

July 1, 2020

VIA FIRST CLASS MAIL & ELECTRONIC MAIL

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

**RE: National Grid's Gas Revenue Decoupling Mechanism Reconciliation Filing
For April 1, 2019 to March 31, 2020
Docket No. _____**

Dear Ms. Massaro:

On behalf of National Grid,¹ enclosed please find the Company's annual Revenue Decoupling Mechanism (RDM) reconciliation filing for the period April 1, 2019 to March 31, 2020. National Grid submits this filing pursuant to the provisions of the Distribution Adjustment Clause of National Grid's gas tariff, RIPUC NG-Gas No. 101, at Section 3, Schedule A, which allows an annual reconciliation of the target revenue-per-customer and the actual revenue-per-customer through a Revenue Decoupling Adjustment (RDA) factor to be included in National Grid's annual Distribution Adjustment Charge (DAC) filing.

This filing consists of the joint pre-filed direct testimony and schedules of Ryan M. Scheib, and Michael J. Pini and the pre-filed direct testimony and schedule of Melissa A. Little. In their joint testimony, Mr. Scheib and Mr. Pini provide an overview of National Grid's RDM reconciliation and describe the actual RDM results for the period April 1, 2019 to March 31, 2020. Ms. Little's testimony presents the Company's proposed revenue requirements for the Rate Years ending August 31, 2019, August 31, 2020 and August 31, 2021 on actual cumulative growth capital invested during the period from the end of the test year in the 2017 Rate Case (July 1, 2017) through the end of the first Rate Year (August 31, 2019) pursuant to the Amended

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

Robinson+Cole

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Settlement Agreement in the 2017 Rate Case. She also describes how the Rate Years revenue requirements on actual growth capital investment was allocated among customer classes and factored into the target revenue-per-customer included in the Company's RDM reconciliation. Schedule MAL-1 to Ms. Little's testimony shows the calculation of this revenue requirement.

As a result of National Grid's RDM reconciliation, National Grid under-recovered revenue of \$2,009,962 under its RDM during the period April 1, 2019 to March 31, 2020. National Grid is not presenting a proposed RDA factor at this time because the RDA factor is just one of several factors included in the DAC. Rather, National Grid will submit the RDA factor in its August 1, 2020 annual DAC filing.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-709-3337.

Sincerely,



Leticia C. Pimentel

Enclosures

cc: Leo Wold, Esq.
John Bell, Division

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET _____
GAS REVENUE DECOUPLING MECHANISM RECONCILIATION
WITNESS: RYAN M. SCHEIB and MICHAEL J. PINI
JULY 1, 2020**

JOINT PRE-FILED DIRECT TESTIMONY

OF

RYAN M. SCHEIB

AND

MICHAEL J. PINI

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1 **I. Introduction and Qualifications of Ryan M. Scheib**

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

3 A. My name is Ryan M. Scheib. My business address is 40 Sylvan Road, Waltham,
4 Massachusetts 02451.

5

6 **Q. What is your position at National Grid USA and responsibilities within that**
7 **position?**

8 A. I am an Analyst in the New England Gas Pricing group of the Strategy and Regulation
9 department of National Grid USA Service Company, Inc. (Service Company). In this
10 position, I am responsible for preparing and submitting various regulatory filings with the
11 Rhode Island Public Utilities Commission (PUC) on behalf of The Narragansett Electric
12 Company d/b/a National Grid (the Company).

13

14 **Q. Please provide your educational background.**

15 A. I received a Bachelor of Science in Finance from University of Delaware in 2016.

16

17 **Q. Please provide your professional background.**

18 A. In 2016, I joined National Grid as an Associate Analyst in the New England Gas Pricing
19 group. In 2018, I was promoted to Analyst supporting the Company.

20

21 **Q. Have you previously testified before the PUC?**

1 A. Yes. I have testified before the PUC in the Company's Distribution Adjustment Charge
2 filing in October 2019 in Docket No. 4955, and in the Company's Gas FY 2021
3 Infrastructure, Safety, and Reliability Plan filing in February 2020 in Docket No. 4996.
4

5 **II. Introduction and Qualifications of Michael J. Pini**

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

7 A. My name is Michael J. Pini. My business address is 40 Sylvan Road, Waltham,
8 Massachusetts 02451.
9

10 **Q. What is your position at National Grid USA and responsibilities within that**
11 **position?**

12 A. I am a Lead Program Manager in the New England Pricing group of the Strategy and
13 Regulation department of the Service Company. My primary responsibilities include the
14 design, implementation, and administration of rates and tariffs for the gas division of the
15 Company and its Massachusetts affiliate, Boston Gas Company, d/b/a National Grid.
16

