654,652	
29										
30	Net Plant	\$794,006							\$843,290	
31										
32	Property Tax Expense	\$32,549							\$31,580	
33										
34	Effective Prop tax Rate	4.10%							3.74%	
35										
36										
37	<b>Property Tax Recovery Calculation</b>	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i) (j) (k)
38		<b>Cumulative Increm. ISR Prop. Tax for FY14</b>				<b>Cumulative Increm. ISR Prop. Tax for FY15</b>			<b>Cumulative Increm. ISR Prop. Tax for FY16</b>	
39			2 mos							
40	ISR Additions		\$9,275				\$76,340		\$72,003	
41	Book Depreciation: base allowance on ISR eligible plant		(\$7,173)				(\$43,032)		(\$43,032)	
42	Book Depreciation: current year ISR additions		(\$324)				(\$1,031)		(\$740)	
43	COR		<u>\$828</u>				<u>\$6,988</u>		<u>\$8,193</u>	
44										
45	Net Plant Additions		\$2,605				\$39,266		\$36,425	
46										
47	RY Effective Tax Rate		<u>3.98%</u>				<u>3.98%</u>		<u>3.98%</u>	
48	ISR Property Tax Recovery on FY 2014 vintage investment			\$104				\$102		\$89
49	ISR Property Tax Recovery on FY 2015 vintage investment							\$1,564		\$1,523
50	ISR Property Tax Recovery on FY 2016 vintage investment									\$1,451
51										
52										
53	ISR Year Effective Tax Rate	3.66%				4.10%			3.74%	
54	RY Effective Tax Rate	3.98%	-0.32%			3.98%	0.12%		3.98%	-0.24%
55	RY Effective Tax Rate 2 mos for FY 2014		-0.05%							
56	RY Net Plant times 2 mo rate	\$746,900	-0.05%	(\$401)		\$746,900 * 0.12%	\$875		\$746,900 * -0.24%	(\$1,773)
57	FY 2014 Net Adds times ISR Year Effective Tax rate	\$2,605	-0.32%	<u>(\$8)</u>		\$2,568 * 0.12%	\$3		\$2,234 * -0.24%	(\$5)
58	FY 2015 Net Adds times ISR Year Effective Tax rate					\$39,266 * 0.12%	<u>\$46</u>		\$38,234 * -0.24%	(\$91)
59	FY 2016 Net Adds times ISR Year Effective Tax rate								\$36,425 * -0.24%	(\$86)
60	Total Property Tax due to rate differential			<u>(\$409)</u>			<u>\$924</u>			<u>(\$1,869)</u>
61										
62	Total ISR Property Tax Recovery			<u>(\$306)</u>			<u>\$2,590</u>			<u>\$1,193</u>
62a	As Approved in RIPUC Docket No. 4539			<u>(\$304)</u>			<u>\$2,590</u>			<u>\$1,192</u>
62b	Work Order Write Off Adjustment			(2)			(0)			2

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 ISR Property Tax Recovery Adjustment (continued)  
(000s)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		(i)	(j)	(k)
	<u>End of FY</u>	<u>ISR</u>	<u>Non-ISR</u>						<u>End of FY</u>			
	<u>2016</u>	<u>Additions</u>	<u>Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>COR</u>	<u>2017</u>				
63	Plant In Service	\$1,497,942	\$75,489	\$10,718	\$86,207		(\$22,245)	\$1,561,904				
64	Accumulated Depr	\$654,652			\$50,815	(\$22,245)	(\$7,807)	\$675,416				
65	Net Plant	\$843,290						\$886,489				
66	Property Tax Expense	\$31,580						\$30,784				
67	Effective Prop tax Rate	3.74%						3.47%				
68												
69												
70												
71												
72												
73	<u>Effective tax Rate Calculation</u>	<u>End of FY</u>	<u>ISR</u>	<u>Non-ISR</u>				<u>End of FY</u>				
74		<u>2017</u>	<u>Additions</u>	<u>Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>2018</u>				
75	Plant In Service	\$1,561,904	\$74,843	\$3,100	\$77,943		(\$16,457)	\$1,623,390				
76	Accumulated Depr	\$675,416			\$52,948	(\$16,457)	(\$9,646)	\$702,260				
77	Net Plant	\$886,489						\$921,129				
78	Property Tax Expense	\$30,784						\$34,495				
79	Effective Prop tax Rate	3.47%						3.74%				
80												
81												
82												
83												
84												
85	<u>Effective tax Rate Calculation</u>	<u>End of FY</u>	<u>ISR</u>	<u>Non-ISR</u>				<u>End of FY</u>				
86		<u>2018</u>	<u>Additions</u>	<u>Add's</u>	<u>Total Add's</u>	<u>Bk Depr (1)</u>	<u>Retirements</u>	<u>2019</u>				
87	Plant In Service	\$1,623,390	\$83,970	\$3,100	\$87,070		(\$27,264)	\$1,683,196				
88	Accumulated Depr	\$702,260			\$55,010	(\$27,264)	(\$12,054)	\$717,952				
89	Net Plant	\$921,129						\$965,244				
90	Property Tax Expense	\$34,495						\$33,519				
91	Effective Prop tax Rate	3.74%						3.47%				
92												
93												
94												
95												
96												
97												
98	<u>Property Tax Recovery Calculation</u>											
99		<u>Cumulative Incr. ISR Prop. Tax for</u>			<u>Cumulative Incr. ISR Prop. Tax for FY18</u>			<u>Cumulative Incr. ISR Prop. Tax for FY19</u>				
100		<u>FY17</u>										
101	ISR Additions	\$75,489			\$74,843			\$83,970				
102	Book Depreciation: base allowance on ISR eligible plant	(\$43,032)			(\$43,032)			(\$43,032)				
103	Book Depreciation: current year ISR additions	(\$905)			(\$993)			(\$1,089)				
104	COR	\$7,807			\$9,646			\$12,054				
105												
106	Net Plant Additions	\$39,359			\$40,465			\$51,903				
107												
108	RY Effective Tax Rate	3.98%			3.98%			3.98%				
109	ISR Property Tax Recovery on FY 2014 vintage investment		\$76			\$62					\$49	
110	ISR Property Tax Recovery on FY 2015 vintage investment		\$1,440			\$1,358					\$1,276	
111	ISR Property Tax Recovery on FY 2016 vintage investment		\$1,392			\$1,333					\$1,274	
112	ISR Property Tax Recovery on FY 2017 vintage investment		\$1,567			\$1,495					\$1,423	
113	ISR Property Tax Recovery on FY 2018 vintage investment					\$1,611					\$1,532	
114	ISR Property Tax Recovery on FY 2019 vintage investment										\$2,067	
115	Subtotal		\$4,475			\$5,860					\$7,621	
116	ISR Year Effective Tax Rate	3.47%			3.74%			3.47%				
117	RY Effective Tax Rate	3.98%	-0.51%		3.98%	-0.24%		3.98%		-0.51%		
118	RY Effective Tax Rate 2 mos for FY 2014											
119	RY Net Plant times 2 mo rate	\$746,900	* -0.51%	(\$3,807)	\$746,900	* -0.24%	(\$1,773)	\$746,900	* -0.51%	(\$3,807)		
120	FY 2014 Net Adds times ISR Year Effective Tax ra	\$1,900	* -0.51%	(\$10)	\$1,566	* -0.24%	(\$4)	\$1,232	* -0.51%	(\$6)		
121	FY 2015 Net Adds times ISR Year Effective Tax ra	\$36,171	* -0.51%	(\$184)	\$34,108	* -0.24%	(\$81)	\$32,045	* -0.51%	(\$163)		
122	FY 2016 Net Adds times ISR Year Effective Tax ra	\$34,945	* -0.51%	(\$178)	\$33,466	* -0.24%	(\$79)	\$31,987	* -0.51%	(\$163)		
123	FY 2017 Net Adds times ISR Year Effective Tax ra	\$39,359	* -0.51%	(\$201)	\$37,549	* -0.24%	(\$89)	\$35,739	* -0.51%	(\$182)		
124	FY 2018 Net Adds times ISR Year Effective Tax rate				\$40,465	* -0.24%	(\$96)	\$38,480	* -0.51%	(\$196)		
125	FY 2019 Net Adds times ISR Year Effective Tax rate							\$51,903	* -0.51%	(\$265)		
126	Total Property Tax due to rate differential		(\$4,379)				(\$2,122)			(\$4,782)		
127												
128	Total ISR Property Tax Recovery		\$96				\$3,738			\$2,839		

# Updates Include Tax Act Change

The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Electric Infrastructure, Safety,  
and Reliability Plan  
Page 22 of 29

## The Narragansett Electric Company d/b/a National Grid FY 2019 ISR Property Tax Recovery Adjustment (continued) (000s)

### Line Notes

1(a)-9(a) Per Rate Year cost of service  
1(b) - 9(h) Per FY 2014 Electric ISR Reconciliation Filing per Docket 4382  
14(a)-22(h) Per FY 2015 Electric ISR Reconciliation Filing per Docket 4473  
26(a)-34(h) Per FY 2016 Electric ISR Reconciliation Filing per Docket 4539  
40(a) - 62(c) Per FY 2017 Electric ISR Reconciliation Filing per Docket 4382  
40(e)-62(g) Per FY 2015 Electric ISR Reconciliation Filing per Docket 4473  
40(i)-62(k) Per FY 2016 Electric ISR Reconciliation Filing per Docket 4539  
63(a) Per Line 26(h)  
63(b) Per Page 7 of 27, Line 1 /1000  
63(c) Per Company's books  
63(d) Line 63(b) + Line 63(c)  
63(f) Per Page 6 of 27, Line 5 /1000  
63(h) Line 63(a) + Line 63(d) + Line 63(f)  
65(a) Per Line 28(h)  
65(e) Rate Year depr allowance of \$44,986 \* (Line 1(d)+1(f) \* comp depr rate of 3.40%) + (Line 14(d)+14(f) \* comp depr rate of 3.40%) + (Line 26(d)+26(f) \* comp depr rate of 3.40%) + (Line 63(d) +63(f) \* comp depr rate of 3.40% \* 50%)  
65(f) Per Line 63(f)  
65(g) Per Page 6 of 27, Line 10/ 1000  
65(h) Line 65(a) + Line 65(e) + Line 65(f) + Line 65(g)  
67(a) Per Line 30(h)  
67(h) Line 63(h) - Line 65(h)  
69(a) Per Line 32(h)  
69(h) Per Company's books  
71(a) Per Line 34(h)  
71(h) Line 69(h) / Line 67(h)  
75(a) Per Line 63(h)  
75(b) Per Page 5 of 27, Line 5(a) /1000  
75(d) Sum of Line 75(b) and Line 75(c)  
75(f) Per Page 4 of 27, Line 5(a) /1000  
75(h) Line 75(a) + Line 75(d) + 75(f)  
77(a) Per Line 65(h)  
77(e) Rate Year depr allowance of \$44,986 \* (Line 1(d)+1(f)\* comp depr rate of 3.40%) + (Line 14(d)+14(f)\* comp depr rate of 3.40%) + (Line 26(d)+26(f)\*comp depr rate of 3.40%) + (Line 63(d)+63(f)\*comp depr rate of 3.40%)+( Line 75(d) +75(f)\*comp depr rate of 3.40%\*50%)  
77(f) Per Line 75(f)  
77(g) Per Page 6 of 27, Line 11(a) /1000  
77(h) Line 77(a) + Line 77(e) + Line 77(f) + Line 77(g)  
79(a) Per Line 67(h)  
79(h) Line 75(h) - Line 77(h)  
81(a) Line 69(h)  
81(h) Line 79(h) \* Line 83(h)  
83(a) Line 81(a)/Line 79(a)  
83(h) Per Line 34(h)  
87(a) Per Line 75(h)  
87(b) Per Page 3 of 27, Line 1(a) /1000  
87(d) Line 87(b) + Line 87( c)  
87(f) Per Page 2 of 27, Line 5(a) /1000  
89(a) Per Line 77(h)  
89(f) Per Line 87(f)  
89(g) Per Page 2 of 27, Line 10(a) /1000  
89(h) Line 89(a) + Line 89(e) + Line 89(f) + Line 89(g)  
91(a) Per Line 79(h)  
91(h) Line 87(h) - Line 89(h)  
93(a) Per Line 81(h)  
95(a) Line 93(a) / Line 91 (a)  
95(h) Per Line 71(h)  
101(b) Per Line 63(b)  
101(f) Per Line 75(b)  
101(i) Per Line 87(b)  
102(b) Per Page 6 of 27, Line 8/ 1000  
102(f) Per Page 4 of 27, Line 8(a) /1000  
102(j) Per Page 2 of 27, Line 8(a) /1000  
103(b) Per Page 6 of 27, Line 15/ 1000  
103(f) Per Page 4 of 27, Line 16(a) /1000  
103(i) Per Page 2 of 27, Line 16(a) /1000  
104(b) Per Line 65(e) \*-1  
104(f) Per Line 77(g) \*-1  
104(i) Per Line 89(g) \*-1  
106(b) Sum of Lines 101(b) through Lines 104(b)  
106(f) Sum of Lines 101(f) through Lines 104(f)  
106(j) Sum of Lines 101(j) through Lines 104(j)  
108(b) Per Line 9(a)  
108(f) Per Line 9(a)  
108(j) Per Line 9(a)  
109(c) Line 108(b) \* Line 120(a)  
109(g) Line 108(f) \* Line 120( e)  
109(k) Line 108(i) \* Line 120(i)  
110(c) Line 108(b) \* Line 121(a)  
110(g) Line 108(f) \* Line 121( e)  
110(k) Line 108(j) \* Line 121(i)  
111(c) Line 108(b) \* Line 122(a)  
111(g) Line 108(f) \* Line 122( e)  
111(k) Line 108(i) \* Line 122(i)  
112(c) Line 108(b) \* Line 123(a)  
112(g) Line 108(f) \* Line 123( e)  
112(k) Line 108(j) \* Line 123(i)