17 **Q. Please provide your educational background.**

18 A. I earned a Bachelor of Science in Economics and Finance from Bentley University in
19 2010.
20

21 **Q. Please provide your professional background.**

1 A. In 2009, I joined National Grid USA as an intern in the Support Services function within
2 Gas Operations department. In 2010, I became an Associate Analyst in the Regulatory
3 Compliance department. In 2011, I joined the New England Electric Pricing group and
4 was promoted to Analyst in 2012. In 2013, my responsibilities changed to supporting
5 Boston Gas and Colonial Gas and, in 2014, I was promoted to Senior Analyst in the same
6 capacity. In 2017, I was promoted to Lead Program Manager, supporting the New
7 England electric and gas operating companies.

8

9 **Q. Have you previously testified before the PUC?**

10 A. Yes. I have testified before the PUC in support of the Company's FY 2020
11 Infrastructure, Safety and Reliability Plan filing in Docket No. 4916, its Excess
12 Accumulated Deferred Income Tax True-Up filing in Docket No. 4770, and the
13 Company's 2019 Gas Cost Recovery filing in Docket No. 4963. Additionally, I have
14 testified before the Massachusetts Department of Public Utilities (DPU) on several
15 occasions in support of the Gas System Enhancement Plan for Boston Gas and Colonial
16 Gas.

17

18 **III. Purpose of Testimony**

19 **Q. What is the purpose of your joint testimony?**

20 A. The purpose of our testimony is to present the Company's March 31, 2020 Revenue
21 Decoupling Mechanism (RDM) reconciliation balance, which will be used to compute

1 the proposed Revenue Decoupling Adjustment (RDA) factor to be incorporated in the
2 Company's upcoming August 1, 2020 annual Distribution Adjustment Charge (DAC)
3 filing. Specifically, we provide an overview of the Company's gas RDM reconciliation
4 and explain the RDM results for the reconciliation period April 1, 2019 through March
5 31, 2020.

6
7 Pursuant to the terms of the Amended Settlement Agreement in the Company's last
8 general rate case in Docket No. 4770,¹ the Company is required to true-up the revenue
9 requirement associated with forecasted growth-related capital investment as well as the
10 number of customers during Rate Year 1 of the Multi-Year Rate Plan (MRP) and reflect
11 the impact of both in its benchmark RDM values and RDM results beginning with Rate
12 Year 1 of the MRP as provided for in the Amended Settlement Agreement, which began
13 September 1, 2018. This filing also presents the calculation of the revenue requirement
14 impact for each Rate Year of actual growth-related capital investment in Rate Year 1,
15 which is contained in the accompanying testimony and schedules of Company witness
16 Melissa A. Little.

17
18 This filing is submitted pursuant to the Company's Distribution Adjustment Clause
19 provision contained in its tariff, RIPUC NG-GAS No. 101, at Section 3, Schedule A,
20 Sheet 7, subpart 3.7 (Revenue Decoupling Adjustment Factor).

¹ Amended Settlement Agreement, Article II, Section C.22.c.

1

2 **Q. Are you sponsoring any schedules with your testimony?**

3 A. Yes, we are sponsoring the following schedules that accompany our testimony:

4 Schedule RMS/MJP-1 Annual Gas RDM Reconciliation Balance

5 Schedule RMS/MJP-2 Monthly RDM Reconciliation by Rate Class for the
6 Period April 1, 2019 through March 31, 2020

7 Schedule RMS/MJP-3 Actual vs. Normal Billing Heating Degree Day
8 Comparison for April 2019 through March 2020

9 Schedule RMS/MJP-4 Target Revenue-Per-Customer by Rate Class for
10 Rate Year 1, 2 and 3

11 Schedule RMS/MJP-5 Calculation of the Credit to Customers Associated
12 with the Excess Accumulated Deferred Income Tax
13 (ADIT) True-up

14 Schedule RMS/MJP-6 Calculation of the Updated Fiscal Year 2019 RDM

15

16 **IV. RDM Reconciliation**

17 **Q. Please provide an overview of the Company's RDM reconciliation.**

18 A. In Docket No. 4206, the PUC approved a Revenue-Per-Customer RDM that provides for
19 an annual reconciliation, by rate class, between a target level of base distribution revenue
20 and actual base distribution revenue billed during the reconciliation period. The
21 reconciliation is driven by the comparison of the Actual Revenue-Per-Customer during
22 the reconciliation period and the Target Revenue-Per-Customer. The reconciliation is
23 performed on a monthly basis and covers the Company's fiscal year (the period April 1
24 through March 31 of the following year) for all Residential and Small and Medium

1 Commercial and Industrial (C&I) firm rate classes. Under the RDM, customers subject
2 to the RDM are credited any net over-recovery of target revenue and are surcharged for
3 any net under-recovery of target revenue through the RDA factor, which is one of several
4 components of the DAC, effective November 1 each year.