### Line Notes

113(g) Line 108(f) \* Line 124( e)  
113(k) Line 108(j) \* Line 124(i)  
114(k) Line 108(j) \* Line 125(i)  
115(c) Sum of Lines 109(c) through Lines 114(c)  
115(g) Sum of Lines 109(g) through Lines 114(g)  
115(k) Sum of Lines 109(k) through Lines 114(k)  
116(a) Per Line 71(h)  
116( e) Per Line 83(h)  
116(i) Per Line 95(h)  
117(a) Per Line 9(a)  
117(b) Line 116(a)-Line 117(a)  
117( e) Per Line 9(a)  
117(f) Line 116( e)-Line 117( e )  
117(i) Per Line 9(a)  
117(j) Line 116(i)-Line 117(i)  
119(a) Per Line 5(a)  
119(b) Per Line 117(b)  
119(c) Line 119(a) \* Line 117(b)  
119( e) Per Line 5(a)  
119(f) Per Line 117(f)  
119(g) Line 119( e) \* Line 117(f)  
119(i) Per Line 5(a)  
119(j) Per Line 117(i)  
119(k) Line 119(i) \* Line 117(i)  
120(a) Line 57(i) - ((Line 40(b)+Line 1(f))\*3.40%)  
120(b) Per Line 117(b)  
120(c) Line 120(a) \* Line 117(b)  
120( e ) Line 120(e) \* Line 117(b)  
120(f) Per Line 117(f)  
120(g) Line 120( e ) \* Line 117(f)  
120(i) Line 120(e) - ((Line 40(b)+Line 1(f))\*3.40%)  
120(k) Per Line 117(f)  
120(k) Line 120(i) \* 117(i)  
121(a) Line 58(i) - ((Line 40(f)+Line 14(f))\*3.40%)  
121(b) Per Line 117(b)  
121(c) Line 121(a) \* Line 117(b)  
121( e ) Line 121(a) - ((Line 40(f)+Line 1(f))\*3.40%)  
121(f) Per Line 117(f)  
121(g) Line 121( e) \* Line 117(f)  
121(i) Line 121( e) - ((Line 40(f)+Line 14(f))\*3.40%)  
121(j) Per Line 117(i)  
121(k) Line 121(i) \* 117(i)  
122(a) Line 59(i) - ((Line 40(j)+Line 26(f))\*3.40%)  
122(b) Per Line 117(b)  
122( c) Line 122(a) \* Line 117(b)  
122( e ) Line 122(a) - ((Line 40(j)+Line 26(f))\*3.40%)  
122(f) Per Line 117(f)  
122(g) Line 122( e ) \* Line 117(f)  
122(i) Line 122( e) - ((Line 40(j)+Line 26(f))\*3.40%)  
122(j) Per Line 117(i)  
122(k) Line 122(i) \* Line 117(i)  
123(a) Per Line 106(b)  
123(b) Per Line 117(b)  
123(c) Line 123(a) \* Line 117(b)  
123( e) Line 123(a) - ((Line 101(b)+Line 63(f))\*3.40%)  
123(f) Per Line 117(f)  
123(g) Line 123( e ) \* Line 117(f)  
123(i) Line 123( e) - ((Line 101(b)+Line 63(f))\*3.40%)  
123(j) Per Line 117(i)  
123(k) Line 123(i) \* Line 117(i)  
124( e ) Per Line 106(f)  
124(f) Per Line 117(f)  
124(g) Line 124( e ) \* 117(f)  
124(i) Line 124( e) - ((Line 101(f)+Line 75(f))\*3.40%)  
124(j) Per Line 117(i)  
124(k) Line 124(i) \* Line 117(i)  
125(i) Per Line 106(i)  
125(j) Per Line 117(i)  
125(k) Line 117(i) \* Line 125(i)  
126( c) Sum of Lines 119(c) through Lines 125(c)  
126( g) Sum of Lines 119(g) through Lines 125(g)  
126( k) Sum of Lines 119(k) through Lines 125(k)  
128( c) Line 115( c) + Line 126( c)  
128( g) Line 115( g) + Line 126( g)  
128( k) Line 115( k) + Line 126( k)

Updates Include Tax Act Change

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i) CY 2011 \$15,856,458	(j) CY 2012 \$5,546,827	(k) Jan-2013 \$521,151	(l) Feb 13 - Jan 14 (\$1,967,911)	(m)	(n)	(o)	(p)
1 Total Base Rate Plant DIT Provision																
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2012 \$13,279,050	FY 2013 \$4,353,286	FY 2014 (\$1,639,926)	FY 2015 \$0	FY 2016 \$0	FY 2017 \$0	FY 2018 \$0	FY 2019 \$0
2 Total Base Rate Plant DIT Provision																
3 Incremental FY 12	(\$228,498)	(\$226,281)	(\$224,120)	(\$222,009)	(\$219,947)	(\$217,927)	(\$129,569)	(\$128,404)	(\$228,498)	\$2,217	\$2,161	\$2,110	\$2,063	\$2,019	\$88,358	\$1,165
4 Incremental FY 13		(\$2,013,121)	(\$1,937,607)	(\$2,045,965)	(\$1,957,316)	(\$1,863,117)	(\$1,058,279)	(\$995,839)		(\$2,013,121)	\$75,514	(\$108,358)	\$88,649	\$94,199	\$804,838	\$62,440
5 Incremental FY 14			\$2,763,058	\$2,543,022	\$2,439,963	\$2,329,465	\$1,327,239	\$1,252,978			\$2,763,058	(\$220,036)	(\$103,059)	(\$110,498)	(\$1,002,226)	(\$74,261)
6 FY 2015				\$24,793,846	\$24,814,134	\$24,778,689	\$14,815,098	\$14,734,356				\$24,793,846	\$20,288	(\$35,445)	(\$9,963,590)	(\$80,742)
7 FY 2016					\$20,940,288	\$21,076,521	\$12,698,189	\$12,723,285					\$20,940,288	\$136,232	(\$8,378,332)	\$25,096
8 FY 2017						\$20,132,244	\$12,145,920	\$12,178,952						\$20,132,244	(\$7,986,324)	\$33,032
9 FY 2018							\$9,181,974	\$9,419,279							\$9,181,974	\$237,305
10 FY 2019								\$8,690,971								\$8,690,971
11 TOTAL Plant DIT Provision	(\$228,498)	(\$2,239,403)	\$601,331	\$25,068,893	\$46,017,122	\$66,235,874	\$48,980,571	\$57,875,577	\$13,050,552	\$2,342,381	\$1,200,808	\$24,467,561	\$20,948,229	\$20,218,752	(\$17,255,304)	\$8,895,007
12 Distribution-related NOL									\$3,434,992	\$8,552,548	\$13,179,356	\$8,148,936	\$10,693,796	\$0	\$0	\$0
13 Lesser of Distribution-related NOL or DIT Provision									\$3,434,992	\$2,342,381	\$1,200,808	\$8,148,936	\$10,693,796	\$0	(\$17,255,304)	\$0
14 Total NOL									\$4,310,461	\$11,442,811	\$19,452,677	\$12,108,052	\$16,267,471	\$0	\$0	\$0
15 NOL recovered in transmission rates									\$875,468	\$2,890,262	\$6,273,321	\$3,959,116	\$5,573,675	\$0	\$0	\$0
16 Distribution-related NOL									\$3,434,992	\$8,552,548	\$13,179,356	\$8,148,936	\$10,693,796	\$0	\$0	\$0
1(g) Per Dkt 4323 Compliance filing Attachment 1, Page 64 of 71, Line 19(e) less Line 19(a)																
1(h)-1(j) Per Dkt 4323 Compliance filing Attachment 1, Page 70 of 71, Lines 32, 42, and 48																
3(a)-9(f) ADIT per vintage year ISR revenue requirement calculations																
3(g) -8(l) Year over year change in ADIT shown in Cols (a) through (e)																
9 Sum of Lines 2 through 8																
10 Line 14																
11 Lesser of Line 9 or 10																
12 Per Tax Department																
13 Quarterly average transmission plant allocator per Integrated Facilities Agreement (IFA) * Line 12																
14 Line 12 - Line 13																



The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
True-Up for FY 2012 through FY 2014 Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)	(f)
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1 Return on Rate Base	9.30%	9.84%	9.68%	9.68%	9.68%	9.68%
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
2 Lesser of NOL or DIT Provision	\$ 4,310,461	\$ 2,342,381	\$ 1,200,808	\$ 12,108,052	\$ 10,200,749	\$ -

Revenue Requirement Increase due to NOL

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
3 FY 2012	\$ 200,436	\$ 424,149	\$ 417,253	\$ 417,253	\$ 417,253	\$ 417,253
4 FY 2013	\$ -	\$ 115,245	\$ 226,743	\$ 226,743	\$ 226,743	\$ 226,743
5 FY 2014	\$ -	\$ -	\$ 27,000	\$ 116,238	\$ 116,238	\$ 116,238
6 FY 2015	\$ -	\$ -	\$ -	\$ 586,030	\$ 1,172,059	\$ 1,172,059
7 FY 2016	\$ -	\$ -	\$ -	\$ -	\$ 493,716	\$ 987,432
8 FY 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9 TOTAL	\$ 200,436	\$ 539,395	\$ 670,996	\$ 1,346,263	\$ 2,426,009	\$ 2,919,725

10 Total FY 2012 through FY 2014 revenue requirement impact to be recovered over three years	\$ 1,410,826
11 Recovery per year	\$ 470,275

1(a) Per Docket No. 4065

1(b)-(c) Per vintage year revenue requirement calculations at Page 14 of 29, and Page 12 of 29, respectively

2 FY2015 Revenue Requirement Reconciliation R.I.P.U.C. Docket No. 4473

3 Line 2(a) \* Line 1(a) \* 50%; Line 2(a) \* Line 1(b); Line 2(a) \* Line 1(c); Line 2(a) \* Line 1(d); Line 2(a) \* Line 1(e); Line 2(a) \* Line 1(f)

4 Line 2(b) \* Line 1(b) \* 50%; Line 2(b) \* Line 1(c); Line 2(b) \* Line 1(d); Line 2(b) \* Line 1(e); Line 2(b) \* Line 1(f)

5 Line 2(c) \* Line 1(c) \* 23.23%; Line 2(c) \* Line 1(d); Line 2(c) \* Line 1(e); Line 2(c) \* Line 1(f)

6 Line 2(d) \* Line 1(d) \* 50%; Line 2(d) \* Line 1(e); Line 2(d) \* Line 1(f)

7 Line 2(e) \* Line 1(e) \* 50%; Line 2(e) \* Line 1(f)

8 Line 2(f) \* Line 1(f) \* 50%

9 Sum of Lines 3 through 8

10 Line 9(a) + Line 9(b) + Line 9(c)

11 Line 10(f) / 3

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of FY 2018 Net Deferred Tax Reserve Proration

		(a)=Sum of (b) through (h)	(b) Vintage Year 2018	(c) Vintage Year 2017	(d) Vintage Year 2016
Line No.	Deferred Tax Subject to Proration	Total			
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$6,454,919	\$992,555	\$1,810,308
2	Bonus Depreciation	Page 3 of 29, Line 13	(\$14,192,815)	(\$14,192,815)	\$0
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18			
4	FY 2018 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$7,352,332)	(\$1,618,196)	(\$2,127,323)
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$1,760,937)	(\$1,760,937)	\$0
6	Effective Tax Rate		35.00%	35.00%	35.00%
7	Deferred Tax Reserve	Line 5 * Line 6	(\$5,897,908)	(\$5,802,787)	(\$110,955)
Deferred Tax Not Subject to Proration					
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$17,498,293)	(\$17,498,293)	
9	Cost of Removal	Page 3 of 29, Line 22	(\$9,646,000)	(\$9,646,000)	
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0	\$0	
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$27,144,293)	(\$27,144,293)	
12	Effective Tax Rate		35.00%	35.00%	
13	Deferred Tax Reserve	Line 11 * Line 12	(\$9,500,503)	(\$9,500,503)	
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$15,398,410)	(\$15,303,290)	(\$110,955)
15	Net Operating Loss	Page 2 of 29, Line 21	\$0	\$0	
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$15,398,410)	(\$15,303,290)	(\$110,955)
Allocation of FY 2018 Estimated Federal NOL					
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$16,579,393)	(\$16,579,393)	
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$27,144,293)	(\$27,144,293)	
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$43,723,686)	(\$43,723,686)	
20	Total FY 2018 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$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	(\$5,897,908)	(\$5,802,787)	(\$110,955)
(i) (j)					
Proration Calculation		Number of Days in Month Proration Percentage	(k)= Sum of (l) through (r)	(l)	(m)
26	April 2017	30 91.78%	(\$451,096)	(\$443,821)	(\$8,486)
27	May 2017	31 83.29%	(\$409,353)	(\$402,751)	(\$7,701)
28	June 2017	30 75.07%	(\$368,956)	(\$363,005)	(\$6,941)
29	July 2017	31 66.58%	(\$327,213)	(\$321,935)	(\$6,156)
30	August 2017	31 58.08%	(\$285,470)	(\$280,866)	(\$5,370)
31	September 2017	30 49.86%	(\$245,073)	(\$241,120)	(\$4,610)
32	October 2017	31 41.37%	(\$203,330)	(\$200,050)	(\$3,825)
33	November 2017	30 33.15%	(\$162,933)	(\$160,305)	(\$3,065)
34	December 2017	31 24.66%	(\$121,190)	(\$119,235)	(\$2,280)
35	January 2018	31 16.16%	(\$79,447)	(\$78,165)	(\$1,495)
36	February 2018	28 8.49%	(\$41,743)	(\$41,070)	(\$785)
37	March 2018	31 0.00%	\$0	\$0	\$0
38	Total	365	(\$2,695,802)	(\$2,652,324)	(\$50,715)
39	Deferred Tax Without Proration	Line 25	(\$5,897,908)	(\$5,802,787)	(\$110,955)
40	Proration Adjustment	Line 38 - Line 39	\$3,202,106	\$3,150,463	\$60,240

Column Notes:

(k) Sum of remaining days in the year (Col (i)) ÷ 365

(m) through (t) = Current Year Line 25 ÷ 12 \* Current Month Col (k)

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of FY 2018 Net Deferred Tax Reserve Proration

Line No.	Deferred Tax Subject to Proration	(a)=Sum of (b) through (h)	(e) Vintage Year 2015	(f) Vintage Year 2014	(g) Vintage Year 2013	(h) Vintage Year 2012		
		Total						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$6,454,919	\$2,062,926	\$578,263	(\$464,370)		
2	Bonus Depreciation	Page 3 of 29, Line 13	(\$14,192,815)	\$0	\$0	\$0		
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18						
4	FY 2018 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$7,352,332)	\$ (1,814,760)	(\$242,832)	\$180,604		
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$1,760,937)	\$0	\$0	\$0		
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%		
7	Deferred Tax Reserve	Line 5 * Line 6	(\$5,897,908)	\$86,858	\$117,401	(\$99,318)		
	Deferred Tax Not Subject to Proration							
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$17,498,293)					
9	Cost of Removal	Page 3 of 29, Line 22	(\$9,646,000)					
10	Book/Tax Depreciation Timing Difference at 3/31/2017		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$27,144,293)					
12	Effective Tax Rate		35.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	(\$9,500,503)					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$15,398,410)	\$86,858	\$117,401	(\$99,318)		
15	Net Operating Loss	Page 2 of 29, Line 21	\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$15,398,410)	\$86,858	\$117,401	(\$99,318)		
	Allocation of FY 2018 Estimated Federal NOL							
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$16,579,393)					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$27,144,293)					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$43,723,686)					
20	Total FY 2018 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$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	(\$5,897,908)	\$86,858	\$117,401	(\$99,318)		
	(i)	(j)						
	Proration Calculation	Number of Days in Month	Proration Percentage	(k)= Sum of (l) through (r)	(o)	(p)	(q)	(r)
26	April 2017	30	91.78%	(\$451,096)	\$6,643	\$8,979	(\$7,596)	(\$151)
27	May 2017	31	83.29%	(\$409,353)	\$6,029	\$8,148	(\$6,893)	(\$137)
28	June 2017	30	75.07%	(\$368,956)	\$5,434	\$7,344	(\$6,213)	(\$124)
29	July 2017	31	66.58%	(\$327,213)	\$4,819	\$6,513	(\$5,510)	(\$110)
30	August 2017	31	58.08%	(\$285,470)	\$4,204	\$5,682	(\$4,807)	(\$96)
31	September 2017	30	49.86%	(\$245,073)	\$3,609	\$4,878	(\$4,127)	(\$82)
32	October 2017	31	41.37%	(\$203,330)	\$2,994	\$4,047	(\$3,424)	(\$68)
33	November 2017	30	33.15%	(\$162,933)	\$2,400	\$3,243	(\$2,744)	(\$55)
34	December 2017	31	24.66%	(\$121,190)	\$1,785	\$2,412	(\$2,041)	(\$41)
35	January 2018	31	16.16%	(\$79,447)	\$1,170	\$1,581	(\$1,338)	(\$27)
36	February 2018	28	8.49%	(\$41,743)	\$615	\$831	(\$703)	(\$14)
37	March 2018	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$2,695,802)	\$39,701	\$53,661	(\$45,396)	(\$904)
39	Deferred Tax Without Proration	Line 25		(\$5,897,908)	\$86,858	\$117,401	(\$99,318)	(\$1,979)
40	Proration Adjustment	Line 38 - Line 39		\$3,202,106	(\$47,157)	(\$63,739)	\$53,922	\$1,074

Column Notes:

(k) Sum of remaining days in the year (Col (i)) ÷ 365

(m) through (t) = Current Year Line 25 ÷ 12 \* Current Month Col (k)