5
6 **Q. What are the Target Revenue-Per-Customer and the Actual Revenue-Per-
7 Customer?**

8 A. The Target Revenue-Per-Customer is the Revenue-Per-Customer the Company is
9 allowed to earn for each customer in each rate class included in the RDM. The Actual
10 Revenue-Per-Customer is the actual average Revenue-Per-Customer associated with the
11 customers in each rate class included in the RDM based upon the base distribution
12 revenue billed by the Company divided by the actual number of customers billed.

13
14 **Q. What is the result of the RDM reconciliation presented in this filing?**

15 A. The RDM reconciliation results in a net under-recovery balance of approximately \$2.0
16 million for the period April 2019 through March 2020, as shown in Schedule RMS/MJP-
17 1.

18
19 **Q. How did the Company determine the RDM reconciliation balance at the end of
20 March 2020?**

1 A. On a monthly basis and for each rate class, the Company calculated the difference
2 between the Target Revenue-Per-Customer and the Actual Revenue-Per-Customer. If the
3 Actual Revenue-Per-Customer exceeds the Target Revenue-Per-Customer, the Company
4 has over-recovered its RDM target revenue and must credit customers the excess amount.
5 If the Actual Revenue-Per-Customer is less than the Target Revenue-Per-Customer, the
6 Company has under-recovered its RDM target revenue and must surcharge customers the
7 deficiency. Each month's difference between the Actual and Target Revenue-Per-
8 Customers is multiplied by the number of customers billed in the respective month to
9 derive the amount of revenue the Company has either over-recovered or under-recovered
10 for the month. For each month, the monthly revenue over-recovered or under-recovered
11 accumulates and the balance accrues interest, which is also reflected in the final monthly
12 balance.² The Company presents this annual reconciliation in Schedule RMS/MJP-2.

13
14 **Q. Has the Target Revenue-Per-Customer changed from last year's filing?**

15 A. Yes. The Company has updated both the rate class revenue requirement for Rate Years
16 1, 2, and 3 and the number of customers to be actual number of customers billed in Rate
17 Year 1 in order to calculate the Target Revenue-Per-Customer for Rate Years 1, 2, and 3
18 as stipulated in the Amended Settlement Agreement in Docket No. 4770 (Article II,
19 Section C.22.c).

² Interest on the average monthly balance is calculated at the same interest rate used to calculate interest on the Company's other DAC balances, which is the Bank of America Prime Rate less 200 basis points.

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Q. How did the Company determine the Target Revenue-Per-Customer for Rate Years 1, 2, and 3?

A. Pursuant to Article II. Section C.22.c. of the Amended Settlement Agreement, the Company revised its Revenue-Per-Customers targets for Rate Years 1, 2, and 3 by adjusting for the difference between the revenue requirement on Rate Year 1’s forecasted and actual growth-related capital investment and actual number of customers for the period September 1, 2018 through August 31, 2019. As seen on Schedule MAL-1, Page 1, the total RDM class revenue requirements for Rate Years 1, 2, and 3 established in the Company’s Second Compliance Filing in Docket No. 4770 have been adjusted to reflect the difference between the forecasted and actual gas growth capital investment in Rate Year 1. The Company then allocated the adjusted RDM rate class revenue requirements to each of the months in Rate Years 1, 2, and 3 based on the monthly Rate Year revenues also established in the Company’s Second Compliance Filing in Docket 4770, as seen on Schedule RMS/MJP-4, Pages 2-4. Finally, the Company calculated the revised Target Revenue-Per-Customer for each month of Rate Years 1, 2, and 3 by dividing the revised revenue requirement for the RDM rate classes by the actual number of customers for the period September 2018 through August 2019, which is presented on Schedule RMS/MJP-4, Page 1.

1 **Q. In addition to updating the Target Revenue-Per-Customer for Rate Years 1, 2, and**
2 **3, has the Company made any other adjustments to the FY 2020 RDM**
3 **reconciliation?**

4 A. Yes. The Company is including (1) an adjustment to its actual FY 2020 revenue for the
5 months of April through August to reflect the revenue which would have been billed to
6 customers had the base distribution rates for Rate Year 1 included in the Company's May
7 30, 2019 Second Compliance Filing in Docket No. 4770 been implemented and (2) a
8 credit adjustment associated with its FY 2019 RDM reconciliation discussed below.

9
10 **Q. Please explain the revenue adjustment to the FY 2020 RDM reconciliation as a**
11 **result of the PUC's approval of the Company's May 30, 2019 Second Compliance**
12 **Filing in Docket No. 4770?**

13 A. As explained in the Company's 2019 RDM Filing filed on June 28, 2019 in Docket No.
14 4955, the PUC approved the updated base distribution rates for Rate Years 2 and 3 the
15 Company proposed in its May 30, 2019 Second Compliance Filing in Docket No. 4770.
16 Since this filing was approved during Rate Year 1, the Company did not change its Rate
17 Year 1 base distribution rates billed to its customers. Instead, the Company agreed to
18 flow back the reduction in the Rate Year 1 revenue requirement by crediting customers
19 through the DAC.² However, as part of the May 30, 2019 Second Compliance Filing, the

² The reduction of the Rate Year 1 revenue requirement was credited to customers as part of the Tax Credit Factor in the Company's 2019 DAC Filing in Docket No. 4955.

1 Company did reduce the Target Revenue-Per-Customer for the RDM rate classes to
2 reflect the reduction in the revenue requirement for all three Rate Years.

3
4 The Company credited the difference in base distribution rates for the period September
5 1, 2018 through August 30, 2019 through its DAC. The Company did not utilize the
6 RDM to pass back this reduction to customers because the RDM excludes the Large and
7 Extra-Large C&I rate classes. Since the Company credited this reduction through its
8 DAC, it needed to make a corresponding adjustment to the actual revenue reflected in its
9 RDM reconciliation to avoid crediting this difference to its customers twice (once in the
10 DAC and again in the RDM for RDM rate classes). As a result, the Company reduced
11 the actual billed revenue in the FY 2020 RDM reconciliation for the period April 2019
12 through August 2019 to reflect the revenue it would have billed customers had the Rate
13 Year 1 base distribution rates been reduced.³ This revenue adjustment is the same as the
14 revenue adjustment included in the FY 2019 RDM reconciliation for the months of
15 September 2018 through March 2019.

16
17 **Q. Please explain how the Company calculated the reduction to revenue for the**
18 **Residential and C&I rate classifications.**

³ The illustrative Rate Year 1 base distribution rates are included in the Second Compliance Filing, Revised Supplemental Compliance Attachment 16, Page 11.

1 A. The Company calculated the reduction by multiplying the actual volumes used by the
2 various rate classes for the period of April 2019 through August 2019 by the difference
3 between the approved distribution rates and the illustrative rates for Rate Year 1 as shown
4 in the Company's Second Compliance Filing in Docket No. 4770, Attachment 16, Page
5 11. The calculation by month and rate class is provided in Schedule RMS/MJP-5.

6

7 **Q. Why is the Company including an adjustment in its FY 2020 RDM associated with**
8 **its FY 2019 RDM reconciliation filed in Docket 4955?**

9 A. The period covered by the true-up to the revenue requirement on growth-related capital
10 investment and number of customers for Rate Year 1 (September 2018 through August
11 2019) and the period covered by the FY 2019 RDM reconciliation (April 2018 through
12 March 2019) overlap. Since the Company is revising monthly Target Revenue-Per-
13 Customer values for Rate Year 1, it is appropriate to revise the FY 2019 RDM
14 reconciliation to reflect this change. The revised FY 2019 RDM reconciliation is
15 presented in Schedule RMS/MJP-6. The Company has recalculated the RDM
16 reconciliation balance for FY 2019 by applying the revised Target Revenue-Per-
17 Customer values for the months of September 2018 through March 2019 of Rate Year 1
18 as calculated on Schedule RMS/MJP-4, Page 1.

19

20 **Q. Please explain the calculation of the adjustment to the FY 2019 RDM reconciliation**
21 **balance.**

1 A. As seen on Schedule RMS/MJP-6, Pages 2-4, the Company recalculated the monthly
2 RDM reconciliation balances for FY 2019. The recalculated FY 2019 RDM
3 reconciliation balance is summarized on Page 1 on Schedule RMS/MJP-6 and results in a
4 net over-recovery balance of \$10,965,021 for the period April 2018 through March 2019
5 as shown on Schedule RMS/MJP-6, Page 1, Line (5). The revised net over-recovery
6 balance for FY 2019 is compared to the net over-recovery balance of \$10,271,482 filed in
7 Docket No. 4955, resulting in a credit to customers of \$693,539 as shown on Schedule
8 RMS/MJP-6, Page 1, Line (7). The FY 2019 RDM credit adjustment is included on Line
9 (6) on Schedule RMS/MJP-1 to be applied to the net under-recovery reconciliation
10 balance for FY 2020.