# Updates Include Tax Act Change

## The Narragansett Electric Company d/b/a National Grid Electric Infrastructure, Safety, and Reliability (ISR) Plan Calculation of FY 2019 Net Deferred Tax Reserve Proration

Line No.	Deferred Tax Subject to Proration	(a)=Sum of (b) through (i)	(b) Vintage Year 2019	(c) Vintage Year 2018	(d) Vintage Year 2017	(e) Vintage Year 2016		
		Total						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$8,536,713	\$1,089,239	\$1,985,110	\$1,810,308		
2	Bonus Depreciation	Page 3 of 29, Line 13	\$0	\$0	\$0	\$0		
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18	(\$10,928,516)	(\$2,509,445)	(\$3,115,135)	(\$1,967,605)		
4	FY 2019 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$3,492,895)	(\$3,492,895)	\$0	\$0		
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$5,879,151)	(\$4,913,101)	(\$1,130,025)	(\$157,297)		
6	Effective Tax Rate		35.00%	21.00%	35.00%	35.00%		
7	Deferred Tax Reserve	Line 5 * Line 6	(\$2,057,703)	(\$1,031,751)	(\$395,509)	(\$55,054)		
Deferred Tax Not Subject to Proration								
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$24,418,476)	(\$24,418,476)				
9	Cost of Removal	Page 3 of 29, Line 22	(\$12,054,000)	(\$12,054,000)				
10	Book/Tax Depreciation Timing Difference at 3/31/2018		\$0	\$0				
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$36,472,476)	(\$36,472,476)				
12	Effective Tax Rate		35.00%	35.00%				
13	Deferred Tax Reserve	Line 11 * Line 12	(\$12,765,367)	(\$12,765,367)				
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$14,823,070)	(\$13,797,118)	(\$395,509)	(\$55,054)		
15	Net Operating Loss	Page 2 of 29, Line 21	\$0	\$0				
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$14,823,070)	(\$13,797,118)	(\$395,509)	(\$55,054)		
Allocation of FY 2019 Estimated Federal NOL								
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$4,913,101)	(\$4,913,101)				
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$36,472,476)	(\$36,472,476)				
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$41,385,577)	(\$41,385,577)				
20	Total FY 2019 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$0	\$0				
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19 ) * Line 20	\$0	\$0				
22	Allocated FY 2019 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	(\$1,371,810)	(\$1,031,751)	(\$395,509)	(\$55,054)		
(j) (k)								
Proration Calculation		Number of Days in Month	Proration Percentage					
26	April 2018	30	91.78%	(\$104,922)	(\$78,912)	(\$30,250)	(\$4,211)	(\$3,199)
27	May 2018	31	83.29%	(\$95,212)	(\$71,610)	(\$27,451)	(\$3,821)	(\$2,903)
28	June 2018	30	75.07%	(\$85,816)	(\$64,543)	(\$24,742)	(\$3,444)	(\$2,617)
29	July 2018	31	66.58%	(\$76,107)	(\$57,241)	(\$21,943)	(\$3,054)	(\$2,321)
30	August 2018	31	58.08%	(\$66,398)	(\$49,939)	(\$19,143)	(\$2,665)	(\$2,025)
31	September 2018	30	49.86%	(\$57,002)	(\$42,872)	(\$16,434)	(\$2,288)	(\$1,738)
32	October 2018	31	41.37%	(\$47,293)	(\$35,570)	(\$13,635)	(\$1,898)	(\$1,442)
33	November 2018	30	33.15%	(\$37,897)	(\$28,503)	(\$10,926)	(\$1,521)	(\$1,155)
34	December 2018	31	24.66%	(\$28,188)	(\$21,200)	(\$8,127)	(\$1,131)	(\$859)
35	January 2019	31	16.16%	(\$18,479)	(\$13,898)	(\$5,328)	(\$742)	(\$563)
36	February 2019	28	8.49%	(\$9,709)	(\$7,302)	(\$2,799)	(\$390)	(\$296)
37	March 2019	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$627,024)	(\$471,590)	(\$180,778)	(\$25,164)	(\$19,118)
39	Deferred Tax Without Proration	Line 25	(\$1,371,810)	(\$1,031,751)	(\$395,509)	(\$55,054)	(\$41,827)	
40	Proration Adjustment	Line 38 - Line 39	\$744,786	\$560,161	\$214,730	\$29,890	\$22,709	

### Column Notes:

- (k) Sum of remaining days in the year (Col (i)) ÷ 365  
(m) through (t) = Current Year Line 25 ÷ 12 \* Current Month Col (k)

Updates Include Tax Act Change

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of FY 2019 Net Deferred Tax Reserve Proration

Line No.	Deferred Tax Subject to Proration	(a)=Sum of (b) through (i)	(f) Vintage Year 2015	(g) Vintage Year 2014	(h) Vintage Year 2013	(i) Vintage Year 2012		
		Total						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$8,536,713	\$2,062,926	\$578,263	(\$464,370)		
2	Bonus Depreciation	Page 3 of 29, Line 13	\$0	\$0	\$0	\$0		
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18	(\$10,928,516)	(1,678,440)	(\$224,640)	\$167,038		
4	FY 2019 tax (gain)/loss on retirements	Page 3 of 29, Line 21	(\$3,492,895)	\$0	\$0	\$0		
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$5,879,151)	\$384,486	\$353,622	(\$297,333)		
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%		
7	Deferred Tax Reserve	Line 5 * Line 6	(\$2,057,703)	\$134,570	\$123,768	(\$104,066)		
Deferred Tax Not Subject to Proration								
8	Capital Repairs Deduction	Page 3 of 29, Line 3	(\$24,418,476)					
9	Cost of Removal	Page 3 of 29, Line 22	(\$12,054,000)					
10	Book/Tax Depreciation Timing Difference at 3/31/2018		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$36,472,476)					
12	Effective Tax Rate		35.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	(\$12,765,367)					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$14,823,070)	\$134,570	\$123,768	(\$104,066)		
15	Net Operating Loss	Page 2 of 29, Line 21	\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$14,823,070)	\$134,570	\$123,768	(\$104,066)		
Allocation of FY 2019 Estimated Federal NOL								
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$4,913,101)					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$36,472,476)					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$41,385,577)					
20	Total FY 2019 Federal NOL	(Page 2 of 29, Line 21) / 35%	\$0					
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19 ) * Line 20	\$0					
22	Allocated FY 2019 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	(\$1,371,810)	\$134,570	\$123,768	(\$104,066)		
(j) (k)								
Proration Calculation		Number of Days in Month	Proration Percentage	(l)= Sum of (m) through (t)	(q)	(r)	(s)	(t)
26	April 2018	30	91.78%	(\$104,922)	\$10,292	\$9,466	(\$7,959)	(\$148)
27	May 2018	31	83.29%	(\$95,212)	\$9,340	\$8,590	(\$7,223)	(\$135)
28	June 2018	30	75.07%	(\$85,816)	\$8,418	\$7,743	(\$6,510)	(\$121)
29	July 2018	31	66.58%	(\$76,107)	\$7,466	\$6,867	(\$5,774)	(\$108)
30	August 2018	31	58.08%	(\$66,398)	\$6,513	\$5,991	(\$5,037)	(\$94)
31	September 2018	30	49.86%	(\$57,002)	\$5,592	\$5,143	(\$4,324)	(\$81)
32	October 2018	31	41.37%	(\$47,293)	\$4,639	\$4,267	(\$3,588)	(\$67)
33	November 2018	30	33.15%	(\$37,897)	\$3,718	\$3,419	(\$2,875)	(\$54)
34	December 2018	31	24.66%	(\$28,188)	\$2,765	\$2,543	(\$2,138)	(\$40)
35	January 2019	31	16.16%	(\$18,479)	\$1,813	\$1,667	(\$1,402)	(\$26)
36	February 2019	28	8.49%	(\$9,709)	\$952	\$876	(\$737)	(\$14)
37	March 2019	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$627,024)	\$61,509	\$56,572	(\$47,566)	(\$887)
39	Deferred Tax Without Proration	Line 25		(\$1,371,810)	\$134,570	\$123,768	(\$104,066)	(\$1,941)
40	Proration Adjustment	Line 38 - Line 39		\$744,786	(\$73,061)	(\$67,196)	\$56,500	\$1,054

Column Notes:

- (k) Sum of remaining days in the year (Col (i)) ÷ 365  
(m) through (t) = Current Year Line 25 ÷ 12 \* Current Month Col (k)

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of FY 2020 Net Deferred Tax Reserve Proration

Line No.			(a)=Sum of (b) through (h)	(b) Vintage Year 2019	(c) Vintage Year 2018	(d) Vintage Year 2017	(e) Vintage Year 2016
			Total				
	<b>Deferred Tax Subject to Proration</b>						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$9,625,953	\$2,178,479	\$1,985,110	\$1,810,308	\$1,479,463
2	Bonus Depreciation		\$0	\$0	\$0	\$0	\$0
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18	(\$12,618,454)	(\$4,830,848)	(\$2,881,252)	(\$1,820,263)	(\$1,478,858)
4	FY 2019 tax (gain)/loss on retirements		\$0	\$0	\$0	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$2,992,502)	(\$2,652,369)	(\$896,142)	(\$9,955)	\$605
6	Effective Tax Rate		35.00%	21.00%	35.00%	35.00%	35.00%
7	Deferred Tax Reserve	Line 5 * Line 6	(\$1,047,376)	(\$556,998)	(\$313,650)	(\$3,484)	\$212
	<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 3/31/2018		\$0	\$0			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0	\$0			
12	Effective Tax Rate		35.00%	35.00%			
13	Deferred Tax Reserve	Line 11 * Line 12	\$0	\$0			
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$1,047,376)	(\$556,998)	(\$313,650)	(\$3,484)	\$212
15	Net Operating Loss		\$0	\$0			
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$1,047,376)	(\$556,998)	(\$313,650)	(\$3,484)	\$212
	<b>Allocation of FY 2019 Estimated Federal NOL</b>						
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$2,652,369)	(\$2,652,369)			
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0			
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$2,652,369)	(\$2,652,369)			
20	Total FY 2019 Federal NOL		\$0	\$0			
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19 ) * Line 20	\$0	\$0			
22	Allocated FY 2019 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	(\$676,044)	(\$556,998)	(\$313,650)	(\$3,484)	\$212
		(j) (k)					
	<b>Proration Calculation</b>	Number of Days in Month Proration Percentage	(l)= Sum of (m) through (t)	(m)	(n)	(o)	(p)
26	April 2018	30 91.78%	(\$51,707)	(\$42,601)	(\$23,989)	(\$266)	\$16
27	May 2018	31 83.29%	(\$46,922)	(\$38,659)	(\$21,769)	(\$242)	\$15
28	June 2018	30 75.07%	(\$42,291)	(\$34,844)	(\$19,621)	(\$218)	\$13
29	July 2018	31 66.58%	(\$37,507)	(\$30,902)	(\$17,401)	(\$193)	\$12
30	August 2018	31 58.08%	(\$32,722)	(\$26,960)	(\$15,181)	(\$169)	\$10
31	September 2018	30 49.86%	(\$28,091)	(\$23,145)	(\$13,033)	(\$145)	\$9
32	October 2018	31 41.37%	(\$23,307)	(\$19,202)	(\$10,813)	(\$120)	\$7
33	November 2018	30 33.15%	(\$18,676)	(\$15,387)	(\$8,665)	(\$96)	\$6
34	December 2018	31 24.66%	(\$13,891)	(\$11,445)	(\$6,445)	(\$72)	\$4
35	January 2019	31 16.16%	(\$9,107)	(\$7,503)	(\$4,225)	(\$47)	\$3
36	February 2019	28 8.49%	(\$4,785)	(\$3,942)	(\$2,220)	(\$25)	\$1
37	March 2019	31 0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365	(\$309,005)	(\$254,591)	(\$143,362)	(\$1,593)	\$97
39	Deferred Tax Without Proration	Line 25	(\$676,044)	(\$556,998)	(\$313,650)	(\$3,484)	\$212
40	Proration Adjustment	Line 38 - Line 39	\$367,039	\$302,406	\$170,287	\$1,892	(\$115)

Column Notes:

- (k) Sum of remaining days in the year (Col (i)) ÷ 365  
(m) through (t) = Current Year Line 25 ÷ 12 \* Current Month Col (k)

The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Calculation of FY 2020 Net Deferred Tax Reserve Proration

		(a)=Sum of (b) through (h)	(f) Vintage Year 2015	(g) Vintage Year 2014	(h) Vintage Year 2013	(i) Vintage Year 2012		
Line No.	Deferred Tax Subject to Proration	Total						
1	Book Depreciation	Col (b) = Page 2 of 29, Line 16; Col (c) = Page 4 of 29, Line 16; Col (d) = Page 6 of 29, Line 16; Col (e) = Page 8 of 29, Line 16; Col (f) = Page 10 of 29, Line 16; Col (g) = Page 12 of 29, Line 16; Col (h) = Page 14 of 29, Line 15; Col (i) = Page 16 of 29, Line 13	\$9,625,953	\$2,062,926	\$578,263	(\$464,370)		
2	Bonus Depreciation		\$0	\$0	\$0	\$0		
3	Remaining MACRS Tax Depreciation	Col (b) = Page 3 of 29, Line 20; Col (c) = Page 5 of 29, Line 18; Col (d) = Page 7 of 29, Line 18; Col (e) = Page 9 of 29, Line 18; Col (f) = Page 11 of 29, Line 18; Col (g) = Page 13 of 29, Line 18; Col (h) = Page 15 of 29, Line 18; Col (i) = Page 17 of 29, Line 18	(\$12,618,454)	\$ (1,552,696)	(\$207,766)	\$154,530		
4	FY 2019 tax (gain)/loss on retirements		\$0	\$0	\$0	\$0		
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$2,992,502)	\$510,230	\$370,497	(\$309,840)		
6	Effective Tax Rate		35.00%	35.00%	35.00%	35.00%		
7	Deferred Tax Reserve	Line 5 * Line 6	(\$1,047,376)	\$178,581	\$129,674	(\$108,444)		
Deferred Tax Not Subject to Proration								
8	Capital Repairs Deduction		\$0					
9	Cost of Removal		\$0					
10	Book/Tax Depreciation Timing Difference at 3/31/2018		\$0					
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0					
12	Effective Tax Rate		35.00%					
13	Deferred Tax Reserve	Line 11 * Line 12	\$0					
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$1,047,376)	\$178,581	\$129,674	(\$108,444)		
15	Net Operating Loss		\$0					
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$1,047,376)	\$178,581	\$129,674	(\$108,444)		
Allocation of FY 2019 Estimated Federal NOL								
17	Cumulative Book/Tax Timer Subject to Proration	Col (b) = Line 5	(\$2,652,369)					
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0					
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$2,652,369)					
20	Total FY 2019 Federal NOL		\$0					
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 / Line 19 ) * Line 20	\$0					
22	Allocated FY 2019 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	(\$676,044)	\$178,581	\$129,674	(\$108,444)		
(j) (k)								
Proration Calculation		Number of Days in Month	Proration Percentage	(l)= Sum of (m) through (t)	(q)	(r)	(s)	(t)
26	April 2018	30	91.78%	(\$51,707)	\$13,659	\$9,918	(\$8,294)	(\$148)
27	May 2018	31	83.29%	(\$46,922)	\$12,395	\$9,000	(\$7,527)	(\$134)
28	June 2018	30	75.07%	(\$42,291)	\$11,171	\$8,112	(\$6,784)	(\$121)
29	July 2018	31	66.58%	(\$37,507)	\$9,908	\$7,194	(\$6,016)	(\$107)
30	August 2018	31	58.08%	(\$32,722)	\$8,644	\$6,276	(\$5,249)	(\$94)
31	September 2018	30	49.86%	(\$28,091)	\$7,420	\$5,388	(\$4,506)	(\$80)
32	October 2018	31	41.37%	(\$23,307)	\$6,157	\$4,470	(\$3,739)	(\$67)
33	November 2018	30	33.15%	(\$18,676)	\$4,933	\$3,582	(\$2,996)	(\$53)
34	December 2018	31	24.66%	(\$13,891)	\$3,669	\$2,665	(\$2,228)	(\$40)
35	January 2019	31	16.16%	(\$9,107)	\$2,406	\$1,747	(\$1,461)	(\$26)
36	February 2019	28	8.49%	(\$4,785)	\$1,264	\$918	(\$768)	(\$14)
37	March 2019	31	0.00%	\$0	\$0	\$0	\$0	\$0
38	Total	365		(\$309,005)	\$81,625	\$59,271	(\$49,567)	(\$885)
39	Deferred Tax Without Proration	Line 25		(\$676,044)	\$178,581	\$129,674	(\$108,444)	(\$1,935)
40	Proration Adjustment	Line 38 - Line 39		\$367,039	(\$96,955)	(\$70,403)	\$58,877	\$1,051