11
12 **Q. Please explain why the net over-recovery of the FY 2019 Reconciliation balance has**
13 **increased by \$693,539 despite the Company experiencing an increase in revenue**
14 **requirement associated with growth-related capital investment shown in Schedule**
15 **MAL-1.**

16 A. The revised Target Revenue-Per-Customer values presented in Schedule RMS/MJP-4
17 reflect updates to both the revenue requirement associated with actual growth-related
18 capital investment as well as the actual number of customers in Rate Year 1. The higher-
19 than-forecasted revenue requirement associated with growth-related capital investment
20 would cause an increase in the Target Revenue-Per-Customer. However, there were
21 more customers during Rate Year 1 than what had been forecasted, resulting in lower

1 Target Revenue-Per-Customer values. In fact, the increase in the number of customers
2 the Target Revenue-Per-Customer calculation was of a greater impact than the increase in
3 the revenue requirement associated with the growth-related capital investment, resulting
4 in a net decrease in the Target Revenue-Per-Customer values for RDM rate classes
5 except the Small C&I rate class. This decrease in the Target Revenue-Per-Customer
6 values resulted an increase in the net over-recovery in the FY 2019 RDM reconciliation
7 balance.

8
9 **Q. Does the Company anticipate updating the Target Revenue-Per-Customer based on**
10 **actual growth capital investment in Rate Years 2 and 3 in future filings?**

11 A. No. The adjusted Target Revenue-Per-Customer for Rate Years 1, 2, and 3 calculated in
12 Schedule RMS/MJP-4 will be used in the calculation of RDM adjustments until new base
13 distribution rates are established for gas service.

14
15 **V. Results of the RDM Reconciliation**

16 **Q. What are the results of the RDM reconciliation for the year ending March 31, 2020?**

17 A. For the reconciliation period April 2019 through March 2020, the Company has
18 calculated a net under-recovery of target revenue of approximately \$2.0 million as
19 summarized in Schedule RMS/MJP-1. This under-recovery will be recovered from
20 customers through the RDA factor, which the Company would propose to go into effect
21 November 1, 2020 when it submits its DAC filing.

1

2 **Q. What are the drivers for the net under-recovery?**

3 A. As shown in Schedule RMS/MJP-1, the Company's net under-recovery of \$2.0 million
4 was driven by a \$3.0 million combined under-recovery for the Residential RDM groups,
5 a \$0.3 million combined over-recovery for the Small and Medium C&I RDM groups, and
6 a \$0.7 million increase in the net over-recovery resulting from the revised FY 2019 RDM
7 reconciliation calculated in Schedule RMS/MJP-6. The total under-recovery for the
8 RDM rate classes was driven by a decrease in actual revenue due to warmer than normal
9 weather.⁴ Schedule RMS/MJP-3 shows the billing heating degree day comparison for
10 this reconciliation period.

11

12 **VI. Bill Impacts**

13 **Q. Did the Company include bill impacts resulting from the RDM reconciliation in this**
14 **filing?**

15 A. No, the Company is not presenting bill impact information at this time. Because the
16 RDA factor will be proposed in the DAC filing along with several other factors, the bill
17 impact of an RDA factor on a stand-alone basis provides limited information as to the
18 cumulative impact of the change in the overall DAC. Rather, the Company will submit
19 bill impacts for the cumulative impact of all of its proposed DAC factors, including the
20 RDA factor, with its August 1, 2020 DAC filing.

⁴ Overall, FY 2020 weather was approximately 6 percent warmer than normal and 10 percent warmer than FY 2019.

1

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

3 **A. Yes.**

**The Narragansett Electric Company
Annual Gas RDM Reconciliation Balance
Under (Over) Recovery of Target Revenue**

(1)	Residential Non-Heat (incl Low Income)	(\$89,275)
(2)	Residential Heat (incl Low Income)	\$3,088,003
(3)	Small C&I	\$514,083
(4)	Medium C&I	(\$809,310)
(5)	FY 2020 Net Under Recovery of Target Revenue	\$2,703,501
(6)	FY 2019 RDM True-Up	(\$693,539)
(7)	Net Under Recovery of Target Revenue	\$2,009,962

- (1) Schedule RMS/MJP-2, Page 1, Column (1), Line (40)
- (2) Schedule RMS/MJP-2, Page 2, Column (1), Line (80)
- (3) Schedule RMS/MJP-2, Page 3, Column (1), Line (94)
- (4) Schedule RMS/MJP-2, Page 3, Column (1), Line (108)
- (5) Sum [Lines (1):(4)]
- (6) Schedule RMS/MJP-6, Page 1, Line (7)
- (7) Sum [Lines (5):(6)]

Actual vs. Normal Billing Degree Day Comparison for April 2019 - March 2020

	<u>Month/Year</u>	<u>Actual Billing Degree Days</u>	<u>Normal Billing Degree Days</u>
		(a)	(b)
(1)	Apr-19	630	646
(2)	May-19	352	345
(3)	Jun-19	122	110
(4)	Jul-19	7	12
(5)	Aug-19	0	1
(6)	Sep-19	18	22
(7)	Oct-19	141	153
(8)	Nov-19	455	422
(9)	Dec-19	861	766
(10)	Jan-20	926	1,033
(11)	Feb-20	857	1,028
(12)	Mar-20	748	907
(13)	Total	5,117	5,446
(14)	Degree Day Difference		329
(15)	Degree Day Difference (%)		-6.0%

Source: Normal Heating Degree Day Report

- (13) Sum [Lines (1):(12)]
- (14) Abs [Column (b), Line (13) - Column (a), Line (13)]
- (15) [Column (a), Line (13) ÷ Column (b), Line (13)] - 1

Section 1 - Base Revenue Requirement and Revenue Allocator - Rate Year 1

	Sep-18 (a)	Oct-18 (b)	Nov-18 (c)	Dec-18 (d)	Jan-19 (e)	Feb-19 (f)	Mar-19 (g)	Apr-19 (h)	May-19 (i)	Jun-19 (j)	Jul-19 (k)	Aug-19 (l)	Total Sept 18 - Aug 19 (m)	Docket No. 4770 ¹ Sept 18 - Aug 19 (n)
(1) Residential Non-Heat														
(2) Base Revenue	\$320,043	\$334,047	\$369,950	\$435,311	\$481,731	\$471,370	\$561,792	\$484,766	\$396,862	\$344,646	\$314,700	\$306,617	\$4,821,835	Line 58, Col (U)
(3) Allocator	7%	7%	8%	9%	10%	10%	10%	10%	8%	7%	7%	6%	100%	
(4) Low Income Residential Non-Heat														
(5) Base Revenue	\$4,547	\$5,064	\$6,985	\$10,305	\$12,008	\$10,523	\$11,763	\$9,980	\$6,967	\$4,541	\$3,811	\$3,810	\$90,304	Line 59, Col (U)
(6) Allocator	5%	6%	8%	11%	13%	12%	13%	11%	8%	5%	4%	4%	100%	
(7) Residential Non-Heat (incl Low-Income)														
(8) Base Revenue	\$324,590	\$339,111	\$376,935	\$445,616	\$493,739	\$481,893	\$573,555	\$494,746	\$403,829	\$349,187	\$318,511	\$310,427	\$4,912,139	Line 58 + Line 59
(9) Allocator	7%	7%	8%	9%	10%	10%	12%	10%	8%	7%	6%	6%	100%	
(10) Residential Heating														
(11) Base Revenue	\$4,885,051	\$5,395,182	\$9,209,724	\$14,686,466	\$19,546,912	\$21,191,397	\$18,822,255	\$13,824,092	\$8,258,478	\$5,847,013	\$5,000,179	\$4,816,824	\$131,483,573	Line 64, Col (U)
(12) Allocator	4%	4%	7%	11%	15%	16%	14%	11%	6%	4%	4%	4%	100%	
(13) Low Income Residential Heating														
(14) Base Revenue	\$426,271	\$458,107	\$770,144	\$1,237,760	\$1,578,302	\$1,658,729	\$1,487,051	\$1,086,393	\$640,128	\$458,383	\$404,079	\$390,509	\$10,595,856	Line 68, Col (U)
(15) Allocator	4%	4%	7%	12%	15%	16%	14%	10%	6%	4%	4%	4%	100%	
(16) Residential Heating (incl Low-Income)														
(17) Base Revenue	\$5,311,322	\$5,853,289	\$9,979,868	\$15,924,226	\$21,125,214	\$22,850,126	\$20,309,306	\$14,910,485	\$8,898,606	\$6,305,396	\$5,404,258	\$5,207,333	\$142,079,429	Line 64 + Line 68
(18) Allocator	4%	4%	7%	11%	15%	16%	14%	10%	6%	4%	4%	4%	100%	
(19) Small														
(20) Base Revenue	\$693,580	\$747,002	\$1,125,542	\$2,005,001	\$2,605,556	\$2,716,468	\$2,507,944	\$1,846,703	\$1,036,531	\$832,573	\$689,657	\$675,394	\$17,481,451	Line 72, Col (U)
(21) Allocator	4%	4%	6%	11%	15%	16%	14%	11%	6%	5%	4%	4%	100%	
(22) Medium C&I														
(23) Base Revenue	\$1,455,196	\$1,610,397	\$1,899,911	\$2,581,450	\$3,074,905	\$2,978,538	\$2,903,016	\$2,393,968	\$1,869,253	\$1,481,196	\$1,513,902	\$1,511,367	\$25,273,099	Line 77, Col (U)
(24) Allocator	6%	6%	8%	10%	12%	12%	11%	9%	7%	6%	6%	6%	100%	