Column Notes:

(k) Sum of remaining days in the year (Col (i)) ÷ 365

(m) through (t) = Current Year Line 25 ÷ 12 \* Current Month Col (k)

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2019 Electric Infrastructure, Safety,  
and Reliability Plan  
Revised Section 5: Attachment 1S  
Page 28 of 29**

**The Narragansett Electric Company  
d/b/a National Grid  
Electric Infrastructure, Safety, and Reliability (ISR) Plan  
Excess Deferred Taxes**

Line No.	Vintage Year	Cumulative Book Tax Timing Difference at 3/31/17 (a)	Cumulative Book Tax Timing Difference at 3/31/18 (b)	Difference (c) = (b)-(a)	Pro-Rated Change as of 12/31/17 (d)= (c) * 75%	Cumulative Timing Difference through 12/31/17 (e) = (d)*14%	Excess Deferred Taxes at 12/31/17 (f)
1	2012	\$ (622,650)	\$ (616,996)	\$ 5,653	\$ 4,240	\$ (618,410)	\$ (86,577)
2	2013	\$ (5,323,191)	\$ (5,039,425)	\$ 283,766	\$ 212,824	\$ (5,110,367)	\$ (715,451)
3	2014	\$ 6,655,614	\$ 6,320,184	\$ (335,430)	\$ (251,573)	\$ 6,404,042	\$ 896,566
4	2015	\$ 70,796,254	\$ 70,548,087	\$ (248,166)	\$ (186,125)	\$ 70,610,129	\$ 9,885,418
5	2016	\$ 60,218,631	\$ 60,467,565	\$ 248,935	\$ 186,701	\$ 60,405,332	\$ 8,456,746
6	2017	\$ 57,520,698	\$ 57,837,713	\$ 317,015	\$ 237,761	\$ 57,758,459	\$ 8,086,184
7	2018	\$ -	\$ 43,723,686	\$ 43,723,686	\$ 32,792,764	\$ 32,792,764	\$ 4,590,987

**Line Notes**

- 1(a) Page 16, Line 15(f)
- 1(b) Page 16, Line 15(h)
- 2(a) Page 14, Line 17(e)
- 2(b) Page 14, Line 17(g)
- 3(a) Page 12, Line 18(d)
- 3(b) Page 12, Line 18(f)
- 4(a) Page 10 Line 18(c)
- 4(b) Page 10, Line 18(e)
- 5(a) Page 8, Line 18(b)
- 5(b) Page 8, Line 18(d)
- 6(a) Page 6, Line 18(a)
- 6(b) Page 6, Line 18(b)
- 7(b) Page 4, Line 18(a)



**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2019 Electric Infrastructure, Safety,**  
**and Reliability Plan**  
**Revised Section 5: Attachment 1S**  
**Page 29 of 29**

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**Electric Infrastructure, Safety, and Reliability (ISR) Plan**  
**Calculation of Weighted Average Cost of Capital**

Line  
No.

1 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4065

	(a)	(b)	(c )	(d)	(e )
	Ratio	Rate	Rate	Taxes	Return
4 Long Term Debt	52.08%	5.30%	2.76%		2.76%
5 Short Term Debt	4.98%	1.60%	0.08%		0.08%
6 Preferred Stock	0.19%	4.50%	0.01%		0.01%
7 Common Equity	42.75%	9.80%	4.19%	2.26%	6.45%
8	<u>100.00%</u>		<u>7.04%</u>	<u>2.26%</u>	<u>9.30%</u>

9  
10 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 35% income tax  
11 rate

	(a)	(b)	(c )	(d)	(e )
	Ratio	Rate	Rate	Taxes	Return
13 Long Term Debt	49.95%	4.96%	2.48%		2.48%
14 Short Term Debt	0.76%	0.79%	0.01%		0.01%
15 Preferred Stock	0.15%	4.50%	0.01%		0.01%
16 Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
17	<u>100.00%</u>		<u>7.17%</u>	<u>2.51%</u>	<u>9.68%</u>

18  
19 (d) - Column (c) x 35% divided by (1 - 35%)  
20

21 Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4323 at 21% income tax  
22 rate

	Ratio	Rate	Rate	Taxes	Return
23 Long Term Debt	49.95%	4.96%	2.48%		2.48%
24 Short Term Debt	0.76%	0.79%	0.01%		0.01%
25 Preferred Stock	0.15%	4.50%	0.01%		0.01%
26 Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
27	<u>100.00%</u>		<u>7.17%</u>	<u>1.24%</u>	<u>8.41%</u>

28  
29 (d) - Column (c) x 21% divided by (1 - 21%)  
30

31 FY18 Blended Rate 9.36%  
32 Line 17(e) x 75% + Line 27(e) x 25%

**Revenue Requirement**  
**(Redlined)**

## **Section 5**

### **Revenue Requirement**

FY 2019 Electric ISR Plan Annual Filing [\(Revised\)](#)

## **Section 5: Revenue Requirement FY 2019 Proposal**

### **Introduction**

The attached proposed revenue requirement calculation reflects the revenue requirement related to the Company's proposed investment in its Electric ISR Plan for the fiscal year (FY) ended March 31, 2019.

As shown on Attachment 1 [S](#) to Section 5 ~~(Attachment 1)~~, Page 1, Column (b), the Company's FY 2019 Electric ISR Plan cumulative revenue requirement is [\\$32,056,404](#)~~32,754,385~~ and consists of the following elements: (1) operation and maintenance (O&M) expense associated with the Company's vegetation management (VM) activities, the Company's Inspection and Maintenance (I&M) program, and other programs, (2) the Company's capital investment in electric utility infrastructure, and (3) the FY 2019 Property Tax Recovery Adjustment. Lines 1, 2, and 3 of Column (b) reflect the forecasted FY 2019 revenue requirement related to current year O&M expenses for VM, I&M, and Other Programs of \$9,800,000 and \$867,000, and \$1,369,000, respectively. As described in Section 4 of this document, the Electric ISR Plan includes the recovery of O&M inspection and maintenance costs associated with the Company's Contact Voltage Detection and Repair Program (Contact Voltage Program), mandated by R.I. Gen. Laws §39- 2-25 and approved by the PUC in Docket No. 4237.<sup>1</sup> Contact Voltage Program costs are included in the \$867,000 of I&M expenses referred to above. Line 4 includes a reduction of \$163,749, which represents the portion of Contact Voltage Program costs that are being recovered in base rates from Docket No. 4323 and, therefore, should not be included in the Electric ISR revenue requirement.

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<sup>1</sup> R.I. Gen. Laws § 39-2-25(6)(c).

The FY 2019 revenue requirement associated with the Company's incremental capital investment in electric utility infrastructure of ~~\$20,882,134~~\$20,184,153 is shown on Line 20. This amount includes (1) the ~~\$3,087,133~~\$3,239,642 revenue requirement on FY 2019 proposed incremental ISR capital investment, as calculated on Attachment 1S, Page 2, (2) the FY 2019 revenue requirements on incremental ISR capital investment for FY 2012 through FY 2018 totaling ~~\$14,699,828~~\$14,105,160, and (3) the FY 2019 Property Tax Recovery Adjustment of ~~\$3,095,173~~\$2,839,351 from Attachment 1S, Page 21. Importantly, the incremental capital investment for the FY 2019 Electric ISR revenue requirement excludes capital investment embedded in base rates in Docket No. 4323 for FY 2012, FY 2013 and FY 2014. Incremental electric capital investment for this purpose is defined as cumulative allowed capital plus cost of removal, less annual depreciation expense embedded in the Company's base rates, net of depreciation expense attributable to general plant. The total annual FY 2019 Electric ISR Plan revenue requirement for both O&M expenses and capital investment is ~~\$32,056,404~~\$32,754,385, as reflected in Column (b) on Line 21, and is equal to the sum of Lines 5 and 20.

For illustration purposes only, Column (c) of Page 1 provides the FY 2019 revenue requirement for the respective vintage year capital investments. These amounts will be trued up to actual investment activity after the conclusion of the FY, with rate adjustments for the revenue requirement differences incorporated in future ISR filings.

### **Operation and Maintenance Expenses**

As previously noted, the Company's FY 2019 Electric ISR Plan revenue requirement includes \$9,800,000 of VM, \$867,000 of I&M expenses, and \$1,369,000 of Other Program

expenses as shown on Page 1, Lines 1, 2, and 3 in Column (b) of Attachment 1S. As described above, the Electric ISR Plan I&M component includes the recovery of O&M inspection and maintenance costs associated with the Company's Contact Voltage Program. However, the Company's base rates are recovering \$163,749 of voltage monitoring costs, so that amount is being deducted on Line 4 in determining total FY 2019 O&M expenses of \$11,872,251, as shown on Line 5 of Attachment 1S.

## **Electric Infrastructure Investment**

### Incremental Capital Investment

Page 2 of Attachment 1S calculates the revenue requirement of incremental capital investment associated with the Company's FY 2019 Electric ISR Plan; that is, electric infrastructure investment (net of general plant) incremental to the amounts embedded in the Company's base distribution rates. The proposed capital investment and estimated cost of removal were obtained from Chart 10 of Section 2 in this Plan. The FY 2019 revenue requirement also includes the incremental capital investment associated with the Company's FY 2012 through FY 2018 Electric ISR Plans, excluding investments reflected in rate base in Docket No. 4323 for FY 2012 through FY 2014. Page 18 of Attachment 1S calculates the incremental FY 2012 through FY 2014 ISR capital investment and the related incremental cost of removal and incremental retirements for the FY 2019 electric ISR revenue requirement. The calculations on Page 18 compare ISR-eligible capital investment, cost of removal and retirements for FY 2012 through FY 2014 to the corresponding amounts reflected in Docket No. 4323.

For purposes of calculating the capital-related revenue requirement, investments in electric infrastructure have been divided into two categories: (1) non-discretionary capital investments, which principally represent the Company's commitment to meet statutory and/or regulatory obligations, and (2) discretionary capital investments, which represent all other electric infrastructure-related capital investment falling outside of the specifically defined non-discretionary categories. This ISR plan limits the amount of eligible discretionary capital investments made since April 1, 2011 to the lesser of cumulative discretionary capital additions, or the cumulative amount of discretionary project spend as agreed to by the Division and as approved by the PUC since the April 1, 2011 effective date of this ISR mechanism. This limitation on discretionary capital investment will be analyzed as a part of the previously mentioned annual reconciliation of the proposed ISR investment to actual investment activity after the conclusion of the fiscal year.

### **Electric Infrastructure Revenue Requirement**

The revenue requirement calculation on incremental electric infrastructure investment for vintage year FY 2019 is shown on Page 2 of Attachment 1[S](#). The revenue requirement calculation incorporates the incremental Electric ISR Plan capital investment, cost of removal, and retirements. The calculation on Page 2 begins with the determination of the depreciable net incremental capital that will be included in the ISR Plan rate base. Because depreciation expense is affected by plant retirements, retirements have been deducted from the total allowed capital included in ISR Plan rate base in determining depreciation expense. Retirements, however, do not affect rate base because both plant-in-service and the depreciation reserve are reduced by the

installed value of the plant being retired and therefore have no impact on net plant. For purposes of calculating the revenue requirement, plant retirements have been estimated based on the three-year average percentage of retirements to additions during FY 2015 through FY 2017, and have been deducted from the total depreciable capital amount as shown on Lines 4 through 6.

Incremental book depreciation expense on Line 16 is computed based on the net depreciable additions, from Line 6 at the 3.40 percent composite depreciation rate as approved in Docket No. 4065,<sup>2</sup> and as shown on Line 12. The Company has assumed a half year convention for the year of installation. Unlike retirements, cost of removal affects rate base but not depreciation expense. Consequently, the cost of removal, as shown on Line 10, is combined with the incremental depreciable amount from Line 9 (vintage year ISR Plan allowable capital additions less non-general plant depreciation expense included in base distribution rates) to arrive at the incremental investment on Line 11 to be included in the rate base upon which the return component of the annual revenue requirement is calculated.

The rate base calculation incorporates net plant from Line 11 and accumulated depreciation and accumulated deferred tax reserves, as shown on Lines 17 and 23, respectively. The deferred tax amount arising from the capital investment, as calculated on Lines 18 through 23, equals the difference between book depreciation and tax depreciation on the capital investment, times the effective tax rate [of 21 percent](#), net of any tax NOL and proration adjustment. The calculation of tax depreciation is described below. The average rate base is shown on Line [2928](#). This amount is multiplied by the pre-tax rate of return approved by the PUC in Docket No. 4323, as [calculated on Page 29 and](#) shown on Line [3029](#), to compute the

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<sup>2</sup> The PUC did not change depreciation rates in the Company's base rate filing in Docket No. 4323.



return and tax portion of the incremental revenue requirement, as shown on Line 3031. As reflected on Line 3234, incremental depreciation expense is added to this amount. The sum of these amounts reflects the annual revenue requirement associated with the capital investment portion of the Company's Electric ISR Plan on Line 3233, which is carried forward to Page 1, Line 13, as part of the total Electric ISR Plan revenue requirement. Similar revenue requirement calculations for the vintage FY 2018 through FY 2012 incremental ISR Plan capital investments are shown on Attachment 1S at Pages 4, 6, 8, 10, 12, 14 and 16. These capital investment revenue requirement and property tax amounts are added to the total O&M expenses on Attachment 1S, Page 1, Line 5, to derive the total FY 2019 Electric ISR Plan revenue requirement of \$32,056,404~~32,754,385~~, as shown on Page 1, Line 2149. This represents a \$5,219,225~~5,917,206~~ increase from the FY 2018 Electric ISR Plan revenue requirement, as shown on Line 22.

### **Tax Depreciation Calculation**

The tax depreciation calculation for FY 2019 is provided on Attachment 1S, Page 3. The tax depreciation amount assumes that a portion of the capital investment, as shown on Line 1 of Page 3, will be eligible for immediate deduction on the Company's corresponding FY federal

income tax return. This immediate deductibility is referred to as the capital repairs deduction.<sup>3</sup>

In addition, plant additions not subject to the capital repairs deduction may be subject to bonus depreciation [for vintage FY 2012 through FY 2018as shown on Page 3, Lines 4 through 12 for FY 2019](#). In 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the [2010](#) Act), which provided for an extension of bonus depreciation. Specifically, the [2010](#) Act provides for the application of 100 percent bonus depreciation for investment constructed and placed into service after September 8, 2010 through December 31, 2011, and then 50 percent bonus depreciation for similar capital investment placed into service after December 31, 2011 through December 31, 2012. The 50 percent bonus depreciation rate was later extended through December 31, 2013 and then extended further through December 31, 2017 through the Protecting Americans from Tax Hikes (PATH) Act. The PATH Act also extended bonus depreciation through 2019 with the rate phasing down to 40 percent in 2018 and 30 percent in 2019. [On December 22, 2017, the Tax Cuts and Jobs Act of 2017 \(2017 Tax Act\) was signed into law by the President, which, among other things, eliminated bonus depreciation for certain capital investments, including ISR-eligible investments, effective September 28, 2017. Consequently, no bonus depreciation has been](#)

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<sup>3</sup> In 2009, the Internal Revenue Service (IRS) issued additional guidance under Internal Revenue Code Section 162, related to certain work considered to be repair and maintenance expense and which is eligible for immediate tax deduction for income tax purposes but capitalized by the Company for book purposes. As a result of this additional guidance, the Company recorded a one-time tax expense for repair and maintenance costs in its FY 2009 federal income tax return, which National Grid Holdings, Inc. filed on December 11, 2009. Since that time, the Company has taken a capital repairs deduction on all subsequent FY tax returns. This has formed the basis for the capital repairs deduction assumed in the Company's revenue requirement. This tax deduction has the effect of increasing deferred taxes and lowering the revenue requirement that customers will pay under the capital investment reconciliation mechanism. The Company's federal income tax returns are subject to audit by the IRS. If it is determined in the future that the Company's position on its tax returns on this matter was incorrect, the Company will reflect any related IRS disallowances, plus any associated interest assessed by the IRS, in a subsequent reconciliation filing under the ISR Plan.