Section 2 - Allocated Revised Revenue Requirement

	Sep-18 (a)	Oct-18 (b)	Nov-18 (c)	Dec-18 (d)	Jan-19 (e)	Feb-19 (f)	Mar-19 (g)	Apr-19 (h)	May-19 (i)	Jun-19 (j)	Jul-19 (k)	Aug-19 (l)	Total Sept 18 - Aug 19 (m)	Revised Revenue Requirement ² (n)
(25) Residential Non-Heat (incl Low-Income)														
(26) Actual Revenue Requirement	\$326,201	\$340,794	\$378,806	\$447,828	\$496,190	\$484,285	\$576,402	\$497,202	\$405,833	\$350,920	\$320,092	\$311,968	\$4,936,520	\$4,936,520
(27) Residential Heating (incl Low-Income)														
(28) Actual Revenue Requirement	\$5,313,726	\$5,855,938	\$9,984,385	\$15,931,434	\$21,134,776	\$22,860,468	\$20,318,498	\$14,917,234	\$8,902,634	\$6,308,250	\$5,406,704	\$5,209,690	\$142,143,736	\$142,143,736
(29) Small														
(30) Actual Revenue Requirement	\$693,894	\$747,340	\$1,126,051	\$2,005,908	\$2,606,735	\$2,717,697	\$2,509,079	\$1,847,038	\$1,037,000	\$832,950	\$689,969	\$675,700	\$17,489,362	\$17,489,362
(31) Medium C&I														
(32) Actual Revenue Requirement	\$1,455,855	\$1,611,126	\$1,900,771	\$2,582,618	\$3,076,297	\$2,979,886	\$2,904,330	\$2,395,051	\$1,870,099	\$1,481,866	\$1,514,587	\$1,512,051	\$25,284,536	\$25,284,536