~~calculated related to vintage FY 2019 capital investment. In accordance with the PATH Act, capital investments made from April 2018 through December 2018 are eligible for 40 percent bonus depreciation, and capital investments made from January 2019 through March 2019 are eligible for 30 percent bonus depreciation as shown on Page 3, Lines 9 and 10.~~ Finally, the remaining plant additions not deducted as bonus depreciation are then subject to the IRS Modified Accelerated Cost-Recovery System (MACRS) tax depreciation rate. Also, the IRS clarified its tangible property regulations, and, consequently, the Company submitted a §481(a) election with the IRS to apply for a change in accounting method regarding the treatment of gains or losses on asset retirements, which are characterized as partial retirements for tax purposes. This election was submitted to the PUC, as required under IRS rules, on December 17, 2015. The late partial disposition election was made to protect the Company's deduction of cost of removal (COR). Otherwise, the Company would have been required to make a §481(a) adjustment to reverse all historical COR deductions, resulting in a substantial reduction in deferred tax liabilities. Because the Company made the election, COR remains 100% deductible. The vintage FY 2015 through FY 2019 tax depreciation calculations in this filing now include an additional tax deduction related to this change in accounting issue. The total amount of tax depreciation equals the amount of capital repairs deduction plus the bonus depreciation deduction, MACRS depreciation, the tax loss on retirements, and cost of removal. These annual total tax depreciation amounts are carried forward to Page 2 of Attachment 1 [S](#), and incorporated in the deferred tax calculation. Similar tax depreciation calculations are provided for FY 2018 through FY 2012 on Attachment 1 [S](#), Pages 5, 7, 9, 11, 13, 15 and 17.

### **Tax Cuts and Jobs Act of 2017 (2017 Tax Act)**

The 2017 Tax Act has many elements, but two particular aspects of the new law have an impact on the Electric ISR revenue requirement. The first is the reduction of the federal income tax rate from 35 percent to 21 percent commencing January 1, 2018. The second 2017 Tax Act element affecting the Electric ISR revenue requirement involves the elimination of bonus depreciation, effective September 28, 2017, affecting ISR capital investment as described above.

The decrease in the federal income tax rate from 35 percent to 21 percent reduces the amount of income tax to be recovered from customers on the return on equity component of each Electric ISR vintage year revenue requirement. The return on rate base in each revenue requirement is calculated by multiplying the Electric ISR rate base by the weighted average cost of capital (WACC). The equity component of the return on rate base is the taxable component of the Electric ISR revenue requirement. The federal income taxes that the Company must recover from customers are derived by grossing up the WACC to a pre-tax rate of return. The calculation of the pre-tax WACC is shown on Attachment 1S, Page 29. The pre-tax WACC approved in Docket No. 4323 was 9.68 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 8.41 percent. This new pre-tax WACC is in effect for the entirety of the FY 2019 revenue requirement since the effective date of the federal income tax rate change occurred prior to the start of FY 2019. However, the Company used a blended WACC of 9.36 percent to calculate the return on rate base on the FY 2018 column of each vintage year revenue requirement calculation, 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).

As a consequence of the reduction in the federal income tax rate from 35 percent to 21 percent, 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, because deferred taxes are an offset to rate base in the Electric ISR revenue requirement, 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 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 represent the net benefit as of December 31, 2017 that will eventually be earned by the Company through reduced future income taxes, and ultimately passed back to customers through base distribution rates, along with non-ISR embedded plant-related excess deferred taxes and non-plant excess deferred taxes. The period of time during which the pass back of the depreciation related excess deferred taxes to customers will take place will be over the average remaining book life of the Company's plant assets, in accordance with the normalization deferred tax provisions of the 2017 Tax Act. Other unprotected excess deferred tax balances will be returned to customers over a period of time agreed with the PUC. The Company is currently in the process of calculating the amount of excess deferred taxes and the period of time to return that amount to customers in connection with the Company's pending

general distribution rate case in Docket No. 4770. The restatement of the Electric ISR deferred tax balances at the new 21 percent tax rate, and the addition of the new line item for excess deferred taxes to counteract its effect, results in a very small change to the amount of total FY 2019 revenue requirement.

The excess deferred income taxes are calculated on Attachment 1S, Page 28. The Company derived the excess deferred income tax amounts by calculating the balance of ISR deferred taxes as of December 31, 2017 by vintage fiscal year, and multiplying that amount by the 14 percent change in the tax rate (35 percent minus 21 percent).

### **Federal Net Operating Loss**

Tax net operating losses (NOLs) are generated when the Company has tax deductions on its income tax returns that exceed its taxable income. This does not mean that the Company is suffering losses in its financial statements; instead, the Company's tax NOLs are the result of the significant tax deductions that have been generated in recent years by the bonus depreciation and capital repairs tax deductions. In addition to first-year bonus tax depreciation, the US tax code allows the Company to classify certain costs as repairs expense, which the Company takes as an immediate deduction on its income tax return; however, these costs are recorded as plant investment on the Company's books. These significant bonus depreciation and capital repairs tax deductions have exceeded the amount of taxable income reported in tax returns filed for FY 2009 to FY 2016, with the exception of FY 2011. NOLs are recorded as non-cash assets on the Company's balance sheet and represent a benefit that the Company and customers will receive

when the Company is able to realize actual cash savings and applies these NOLs against taxable income in the future. If the [e](#)Company is able to utilize any of its currently accumulated NOLs in future tax years, the benefit will flow to customers in the particular fiscal year the benefit is reflected in the Company's federal income tax return.

NOLs are an offset to the Company's accumulated deferred income taxes. Accumulated deferred income taxes, which equals the difference between book depreciation and tax depreciation on ISR capital investment times the effective rate, are included as a credit or reduction in the calculation of rate base. However, since the Company was not able to fully utilize all of its tax deductions, tax NOLs were recorded which offset a portion of the rate base reduction for accumulated deferred income taxes.

As indicated above, the Company has generated NOLs on its fiscal year tax returns from FY 2009 to FY 2016, with the exception of FY 2011. [The Company filed its FY 2017 federal income tax return in December 2017. The Company's tax deductions did not exceed taxable income in FY 2017, meaning that the Company earned taxable income in FY 2017. Therefore, no NOL offset to accumulated deferred income taxes has been included in the FY 2017 rate base calculation.](#) The Company is currently estimating that in ~~FY 2017~~, FY 2018 and FY 2019 there will be taxable income; therefore, the NOL amount is zero. Actual and estimated NOLs can be found in the FY 2016, FY 2015, FY 2014, FY 2013, and FY 2012 revenue requirement calculations on Pages 8, 10, 12, 14 and 16, respectively. If the Company is able to utilize any of its currently accumulated NOLs in future tax years, that benefit will be flowed through to customers.

### **Accumulated Deferred Income Tax Proration Adjustment**

The Electric ISR Plan includes a proration calculation regarding the accumulated deferred income tax (ADIT) balance included in rate base. The calculation fulfills requirements set out under IRS Regulation 26 C.F.R. §1.167(1)-1(h)(6). This regulation stipulates normalization requirements for regulated entities so that the benefits of accelerated depreciation are not passed back to customers too quickly. The penalty of a normalization violation is the loss of all federal income tax deductions for accelerated depreciation, including bonus depreciation. Any regulatory filing that includes capital expenditures, book depreciation expense and ADIT related to those capital expenditures must follow the normalization requirements. When the regulatory filing is based on a future period, the deferred tax must be prorated to reflect the period of time that the ADIT balances are in rate base. This filing includes FY 2018, FY 2019 and FY 2020 proration calculations at Page 25[a and 25b](#), 26[a and 26b](#), and 27[a and 27b](#), respectively, the effects of which are included in each year's respective revenue requirement.

### **Property Tax Recovery Adjustment**

The Property Tax Recovery Adjustment is shown on Pages 20 through 22 of Attachment 1[S](#). The method used to recover property tax expense under the ISR was modified by the rate case settlement agreement in Docket No. 4323. In determining the base on which property tax expense is calculated for purposes of the ISR revenue requirement, the Company includes an amount equal to the base-rate allowance for depreciation expense and depreciation expense on incremental ISR plant additions in the accumulated reserve for depreciation that is deducted from plant in service. The ISR property tax recovery adjustment also includes the



impact of any changes in the Company's effective property tax rates on base-rate embedded property, plus cumulative ISR net additions. Property tax impacts associated with non-ISR plant additions are excluded from the property tax recovery calculation. This provision of the settlement agreement became effective for ISR property tax recovery periods subsequent to the January 31, 2014 end of the rate year. The FY 2019 revenue requirement includes [\\$3,095,1732,839,351](#) for the net property tax recovery adjustment.



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4783  
RE: FY 2019 ELECTRIC INFRASTRUCTURE,  
SAFETY, AND RELIABILITY PLAN (REVISED)  
WITNESS: ADAM S. CRARY**

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**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**ADAM S. CRARY**

**February 22, 2018**

**Table of Contents**

**I. Introduction..... 1**

**II. Proposed Factors..... 1**

**III. Bill Impacts..... 2**

**IV. Conclusion ..... 3**

1   **I.     INTRODUCTION**

2   **Q.     Please state your name and business address.**

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

6   **Q.     Have you previously submitted testimony in this docket?**

7   A.     Yes. On December 21, 2017, I submitted pre-filed direct testimony in The Narragansett  
8           Electric Company d/b/a National Grid's (the Company) annual Electric Infrastructure,  
9           Safety, and Reliability (ISR) Plan for Fiscal Year (FY) 2019 (Initial ISR Filing) regarding  
10          the calculation of the Company's proposed FY 2019 ISR CapEx and O&M factors and  
11          resulting bill impacts based on the proposed factors.

13  **Q.     What is the purpose of your supplemental testimony?**

14  A.     The purpose of my supplemental testimony is to revise Sections 6 and 7 of the FY 2019  
15          ISR Plan, which describes the calculation of the proposed FY 2019 ISR factors and the  
16          customer bill impacts of the proposed ISR factors.

18  **II.    PROPOSED FACTORS**

19  **Q.     Is the Company proposing any changes to the proposed FY2019 ISR factors?**

20  A.     Yes, the Company has updated the revenue requirement associated with ISR capital  
21          investment based on changes described in the pre-filed supplemental direct testimony of

1 William R. Richer and Pamela D. Bushmich. The Company has not made any changes to  
2 the estimated O&M expense for the FY 2019 ISR Plan. Therefore, the Company is  
3 proposing revised CapEx Factors in this supplemental filing, but is not proposing any  
4 changes to its O&M Factors.

5  
6 **Q. Please describe the calculation of the proposed revised CapEx Factors.**

7 A. The proposed revised CapEx Factors are calculated in the same manner as in the Initial  
8 ISR Filing, but are designed to recover the revised FY 2019 revenue requirement of  
9 \$20,184,153<sup>1</sup> as developed in the testimony of William R. Richer and Pamela D.  
10 Bushmich. The calculation of the proposed revised CapEx Factors is set forth in the ISR  
11 Plan, Revised Section 6, page 3 and summarized in Revised Section 6, page 1.

12  
13 **III. BILL IMPACTS**

14 **Q. Has the Company prepared monthly bill impacts illustrating the effect of the**  
15 **proposed revised ISR CapEx Factors?**

16 A. Yes. The monthly bill impacts for each rate class are shown on Revised Section 7 of the  
17 ISR Plan. For a residential customer receiving Standard Offer Service and using 500 kWh  
18 per month, implementation of the proposed revised ISR CapEx Factors and the proposed  
19 O&M Factors presented in the Initial ISR Filing will result in a monthly bill increase of  
20 \$0.53, or 0.5%.

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<sup>1</sup> See Revised Section 5: Attachment 1S, Page 1, Line 20, Column (b).

1    **IV.    CONCLUSION**

2    **Q.    Does this conclude your testimony?**

3    **A.    Yes, it does.**

## **Section 6**

### **Rate Design and Rates FY 2019 Electric ISR Plan Annual Filing (Revised)**



The Narragansett Electric Company  
Infrastructure, Safety and Reliability Plan Factors  
Summary of Proposed Factors  
Effective April 1, 2018 - March 31, 2019

	Residential <u>A-16 / A-60</u> (a)	Small C&I <u>C-06</u> (b)	General C&I <u>G-02</u> (c)	200 kW Demand <u>B-32</u> (d)	200 kW Demand <u>G-32</u> (e)	5000 kW Demand <u>B-62</u> (f)	5000 kW Demand <u>G-62</u> (g)	Lighting S-05 / S-06 <u>S-10 / S-14</u> (h)	Propulsion <u>X-01</u> (i)
(1) O&M Factor per kWh	\$0.00193	\$0.00195	\$0.00142	\$0.00092	\$0.00092	n/a	n/a	\$0.01898	\$0.00142
(2) O&M Factor per kW	n/a	n/a	n/a	n/a	n/a	n/a	\$0.45	n/a	n/a
(3) Back-Up Service O&M Factor per kW	n/a	n/a	n/a	\$0.05	n/a	\$0.04	n/a	n/a	n/a
(4) CapEx kWh Factor	\$0.00360	\$0.00327	n/a	n/a	n/a	n/a	n/a	\$0.02247	\$0.00264
(5) CapEx kW Factor	n/a	n/a	\$0.81	\$0.89	\$0.89	\$0.73	\$0.73	n/a	n/a
(6) Back-Up Service CapEx kW Factor	n/a	n/a	n/a	\$0.09	n/a	\$0.07	n/a	n/a	n/a

- (1) Page 2, Line (6); Column (d) applicable to supplemental kWh deliveries only  
(2) Page 2, Column (f), Line (8)  
(3) Page 4, Line (4)  
(4) Page 3, Line (6)  
(5) Columns (c), through (g): Page 3, Line (8); Columns (d) and (f): applicable to supplemental service only  
(6) Page 4, Line (6)

The Narragansett Electric Company  
Proposed FY19 Operations & Maintenance Factors  
Effective April 1, 2018 - March 31, 2019

	<u>Total</u> (a)	<u>Residential</u> A-16 / A60 (b)	<u>Small C&amp;I</u> C-06 (c)	<u>General C&amp;I</u> G-02 (d)	<u>200 kW Demand</u> B-32 / G-32 (e)	<u>5000 kW Demand</u> B-62 / G-62 (f)	<u>Lighting</u> S-05 / S-06 S-10 / S-14 (g)	<u>Propulsion</u> X-01 (h)
(1) FY2019 Forecasted Vegetation Management and Inspection & Maintenance O&M Expense	\$11,872,251							
(2) Operating & Maintenance Expense - Rate Year Allowance (\$000s)	\$35,640	\$17,115	\$3,503	\$5,508	\$5,438	\$1,306	\$2,668	\$102
(3) Percentage of Total	100.00%	48.02%	9.83%	15.45%	15.26%	3.66%	7.49%	0.29%
(4) Allocated Vegetation Management and Inspection & Maintenance O&M Expense	\$11,872,251	\$5,701,279	\$1,166,905	\$1,834,802	\$1,811,484	\$435,049	\$888,753	\$33,978
(5) Forecasted kWh - April 2018 through March 2019	7,292,662,088	2,952,217,339	598,406,291	1,290,644,353	1,958,411,647	422,246,350	46,812,226	23,923,882
(6) Vegetation Management and Inspection & Maintenance O&M Expense Factor per kWh		\$0.00193	\$0.00195	\$0.00142	\$0.00092	n/a	\$0.01898	\$0.00142
(7) Forecasted kW - April 2018 through March 2019						950,923		
(8) Vegetation Management and Inspection & Maintenance O&M Expense Factor per kW		n/a	n/a	n/a	n/a	\$0.45	n/a	n/a

- (1) per Revised Section 5: Attachment 1S, Page 1, Line 5 column (b)  
(2) R.I.P.U.C. 4323, Compliance Attachment 3A, (Schedule HSG-1), page 4, line 72  
(3) Line (2) ÷ Line (2) Column (a)  
(4) Line (1) Column (a) x Line (3)  
(5) Company forecasts  
(6) Line (4) ÷ Line (5), truncated to 5 decimal places  
(7) per estimated billing demand in forecasted kWh, and actual hours use for CY 2017  
(8) Line (4) ÷ Line (7), truncated to 2 decimal places

The Narragansett Electric Company  
Proposed FY19 CapEx Factors  
Effective April 1, 2018 - March 31, 2019

	Total (a)	Residential <u>A-16 / A-60</u> (b)	Small C&I <u>C-06</u> (c)	General C&I <u>G-02</u> (d)	200 kW Demand <u>B-32 / G-32</u> (e)	5000 kW Demand <u>B-62 / G-62</u> (f)	Lighting S-05 / S-06 <u>S-10 / S-14</u> (g)	Propulsion <u>X-01</u> (h)
(1) Proposed FY2019 Capital Investment Component of Revenue Requirement	\$20,184,153							
(2) Total Rate Base (\$000s)	\$561,738	\$296,490	\$54,542	\$82,460	\$77,651	\$19,545	\$29,286	\$1,764
(3) Percentage of Total	100.00%	52.78%	9.71%	14.68%	13.82%	3.48%	5.21%	0.31%
(4) Allocated Proposed Revenue Requirement	\$20,184,153	\$10,653,346	\$1,959,784	\$2,962,920	\$2,790,130	\$702,285	\$1,052,305	\$63,383
(5) Forecasted kWh - April 2018 through March 2019	7,292,662,088	2,952,217,339	598,406,291	1,290,644,353	1,958,411,647	422,246,350	46,812,226	23,923,882
(6) Proposed CapEx Factor - per kWh		\$0.00360	\$0.00327	n/a	n/a	n/a	\$0.02247	\$0.00264
(7) Forecasted kW - April 2018 through March 2019				3,620,514	3,125,694	950,923		
(8) Proposed CapEx Factor - per kW		n/a	n/a	\$0.81	\$0.89	\$0.73	n/a	n/a

- (1) per Revised Section 5: Attachment 1S, Page 1, Line 20, Column (b)  
(2) R.I.P.U.C. 4323, Compliance Attachment 3A, (Schedule HSG-1), Page 2, Line (10)  
(3) Line (2) ÷ Line (2) Column (a)  
(4) Line (1), Column (a) x Line (3)  
(5) per Company forecast  
(6) Line (4) ÷ Line (5), truncated to 5 decimal places  
(7) per estimated billing demand in forecasted kWh, and actual hours use for CY 2017  
(8) Line (4) ÷ Line (7), truncated to 2 decimal places  
Note: charges apply to kW>10 for rate class G-02 and kW>200 for rate class B-32/G-32

The Narragansett Electric Company  
Calculation of Operations & Maintenance and CapEx Factors and  
Base Distribution Charge for Back-up Service Rates

	200 kW Demand <u>B-32</u> (a)	5000 kW Demand <u>B-62</u> (b)
<u>Operations &amp; Maintenance Factors</u>		
(1) Allocated Vegetation Management and Inspection & Maintenance O&M Expense	\$1,811,484	\$435,049
(2) Forecasted kW - April 2018 through March 2019	3,125,694	950,923
Vegetation Management and Inspection & Maintenance O&M Expense		
(3) Charge per kW	\$0.57	\$0.45
(4) Discounted O&M kW Factor effective April 1, 2018	\$0.05	\$0.04
<u>CapEx Factors</u>		
(5) Proposed CapEx kW Factor effective April 1, 2018	\$0.89	\$0.73
(6) Discounted CapEx kW Factor effective April 1, 2018	\$0.09	\$0.07

- (1) Page 2, Line (4)
- (2) per estimated billing demand in forecasted kWh, and actual hours use for CY 2017
- (3) Line (1) ÷ Line (2), truncated to 2 decimal places
- (4) Line (3) x .10, truncated to 2 decimal places
- (5) Page 3, Line (8)
- (6) Line (5) x .10, truncated to 2 decimal places

## **Section 7**

### **Bill Impacts**

#### **FY 2019 Electric ISR Plan Annual Filing (Revised)**

Calculation of Monthly Typical Bill  
Total Bill Impact of Proposed  
Rates Applicable to A-16 Rate Customers

Monthly kWh (a)	Present Rates			Proposed Rates			Increase (Decrease)			Increase (Decrease) % of Total Bill			Percentage of Customers (n)
	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (f)	Supply Services (g)	GET (h)	Total (i)	
150	\$20.36	\$14.27	\$1.44	\$36.07	\$20.52	\$14.27	\$1.45	\$36.24	\$0.16	\$0.00	\$0.01	\$0.17	0.5%
300	\$34.14	\$28.55	\$2.61	\$65.30	\$34.45	\$28.55	\$2.63	\$65.63	\$0.31	\$0.00	\$0.02	\$0.33	0.5%
400	\$43.32	\$38.06	\$3.39	\$84.77	\$43.73	\$38.06	\$3.41	\$85.20	\$0.41	\$0.00	\$0.02	\$0.43	0.5%
500	\$52.51	\$47.58	\$4.17	\$104.26	\$53.02	\$47.58	\$4.19	\$104.79	\$0.51	\$0.00	\$0.02	\$0.53	0.5%
600	\$61.69	\$57.09	\$4.95	\$123.73	\$62.30	\$57.09	\$4.97	\$124.36	\$0.61	\$0.00	\$0.02	\$0.63	0.5%
700	\$70.87	\$66.61	\$5.73	\$143.21	\$71.59	\$66.61	\$5.76	\$143.96	\$0.72	\$0.00	\$0.03	\$0.75	0.5%
1,200	\$116.79	\$114.18	\$9.62	\$240.59	\$118.01	\$114.18	\$9.67	\$241.86	\$1.22	\$0.00	\$0.05	\$1.27	0.5%
2,000	\$190.25	\$190.30	\$15.86	\$396.41	\$192.29	\$190.30	\$15.94	\$398.53	\$2.04	\$0.00	\$0.08	\$2.12	0.5%

Line Item on Bill

Proposed Rates

Present Rates

(o)	(p)
(1) Distribution Customer Charge	\$5.00
(2) LIHEAP Enhancement Charge	\$0.81
(3) Renewable Energy Growth Charge	\$0.78
(4) Distribution Charge (per kWh)	\$0.03664
(5) Operating & Maintenance Expense Charge	\$0.00193
(6) Operating & Maintenance Expense Reconciliation Factor	(\$0.00001)
(7) CapEx Factor Charge	\$0.00288
(8) CapEx Reconciliation Factor	(\$0.00135)
(9) Revenue Decoupling Adjustment Factor	\$0.00118
(10) Pension Adjustment Factor	(\$0.00085)
(11) Storm Fund Replenishment Factor	\$0.00288
(12) Long-term Contracting for Renewable Energy Charge	\$0.00622
(13) Net Metering Charge	\$0.00023
(14) Base Transmission Charge	\$0.03169
(15) Transmission Adjustment Factor	(\$0.00029)
(16) Transmission Uncollectible Factor	\$0.00039
(17) Base Transition Charge	\$0.00009
(18) Transition Adjustment	\$0.00048
(19) Energy Efficiency Program Charge	\$0.01002
(20) Standard Offer Service Base Charge	\$0.09792
(21) SOS Adjustment Factor	(\$0.00465)
(22) SOS Administrative Cost Adjustment Factor	\$0.00148
(23) Renewable Energy Standard Charge	\$0.00040

Line Item on Bill

(24) Customer Charge	\$5.00
(25) LIHEAP Enhancement Charge	\$0.81
(26) RE Growth Program	\$0.78
(27) Transmission Charge	\$0.03179
(28) Distribution Energy Charge	\$0.04300
(29) Transition Charge	\$0.00057
(30) Energy Efficiency Programs	\$0.01002
(31) Renewable Energy Distribution Charge	\$0.00645
(32) Supply Services Energy Charge	\$0.09515

Column (o): per Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2095 effective 1/1/2018, and Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096 effective 1/1/2018

Column (p):

Lines (1) through (4), (6), (8) through (19): Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2095, effective 1/1/2018. Lines (20) through (23): Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096, effective 1/1/2018

Line (5): Proposed Operating & Maintenance Expense Charge per Revised Section 6, Page 1, Line (1), Column (a)

Line (7) Proposed CapEx Factor Charge per Revised Section 6, Page 1, Line (4), Column (a)

Calculation of Monthly Typical Bill  
Total Bill Impact of Proposed  
Rates Applicable to A-60 Rate Customers

Monthly kWh (a)	Present Rates			Proposed Rates			\$ Increase (Decrease)			Increase (Decrease) % of Total Bill			Percentage of Customers (n)				
	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (f)	Supply Services (g)	GET (h)	Total (i)		Delivery Services (j)	Supply Services (k)	GET (l)	Total (m)
150	\$13.34	\$14.27	\$1.15	\$28.76	\$13.50	\$14.27	\$1.16	\$28.93	\$0.16	\$0.00	\$0.01	\$0.17	0.6%	0.0%	0.0%	0.6%	32.1%
300	\$25.10	\$28.55	\$2.24	\$55.89	\$25.40	\$28.55	\$2.25	\$56.20	\$0.30	\$0.00	\$0.01	\$0.31	0.5%	0.0%	0.0%	0.6%	15.4%
400	\$32.93	\$38.06	\$2.96	\$73.95	\$33.34	\$38.06	\$2.98	\$74.38	\$0.41	\$0.00	\$0.02	\$0.43	0.6%	0.0%	0.0%	0.6%	12.5%
500	\$40.77	\$47.58	\$3.68	\$92.03	\$41.28	\$47.58	\$3.70	\$92.56	\$0.51	\$0.00	\$0.02	\$0.53	0.6%	0.0%	0.0%	0.6%	9.6%
600	\$48.61	\$57.09	\$4.40	\$110.10	\$49.22	\$57.09	\$4.43	\$110.74	\$0.61	\$0.00	\$0.03	\$0.64	0.6%	0.0%	0.0%	0.6%	7.2%
700	\$56.44	\$66.61	\$5.13	\$128.18	\$57.16	\$66.61	\$5.16	\$128.93	\$0.72	\$0.00	\$0.03	\$0.75	0.6%	0.0%	0.0%	0.6%	16.4%
1,200	\$95.62	\$114.18	\$8.74	\$218.54	\$96.85	\$114.18	\$8.79	\$219.82	\$1.23	\$0.00	\$0.05	\$1.28	0.6%	0.0%	0.0%	0.6%	5.2%
2,000	\$158.31	\$190.30	\$14.53	\$363.14	\$160.35	\$190.30	\$14.61	\$365.26	\$2.04	\$0.00	\$0.08	\$2.12	0.6%	0.0%	0.0%	0.6%	1.6%

Present Rates  
(o)

Proposed Rates  
(p)

Line Item on Bill

(1) Distribution Customer Charge	\$0.00	\$0.00	Customer Charge
(2) LIHEAP Enhancement Charge	\$0.81	\$0.81	LIHEAP Enhancement Charge
(3) Renewable Energy Growth Charge	\$0.78	\$0.78	Renewable Energy Growth Charge
(4) Distribution Charge (per kWh)	\$0.02317	\$0.02317	
(5) Operating & Maintenance Expense Charge	\$0.00163	\$0.00193	
(6) Operating & Maintenance Expense Reconciliation Factor	(\$0.00001)	(\$0.00001)	
(7) FY18 CapEx Factor Charge	\$0.00288	\$0.00360	
(8) CapEx Reconciliation Factor	(\$0.00135)	(\$0.00135)	Distribution Energy Charge
(9) Revenue Decoupling Adjustment Factor	\$0.00118	\$0.00118	
(10) Pension Adjustment Factor	(\$0.00085)	(\$0.00085)	
(11) Storm Fund Replenishment Factor	\$0.00288	\$0.00288	
(12) Long-term Contracting for Renewable Energy Charge	\$0.00622	\$0.00622	Renewable Energy Distribution Charge
(13) Net Metering Charge	\$0.00023	\$0.00023	
(14) Base Transmission Charge	\$0.03169	\$0.03169	
(15) Transmission Adjustment Factor	(\$0.00029)	(\$0.00029)	Transmission Charge
(16) Transmission Uncollectible Factor	\$0.00039	\$0.00039	
(17) Base Transition Charge	\$0.00009	\$0.00009	Transition Charge
(18) Transition Adjustment	\$0.00048	\$0.00048	Energy Efficiency Programs
(19) Energy Efficiency Program Charge	\$0.01002	\$0.01002	
(20) Standard Offer Service Base Charge	\$0.09792	\$0.09792	
(21) SOS Adjustment Factor	(\$0.00465)	(\$0.00465)	
(22) SOS Administrative Cost Adjustment Factor	\$0.00148	\$0.00148	Supply Services Energy Charge
(23) Renewable Energy Standard Charge	\$0.00040	\$0.00040	

Line Item on Bill

(24) Customer Charge	\$0.00	\$0.00
(25) LIHEAP Enhancement Charge	\$0.81	\$0.81
(26) RE Growth Program	\$0.78	\$0.78
(27) Transmission Charge	\$0.03179	\$0.03179
(28) Distribution Energy Charge	\$0.02953	\$0.03055
(29) Transition Charge	\$0.00057	\$0.00057
(30) Energy Efficiency Programs	\$0.01002	\$0.01002
(31) Renewable Energy Distribution Charge	\$0.00645	\$0.00645
(32) Supply Services Energy Charge	\$0.09515	\$0.09515

Column (o): per Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2095 effective 1/11/2018, and Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096, effective 1/1/2018

Column (p):

Lines (1) through (4), (6), (8) through (19): Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2095, effective 1/11/2018. Lines (20) through (23): Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096, effective 1/1/2018

Line (5): Proposed Operating & Maintenance Expense Charge per Revised Section 6, Page 1, Line (1), Column (a)

Line (7) Proposed CapEx Factor Charge per Revised Section 6, Page 1, Line (4), Column (a)

Calculation of Monthly Typical Bill  
Total Bill Impact of Proposed  
Rates Applicable to C-06 Rate Customers

Monthly kWh (a)	Present Rates			Proposed Rates			\$ Increase (Decrease)			Increase (Decrease) % of Total Bill			Percentage of Customers (n)				
	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (f)	Supply Services (g)	GET (h)	Total (i)		Delivery Services (j)	Supply Services (k)	GET (l)	Total (m)
250	\$33.16	\$23.38	\$2.36	\$58.90	\$33.37	\$23.38	\$2.36	\$59.11	\$0.21	\$0.00	\$0.00	\$0.21	0.4%	0.0%	0.0%	0.4%	56.3%
500	\$54.24	\$46.75	\$4.21	\$105.20	\$54.66	\$46.75	\$4.23	\$105.64	\$0.42	\$0.00	\$0.02	\$0.44	0.4%	0.0%	0.0%	0.4%	16.9%
1,000	\$96.41	\$93.50	\$7.91	\$197.82	\$97.25	\$93.50	\$7.95	\$198.70	\$0.84	\$0.00	\$0.04	\$0.88	0.4%	0.0%	0.0%	0.4%	8.1%
1,500	\$138.58	\$140.25	\$11.62	\$290.45	\$139.84	\$140.25	\$11.67	\$291.76	\$1.26	\$0.00	\$0.05	\$1.31	0.4%	0.0%	0.0%	0.5%	5.0%
2,000	\$180.75	\$187.00	\$15.32	\$383.07	\$182.43	\$187.00	\$15.39	\$384.82	\$1.68	\$0.00	\$0.07	\$1.75	0.4%	0.0%	0.0%	0.5%	13.6%

Present Rates (o)			Proposed Rates (p)			Line Item on Bill		
(1) Distribution Customer Charge	\$10.00		\$10.00			Customer Charge		
(2) LIHEAP Enhancement Charge	\$0.81		\$0.81			RE Growth Program		
(3) Renewable Energy Growth Charge	\$1.26		\$1.26			LIHEAP Enhancement Charge		

(4) Distribution Charge (per kWh)	\$0.03253			\$0.03253				
(5) Operating & Maintenance Expense Charge	\$0.00169			\$0.00195				
(6) Operating & Maintenance Expense Reconciliation Factor	(\$0.00001)			(\$0.00001)				
(7) FY18 CapEx Factor Charge	\$0.00269			\$0.00327				
(8) CapEx Reconciliation Factor	(\$0.00119)			(\$0.00119)				
(9) Revenue Decoupling Adjustment Factor	\$0.00118			\$0.00118				
(10) Pension Adjustment Factor	(\$0.00085)			(\$0.00085)				
(11) Storm Fund Replenishment Factor	\$0.00288			\$0.00288				

(12) Long-term Contracting for Renewable Energy Charge	\$0.00622			\$0.00622				
(13) Net Metering Charge	\$0.00023			\$0.00023				
(14) Base Transmission Charge	\$0.03183			\$0.03183				
(15) Transmission Adjustment Factor	(\$0.00380)			(\$0.00380)				
(16) Transmission Uncollectible Factor	\$0.00035			\$0.00035				
(17) Base Transition Charge	\$0.00009			\$0.00009				
(18) Transition Adjustment	\$0.00048			\$0.00048				

(19) Energy Efficiency Program Charge	\$0.01002			\$0.01002				
(20) Standard Offer Service Base Charge	\$0.09492			\$0.09492				
(21) SOS Adjustment Factor	(\$0.00304)			(\$0.00304)				
(22) SOS Administrative Cost Adjustment Factor	\$0.00122			\$0.00122				
(23) Renewable Energy Standard Charge	\$0.00040			\$0.00040				

(24) Customer Charge	\$10.00			\$10.00				
(25) LIHEAP Enhancement Charge	\$0.81			\$0.81				
(26) RE Growth Program	\$1.26			\$1.26				
(27) Transmission Charge	\$0.02838			\$0.02838				
(28) Distribution Energy Charge	\$0.03892			\$0.03976				
(29) Transition Charge	\$0.00057			\$0.00057				
(30) Energy Efficiency Programs	\$0.01002			\$0.01002				
(31) Renewable Energy Distribution Charge	\$0.00645			\$0.00645				
(32) Supply Services Energy Charge	\$0.09350			\$0.09350				

Column (o): per Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2005 effective 1/11/2018, and Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2006, effective 1/1/2018  
Column (p):  
Lines (1) through (4), (6), (8) through (19): Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2005, effective 1/11/2018. Lines (20) through (23): Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2006, effective 1/1/2018  
Line (5): Proposed Operating & Maintenance Expense Charge per Revised Section 6, Page 1, Line (1), Column (b)  
Line (7) Proposed CapEx Factor Charge per Revised Section 6, Page 1, Line (4), Column (b)



Calculation of Monthly Typical Bill  
Total Bill Impact of Proposed  
Rates Applicable to G-02 Rate Customers

Monthly Power		Present Rates			Proposed Rates			\$ Increase (Decrease)			Increase (Decrease) % of Total Bill		
kW	Hours Use	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (f)	Supply Services (g)	GET (h)	Total (m)
20	200	\$434.74	\$374.00	\$33.70	\$842.44	\$436.94	\$374.00	\$33.79	\$844.73	\$2.20	\$0.00	\$0.09	\$2.29
50	200	\$948.16	\$935.00	\$78.47	\$1,961.63	\$955.76	\$935.00	\$78.78	\$1,969.54	\$7.60	\$0.00	\$0.31	\$7.91
100	200	\$1,803.86	\$1,870.00	\$153.08	\$3,826.94	\$1,820.46	\$1,870.00	\$153.77	\$3,844.23	\$16.60	\$0.00	\$0.69	\$17.29
150	200	\$2,659.56	\$2,805.00	\$227.69	\$5,692.25	\$2,685.16	\$2,805.00	\$228.76	\$5,718.92	\$25.60	\$0.00	\$1.07	\$26.67
20	300	\$506.98	\$561.00	\$44.50	\$1,112.48	\$509.58	\$561.00	\$44.61	\$1,115.19	\$2.60	\$0.00	\$0.11	\$2.71
50	300	\$1,128.76	\$1,402.50	\$105.47	\$2,636.73	\$1,137.36	\$1,402.50	\$105.83	\$2,645.69	\$8.60	\$0.00	\$0.36	\$8.96
100	300	\$2,165.06	\$2,805.00	\$207.09	\$5,177.15	\$2,183.66	\$2,805.00	\$207.86	\$5,196.52	\$18.60	\$0.00	\$0.77	\$19.37
150	300	\$3,201.36	\$4,207.50	\$308.70	\$7,717.56	\$3,229.96	\$4,207.50	\$309.89	\$7,747.35	\$28.60	\$0.00	\$1.19	\$29.79
20	400	\$579.22	\$748.00	\$55.30	\$1,382.52	\$582.22	\$748.00	\$55.43	\$1,385.65	\$3.00	\$0.00	\$0.13	\$3.13
50	400	\$1,309.36	\$1,870.00	\$132.47	\$3,311.83	\$1,318.96	\$1,870.00	\$132.87	\$3,321.83	\$9.60	\$0.00	\$0.40	\$10.00
100	400	\$2,526.26	\$3,740.00	\$261.09	\$6,527.35	\$2,546.86	\$3,740.00	\$261.95	\$6,548.81	\$20.60	\$0.00	\$0.86	\$21.46
150	400	\$3,743.16	\$5,610.00	\$389.72	\$9,742.88	\$3,774.76	\$5,610.00	\$391.03	\$9,775.79	\$31.60	\$0.00	\$1.31	\$32.91
20	500	\$651.46	\$935.00	\$66.10	\$1,652.56	\$654.86	\$935.00	\$66.24	\$1,656.10	\$3.40	\$0.00	\$0.14	\$3.54
50	500	\$1,489.96	\$2,337.50	\$159.48	\$3,986.94	\$1,500.56	\$2,337.50	\$159.92	\$3,997.98	\$10.60	\$0.00	\$0.44	\$11.04
100	500	\$2,887.46	\$4,675.00	\$315.10	\$7,877.56	\$2,910.06	\$4,675.00	\$316.04	\$7,901.10	\$22.60	\$0.00	\$0.94	\$23.54
150	500	\$4,284.96	\$7,012.50	\$470.73	\$11,768.19	\$4,319.56	\$7,012.50	\$472.17	\$11,804.23	\$34.60	\$0.00	\$1.44	\$36.04
20	600	\$723.70	\$1,122.00	\$76.90	\$1,922.60	\$727.50	\$1,122.00	\$77.06	\$1,926.56	\$3.80	\$0.00	\$0.16	\$3.96
50	600	\$1,670.56	\$2,805.00	\$186.48	\$4,662.04	\$1,682.16	\$2,805.00	\$186.97	\$4,674.13	\$11.60	\$0.00	\$0.49	\$12.09
100	600	\$3,248.66	\$5,610.00	\$369.11	\$9,227.77	\$3,273.26	\$5,610.00	\$370.14	\$9,253.40	\$24.60	\$0.00	\$1.03	\$25.63
150	600	\$4,826.76	\$8,415.00	\$551.74	\$13,793.50	\$4,864.36	\$8,415.00	\$553.31	\$13,832.67	\$37.60	\$0.00	\$1.57	\$39.17

Line Item on Bill

Proposed Rates

Present Rates		Proposed Rates	
(a)	(e)	(a)	(e)
(1) Distribution Customer Charge	\$135.00	Customer Charge	\$135.00
(2) LHREP Enhancement Charge	\$0.81	LHREP Enhancement Charge	\$0.81
(3) Renewable Energy Growth Charge	\$11.85	RE Growth Program	\$11.85
(4) Base Distribution Demand Charge (per kW > 10kW)	\$4.85	Distribution Demand Charge	\$4.85
(5) Distribution Charge (per kWh)	\$0.00468		\$0.00468
(6) Operating & Maintenance Expense Charge	\$0.00122		\$0.00142
(7) Operating & Maintenance Expense Reconciliation Factor	(\$0.00001)		(\$0.00001)
(8) CapEx Factor Demand Charge (per kW > 10kW)	\$0.67		\$0.81
(9) CapEx Reconciliation Factor	(\$0.00098)	Distribution Energy Charge	(\$0.00098)
(10) Revenue Decoupling Adjustment Factor	\$0.00118		\$0.00118
(11) Pension Adjustment Factor	(\$0.00085)		(\$0.00085)
(12) Storm Fund Replenishment Factor	\$0.00288		\$0.00288
(13) Long-term Contracting for Renewable Energy Charge	\$0.00622	Renewable Energy Distribution Charge	\$0.00622
(14) Net Metering Charge	\$0.00023		\$0.00023
(15) Transmission Demand Charge	\$4.37	Transmission Demand Charge	\$4.37
(16) Base Transmission Charge	\$0.01269		\$0.01269
(17) Transmission Adjustment Factor	(\$0.00205)	Transmission Adjustment	(\$0.00205)
(18) Transmission Uncollectible Factor	\$0.00032		\$0.00032
(19) Base Transition Charge	\$0.00009	Transition Charge	\$0.00009
(20) Transition Adjustment	\$0.00048		\$0.00048
(21) Energy Efficiency Program Charge	\$0.01002	Energy Efficiency Programs	\$0.01002
(22) Standard Offer Service Base Charge	\$0.09492		\$0.09492
(23) SOS Adjustment Factor	(\$0.00304)		(\$0.00304)
(24) SOS Administrative Cost Adjustment Factor	\$0.00122	Supply Services Energy Charge	\$0.00122
(25) Renewable Energy Standard Charge	\$0.00040		\$0.00040

Line Item on Bill

Present Rates		Proposed Rates	
(a)	(e)	(a)	(e)
(26) Customer Charge	\$135.00		\$135.00
(28) LHREP Enhancement Charge	\$0.81		\$0.81
(27) RE Growth Program	\$11.85		\$11.85
(29) Transmission Adjustment	\$0.01096		\$0.01096
(30) Distribution Energy Charge	\$0.00832		\$0.00832
(31) Distribution Demand Charge	\$5.52		\$5.66
(32) Transmission Demand Charge	\$4.37		\$4.37
(31) Transition Charge	\$0.00057		\$0.00057
(32) Energy Efficiency Programs	\$0.01002		\$0.01002
(33) Renewable Energy Distribution Charge	\$0.00645		\$0.00645
(34) Supply Services Energy Charge	\$0.09350		\$0.09350

Column (a): per Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2005 effective 1/1/2018, and Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096, effective 1/1/2018

Column (e):

Lines (1) through (5), (7), (9) through (21): Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2095, effective 1/1/2018. Lines (22) through (25): Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096, effective 1/1/2018

Line (6): Proposed Operating & Maintenance Expense Charge per Revised Section 6, Page 1, Line (1), Column (c)

Line (8) Proposed CapEx Factor Demand Charge per Revised Section 6, Page 1, Line (5), Column (c)

Calculation of Monthly Typical Bill  
Total Bill Impact of Proposed  
Rates Applicable to C-32 Rate Customers

Monthly Power			Present Rates			Proposed Rates			\$ Increase (Decrease)			Increase (Decrease) % of Total Bill		
kW	Hours Use	kWh	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (f)	Supply Services (g)	GET (h)	Total (i)	Delivery Services (j)	Supply Services (k)	GET (l)	Total (m)
200	200	40,000	\$3,341.47	\$3,772.40	\$296.41	\$7,410.28	\$3,346.67	\$3,772.40	\$296.63	\$7,415.70	\$5.20	\$0.00	\$0.22	\$5.42
750	200	150,000	\$12,446.17	\$14,146.50	\$1,088.03	\$27,700.70	\$12,564.67	\$14,146.50	\$1,112.97	\$27,824.14	\$118.50	\$0.00	\$4.94	\$123.44
1,000	200	200,000	\$16,584.67	\$18,862.00	\$1,476.94	\$36,923.61	\$16,754.67	\$18,862.00	\$1,484.03	\$37,100.70	\$170.00	\$0.00	\$7.09	\$177.09
1,500	200	300,000	\$24,861.67	\$28,293.00	\$2,214.78	\$55,369.45	\$25,134.67	\$28,293.00	\$2,226.15	\$55,653.82	\$273.00	\$0.00	\$11.37	\$284.37
2,500	200	500,000	\$41,415.67	\$47,155.00	\$3,690.44	\$92,261.11	\$41,894.67	\$47,155.00	\$3,710.40	\$92,760.07	\$479.00	\$0.00	\$19.96	\$498.96
200	300	60,000	\$4,086.87	\$5,658.60	\$406.06	\$10,151.53	\$4,094.67	\$5,658.60	\$406.39	\$10,159.66	\$7.80	\$0.00	\$0.33	\$8.13
750	300	225,000	\$15,241.42	\$21,219.75	\$1,519.22	\$37,980.39	\$15,369.67	\$21,219.75	\$1,524.56	\$38,113.98	\$128.25	\$0.00	\$5.34	\$133.59
1,000	300	300,000	\$20,311.67	\$28,293.00	\$2,025.19	\$50,629.86	\$20,494.67	\$28,293.00	\$2,032.82	\$50,820.49	\$183.00	\$0.00	\$7.63	\$190.63
1,500	300	450,000	\$30,452.17	\$42,439.50	\$3,037.15	\$75,928.82	\$30,744.67	\$42,439.50	\$3,049.34	\$76,233.51	\$292.50	\$0.00	\$12.19	\$304.69
2,500	300	750,000	\$50,733.17	\$70,732.50	\$5,061.07	\$126,526.74	\$51,244.67	\$70,732.50	\$5,082.38	\$127,059.55	\$511.50	\$0.00	\$21.31	\$552.81
200	400	80,000	\$4,832.27	\$7,544.80	\$515.71	\$12,892.78	\$4,842.67	\$7,544.80	\$516.14	\$12,903.61	\$10.40	\$0.00	\$0.43	\$10.83
750	400	300,000	\$18,036.67	\$28,293.00	\$1,930.40	\$48,260.07	\$18,174.67	\$28,293.00	\$1,936.15	\$48,403.82	\$138.00	\$0.00	\$5.75	\$143.75
1,000	400	400,000	\$24,036.67	\$37,724.00	\$2,573.44	\$64,336.11	\$24,234.67	\$37,724.00	\$2,581.61	\$64,540.28	\$196.00	\$0.00	\$8.17	\$204.17
1,500	400	600,000	\$36,042.67	\$56,586.00	\$3,859.53	\$96,488.20	\$36,354.67	\$56,586.00	\$3,872.53	\$96,813.20	\$312.00	\$0.00	\$13.00	\$325.00
2,500	400	1,000,000	\$60,050.67	\$94,310.00	\$6,451.70	\$160,792.37	\$60,594.67	\$94,310.00	\$6,454.36	\$161,359.03	\$544.00	\$0.00	\$22.66	\$566.66
750	500	100,000	\$5,577.67	\$9,411.00	\$625.36	\$15,634.03	\$5,599.67	\$9,431.00	\$625.90	\$15,647.57	\$13.00	\$0.00	\$0.54	\$13.54
1,000	500	150,000	\$20,831.92	\$35,366.25	\$2,341.59	\$58,539.76	\$20,979.67	\$35,366.25	\$2,347.75	\$58,693.67	\$147.75	\$0.00	\$6.16	\$153.91
1,500	500	225,000	\$30,452.17	\$42,439.50	\$3,037.15	\$75,928.82	\$30,744.67	\$42,439.50	\$3,049.34	\$76,233.51	\$292.50	\$0.00	\$12.19	\$304.69
2,500	500	350,000	\$44,633.17	\$70,732.50	\$4,681.90	\$117,047.57	\$44,964.67	\$70,732.50	\$4,695.72	\$117,392.89	\$331.50	\$0.00	\$13.82	\$345.32
750	600	120,000	\$6,323.07	\$11,317.20	\$735.01	\$18,375.28	\$6,338.67	\$11,317.20	\$735.66	\$18,391.53	\$15.60	\$0.00	\$0.65	\$16.25
1,000	600	160,000	\$23,627.17	\$42,439.50	\$2,752.78	\$68,819.45	\$23,784.67	\$42,439.50	\$2,759.34	\$69,083.51	\$157.50	\$0.00	\$6.56	\$164.06
1,500	600	240,000	\$35,492.67	\$56,586.00	\$3,669.94	\$95,748.61	\$35,714.67	\$56,586.00	\$3,679.19	\$96,079.86	\$222.00	\$0.00	\$9.25	\$231.25
2,500	600	360,000	\$52,223.67	\$84,879.00	\$5,504.28	\$137,606.95	\$52,574.67	\$84,879.00	\$5,518.90	\$137,972.57	\$351.00	\$0.00	\$14.62	\$365.62
750	700	140,000	\$7,688.67	\$14,465.00	\$917.25	\$22,933.62	\$7,724.67	\$14,465.00	\$919.32	\$23,059.99	\$41.37	\$0.00	\$1.65	\$43.02

Line Item on Bill

Proposed Rates

Present Rates

(1) Distribution Customer Charge	(o)	\$825.00	Customer Charge
(2) LIHEAP Enhancement Charge	(o)	\$0.81	LIHEAP Enhancement Charge
(3) Renewable Energy Growth Charge	(o)	\$86.86	RE Growth Program
(4) Base Distribution Demand Charge (per kW > 200kW)	(o)	\$3.70	
(5) Distribution Charge (per kWh)	(o)	\$0.00551	
(6) Operating & Maintenance Expense Charge	(o)	\$0.00079	
(7) Operating & Maintenance Expense Reconciliation Factor	(o)	(\$0.00001)	
(8) FY18 Cplx Factor Demand Charge (per kW > 10kW)	(o)	\$0.71	Distribution Energy Charge
(9) Cplx Reconciliation Factor	(o)	(\$0.00050)	
(10) Revenue Decoupling Adjustment Factor	(o)	\$0.00118	
(11) Pension Adjustment Factor	(o)	(\$0.00085)	
(12) Storm Fund Replenishment Factor	(o)	\$0.00288	
(13) Long-term Contracting for Renewable Energy Charge	(o)	\$0.00622	Renewable Energy Distribution Charge
(14) Net Metering Charge	(o)	\$0.00023	
(15) Transmission Demand Charge	(o)	\$4.69	
(16) Base Transmission Charge	(o)	\$0.01172	
(17) Transmission Adjustment Factor	(o)	(\$0.00079)	Transmission Adjustment
(18) Transmission Uncollectible Factor	(o)	\$0.00030	
(19) Base Transition Charge	(o)	\$0.00009	Transition Charge
(20) Transition Adjustment	(o)	\$0.00048	
(21) Energy Efficiency Program Charge	(o)	\$0.01002	Energy Efficiency Programs
(22) Standard Offer Service Base Charge	(o)	\$0.09776	
(23) SOS Adjustment Factor	(o)	(\$0.00507)	
(24) SOS Administrative Cost Adjustment Factor	(o)	\$0.00122	Supply Services Energy Charge
(25) Renewable Energy Standard Charge	(o)	\$0.00040	
Line Item on Bill			
(26) Customer Charge	(o)	\$825.00	
(27) LIHEAP Enhancement Charge	(o)	\$0.81	
(28) RE Growth Program	(o)	\$86.86	
(29) Transmission Adjustment	(o)	\$0.01123	
(30) Distribution Energy Charge	(o)	\$0.00900	
(31) Distribution Demand Charge	(o)	\$4.41	
(32) Transmission Demand Charge	(o)	\$4.69	
(33) Transition Charge	(o)	\$0.00057	
(34) Energy Efficiency Programs	(o)	\$0.01002	
(35) Renewable Energy Distribution Charge	(o)	\$0.00645	
(36) Supply Services Energy Charge	(o)	\$0.09431	

Column (n): per Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2095 effective 1/1/2018, and Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096, effective 1/1/2018  
Column (o):  
Lines (1) through (5), (7), (9) through (21): Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2095, effective 1/1/2018. Lines (22) through (25): Summary of Rates Standard Offer Service tariff, R.I.P.U.C. No. 2096, effective 1/1/2018  
Line (6): Proposed Operating & Maintenance Expense Charge per Revised Section 6, Page 1, Line (1), Column (e)  
Line (8): Proposed Cplx Factor Demand Charge per Revised Section 6, Page 1, Line (5), Column (e)

Present Rates				Proposed Rates				\$ Increase (Decrease)				Increase (Decrease) % of Total Bill			
Month/Power	Hours Use	kWh	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (b)	Supply Services (c)	GET (d)	Total (e)	Delivery Services (f)	Supply Services (g)	GET (h)	Total (i)	Total (m)
3,000	200	600000	\$61,888.89	\$56,886.00	\$4,936.45	\$123,411.34	\$62,698.89	\$56,886.00	\$4,970.20	\$124,255.09	\$810.00	\$33.75	\$843.75	\$843.75	0.7%
5,000	200	1000000	\$90,528.89	\$94,310.00	\$7,701.62	\$192,540.51	\$91,878.89	\$94,310.00	\$7,757.87	\$193,946.76	\$1,350.00	\$56.25	\$1,406.25	\$1,406.25	0.7%
7,500	200	1500000	\$126,328.89	\$141,465.00	\$11,158.08	\$278,951.97	\$128,353.89	\$141,465.00	\$11,242.45	\$281,061.34	\$2,025.00	\$84.37	\$2,109.37	\$2,109.37	0.8%
10,000	200	2000000	\$162,128.89	\$188,620.00	\$14,614.54	\$365,363.43	\$164,828.89	\$188,620.00	\$14,727.04	\$368,175.93	\$2,700.00	\$112.50	\$2,812.50	\$2,812.50	0.8%
20,000	200	4000000	\$305,328.89	\$377,240.00	\$28,440.37	\$711,009.26	\$310,728.89	\$377,240.00	\$28,665.37	\$716,634.26	\$5,400.00	\$225.00	\$5,625.00	\$5,625.00	0.8%
3,000	300	900000	\$72,418.89	\$84,879.00	\$6,554.08	\$163,851.97	\$73,228.89	\$84,879.00	\$6,587.83	\$164,695.72	\$810.00	\$33.75	\$843.75	\$843.75	0.5%
5,000	300	1500000	\$108,078.89	\$141,465.00	\$10,397.66	\$259,941.55	\$109,428.89	\$141,465.00	\$10,453.91	\$261,347.80	\$1,350.00	\$56.25	\$1,406.25	\$1,406.25	0.5%
7,500	300	2250000	\$152,653.89	\$212,197.50	\$15,202.14	\$380,053.53	\$154,678.89	\$212,197.50	\$15,286.52	\$382,162.91	\$2,025.00	\$84.38	\$2,109.38	\$2,109.38	0.6%
10,000	300	3000000	\$197,228.89	\$282,930.00	\$20,006.62	\$500,165.51	\$199,928.89	\$282,930.00	\$20,119.12	\$502,978.01	\$2,700.00	\$112.50	\$2,812.50	\$2,812.50	0.6%
20,000	300	6000000	\$375,528.89	\$565,860.00	\$39,224.54	\$980,613.43	\$380,928.89	\$565,860.00	\$39,449.54	\$986,238.43	\$5,400.00	\$225.00	\$5,625.00	\$5,625.00	0.6%
3,000	400	1200000	\$82,948.89	\$113,172.00	\$8,171.70	\$204,292.59	\$83,758.89	\$113,172.00	\$8,205.45	\$205,136.34	\$810.00	\$33.75	\$843.75	\$843.75	0.4%
5,000	400	2000000	\$125,628.89	\$188,620.00	\$13,093.70	\$327,342.59	\$126,978.89	\$188,620.00	\$13,149.95	\$328,748.84	\$1,350.00	\$56.25	\$1,406.25	\$1,406.25	0.4%
7,500	400	3000000	\$178,978.89	\$282,930.00	\$19,246.21	\$481,155.10	\$181,003.89	\$282,930.00	\$19,330.58	\$483,264.47	\$2,025.00	\$84.37	\$2,109.37	\$2,109.37	0.4%
10,000	400	4000000	\$232,328.89	\$377,240.00	\$25,398.71	\$634,967.60	\$235,028.89	\$377,240.00	\$25,511.21	\$637,780.10	\$2,700.00	\$112.50	\$2,812.50	\$2,812.50	0.4%
20,000	400	8000000	\$445,728.89	\$754,480.00	\$50,008.71	\$1,250,217.60	\$451,128.89	\$754,480.00	\$50,233.71	\$1,255,842.60	\$5,400.00	\$225.00	\$5,625.00	\$5,625.00	0.4%
3,000	500	1500000	\$93,478.89	\$141,465.00	\$9,789.33	\$244,733.22	\$94,288.89	\$141,465.00	\$9,823.08	\$245,576.97	\$810.00	\$33.75	\$843.75	\$843.75	0.3%
5,000	500	2500000	\$143,178.89	\$235,775.00	\$15,789.75	\$394,743.64	\$144,528.89	\$235,775.00	\$15,846.00	\$396,149.89	\$1,350.00	\$56.25	\$1,406.25	\$1,406.25	0.3%
7,500	500	3750000	\$205,303.89	\$353,662.50	\$23,290.27	\$582,256.66	\$207,328.89	\$353,662.50	\$23,374.64	\$584,366.03	\$2,025.00	\$84.37	\$2,109.37	\$2,109.37	0.3%
10,000	500	5000000	\$267,428.89	\$471,550.00	\$30,790.79	\$769,769.68	\$270,128.89	\$471,550.00	\$30,903.29	\$772,582.18	\$2,700.00	\$112.50	\$2,812.50	\$2,812.50	0.4%
20,000	500	10000000	\$515,928.89	\$943,100.00	\$60,792.88	\$1,519,821.77	\$521,328.89	\$943,100.00	\$61,017.88	\$1,525,446.77	\$5,400.00	\$225.00	\$5,625.00	\$5,625.00	0.4%
3,000	600	1800000	\$104,008.89	\$169,758.00	\$11,406.95	\$285,173.84	\$104,818.89	\$169,758.00	\$11,440.70	\$286,017.59	\$810.00	\$33.75	\$843.75	\$843.75	0.3%
5,000	600	3000000	\$160,728.89	\$262,570.00	\$18,485.79	\$462,144.68	\$162,078.89	\$262,570.00	\$18,542.04	\$463,540.93	\$1,350.00	\$56.25	\$1,406.25	\$1,406.25	0.3%
7,500	600	4500000	\$231,628.89	\$424,395.00	\$27,334.33	\$683,358.22	\$233,653.89	\$424,395.00	\$27,418.71	\$685,467.60	\$2,025.00	\$84.38	\$2,109.38	\$2,109.38	0.3%
10,000	600	6000000	\$302,528.89	\$565,860.00	\$36,182.87	\$904,571.76	\$305,228.89	\$565,860.00	\$36,295.37	\$907,384.26	\$2,700.00	\$112.50	\$2,812.50	\$2,812.50	0.3%
20,000	600	12000000	\$586,128.89	\$1,131,720.00	\$71,577.04	\$1,789,425.93	\$591,528.89	\$1,131,720.00	\$71,802.04	\$1,795,050.93	\$5,400.00	\$225.00	\$5,625.00	\$5,625.00	0.3%

Line Item on Bill

Proposed Rates

Present Rates

(1) Distribution Customer Charge	(o)	\$17,000.00	Customer Charge
(2) LHEAP Enhancement Charge	\$0.81	\$1,928.08	LHEAP Enhancement Charge
(3) Renewable Energy Growth Charge	\$2.99	\$0.00000	RE Growth Program
(4) Base Distribution Demand Charge per kW	\$0.00000	\$0.00000	Distribution Demand Charge
(5) Distribution Charge (per kWh)	\$0.36	\$0.45	
(6) Operating & Maintenance Expense Charge per kW	(\$0.00001)	\$0.73	
(7) Operating & Maintenance Expense Reconciliation Factor	\$0.55		Distribution Energy Charge
(8) FY18 CapEx Factor Demand Charge per kW	(\$0.00038)	\$0.00118	
(9) CapEx Reconciliation Factor	(\$0.00085)	\$0.00288	
(10) Revenue Decoupling Adjustment Factor	\$0.00288	\$0.00622	
(11) Pension Adjustment Factor	\$0.00622	\$3.40	
(12) Storm Fund Replenishment Factor	\$0.00622	\$0.00048	Renewable Energy Distribution Charge
(13) Long-term Contracting for Renewable Energy Charge	\$3.40		
(14) Net Metering Charge	\$0.01426	\$0.00066	
(15) Transmission Demand Charge	\$0.00066	\$0.00032	Transmission Adjustment
(16) Base Transmission Charge	\$0.00032	\$0.00048	
(17) Transmission Uncollectible Factor	\$0.00048	\$0.00102	Transition Charge
(18) Base Transition Charge	\$0.00102	\$0.09776	Energy Efficiency Programs
(19) Transition Adjustment	(\$0.00507)	\$0.00122	
(20) Standard Offer Service Base Charge	\$0.00122	\$0.00040	Supply Services Energy Charge
(21) SOS Adjustment Factor	\$0.00040		
(22) SOS Administrative Cost Adjustment Factor			
(23) Renewable Energy Standard Charge			
Line Item on Bill			
(26) Customer Charge	\$17,000.00		
(27) LHEAP Enhancement Charge	\$0.81		
(28) RE Growth Program	\$1,928.08		
(29) Transition Adjustment	\$0.01524		
(30) Distribution Energy Charge	\$0.00282		
(31) Distribution Demand Charge	\$3.90		
(32) Transmission Demand Charge	\$3.40		
(33) Transition Charge	\$0.00057		
(34) Energy Efficiency Programs	\$0.01002		
(35) Renewable Energy Distribution Charge	\$0.00645		
(36) Supply Services Energy Charge	\$0.09431		

Column (n): per Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2009, effective 1/1/2018, and Summary of Rates Standard Offer Service untrf. R.I.P.U.C. No. 2006, effective 1/1/2018

Column (o):

Lines (1) through (5), (7), (9) through (21): Summary of Retail Delivery Service Rates, R.I.P.U.C. No. 2009, effective 1/1/2018. Lines (22) through (25): Summary of Rates Standard Offer Service untrf. R.I.P.U.C. No. 2006, effective 1/1/2018

Line (6): Proposed Operating & Maintenance Expense Demand Charge per Revised Section 6, Page 1, Line (2), Column (g)

Line (8) Proposed CapEx Factor Demand Charge per Revised Section 6, Page 1, Line (5), Column (g)