1 Base revenue requirement from Docket 4770 ("2017 Rate Case"), Second Compliance Attachment 16, Page 10 of 11.

2 Schedule MAL-1, Page 1, Column (d)

Section 1 - Base Revenue Requirement and Revenue Allocator - Rate Year 2

	Sep-19 (a)	Oct-19 (b)	Nov-19 (c)	Dec-19 (d)	Jan-20 (e)	Feb-20 (f)	Mar-20 (g)	Apr-20 (h)	May-20 (i)	Jun-20 (j)	Jul-20 (k)	Aug-20 (l)	Total Sept 19 - Aug 20 (m)	Docket No. 4770 Sept 19 - Aug 20 (n)
(1) Residential Non-Heat														
(2) Base Revenue	\$326,900	\$342,115	\$381,120	\$452,096	\$502,550	\$491,423	\$589,622	\$506,161	\$410,841	\$354,243	\$321,794	\$313,055	\$4,991,920	Line 58, Col (U)
(3) Allocator	7%	7%	8%	9%	10%	10%	12%	10%	8%	7%	6%	6%	100%	
(4) Low Income Residential Non-Heat														
(5) Base Revenue	\$4,668	\$5,220	\$7,304	\$10,907	\$12,764	\$11,169	\$12,523	\$10,605	\$7,337	\$4,705	\$3,911	\$3,904	\$95,017	Line 59, Col (U)
(6) Allocator	5%	5%	8%	11%	13%	12%	13%	11%	8%	5%	4%	4%	100%	
(7) Residential Non-Heat (incl Low-Income)														
(8) Base Revenue	\$331,568	\$347,335	\$388,424	\$463,003	\$515,314	\$502,592	\$602,145	\$516,766	\$418,178	\$358,948	\$325,705	\$316,959	\$5,086,937	Line 58 + Line 59
(9) Allocator	7%	7%	8%	9%	10%	10%	12%	10%	8%	7%	6%	6%	100%	
(10) Residential Heating														
(11) Base Revenue	\$4,979,172	\$5,513,336	\$9,517,170	\$15,259,972	\$20,356,084	\$22,079,649	\$19,594,425	\$14,352,519	\$8,507,895	\$5,982,986	\$5,096,708	\$4,905,185	\$136,145,101	Line 64, Col (U)
(12) Allocator	4%	4%	7%	11%	15%	16%	14%	11%	6%	4%	4%	4%	100%	
(13) Low Income Residential Heating														
(14) Base Revenue	\$434,922	\$468,180	\$795,740	\$1,286,155	\$1,643,382	\$1,727,887	\$1,547,935	\$1,127,911	\$659,296	\$468,975	\$412,076	\$397,805	\$10,970,264	Line 68, Col (U)
(15) Allocator	4%	4%	7%	12%	15%	16%	14%	10%	6%	4%	4%	4%	100%	
(16) Residential Heating (incl Low-Income)														
(17) Base Revenue	\$5,414,094	\$5,981,516	\$10,312,910	\$16,546,127	\$21,999,466	\$23,807,536	\$21,142,360	\$15,480,430	\$9,167,191	\$6,451,961	\$5,508,784	\$5,302,990	\$147,115,365	Line 64 + Line 68
(18) Allocator	4%	4%	7%	11%	15%	16%	14%	11%	6%	4%	4%	4%	100%	
(19) Small														
(20) Base Revenue	\$705,073	\$761,419	\$1,159,759	\$2,085,258	\$2,717,093	\$2,833,571	\$2,613,944	\$1,917,433	\$1,065,349	\$850,815	\$700,589	\$685,780	\$18,096,083	Line 72, Col (U)
(21) Allocator	4%	4%	6%	12%	15%	16%	14%	11%	6%	5%	4%	4%	100%	
(22) Medium C&I														
(23) Base Revenue	\$1,482,045	\$1,646,756	\$1,962,399	\$2,691,859	\$3,216,037	\$3,113,198	\$3,033,237	\$2,490,037	\$1,931,703	\$1,517,850	\$1,542,613	\$1,540,359	\$26,168,093	Line 77, Col (U)
(24) Allocator	6%	6%	7%	10%	12%	12%	12%	10%	7%	6%	6%	6%	100%	

Section 2 - Allocated Revised Revenue Requirement

	Sep-19 (a)	Oct-19 (b)	Nov-19 (c)	Dec-19 (d)	Jan-20 (e)	Feb-20 (f)	Mar-20 (g)	Apr-20 (h)	May-20 (i)	Jun-20 (j)	Jul-20 (k)	Aug-20 (l)	Total Sept 19 - Aug 20 (m)	Revised Revenue Requirement ² (n)
(25) Residential Non-Heat (incl Low-Income)														
(26) Actual Revenue Requirement	\$333,632	\$349,497	\$390,842	\$465,885	\$518,521	\$505,720	\$605,893	\$519,983	\$420,781	\$361,182	\$327,732	\$318,932	\$5,118,600	\$5,118,600
(27) Residential Heating (incl Low-Income)														
(28) Actual Revenue Requirement	\$5,424,075	\$5,992,543	\$10,331,923	\$16,576,631	\$22,040,024	\$23,851,427	\$21,181,338	\$15,508,970	\$9,184,092	\$6,463,856	\$5,518,940	\$5,312,767	\$147,386,585	\$147,386,585
(29) Small														
(30) Actual Revenue Requirement	\$706,568	\$763,033	\$1,162,217	\$2,089,678	\$2,722,853	\$2,839,578	\$2,619,485	\$1,921,498	\$1,067,607	\$852,619	\$702,074	\$687,234	\$18,134,443	\$18,134,443
(31) Medium C&I														
(32) Actual Revenue Requirement	\$1,484,822	\$1,649,842	\$1,966,077	\$2,696,904	\$3,222,064	\$3,119,032	\$3,038,922	\$2,494,704	\$1,935,323	\$1,520,695	\$1,545,504	\$1,543,246	\$26,217,134	\$26,217,134

1 Base revenue requirement from Docket 4770 ("2017 Rate Case"), Second Compliance Attachment 16, Page 10 of 11.
2 Schedule MAL-1, Page 1, Column (d)

Section 1 - Base Revenue Requirement and Revenue Allocator - Rate Year 3

	Sep-20 (a)	Oct-20 (b)	Nov-20 (c)	Dec-20 (d)	Jan-20 (e)	Feb-20 (f)	Mar-20 (g)	Apr-20 (h)	May-20 (i)	Jun-20 (j)	Jul-20 (k)	Aug-20 (l)	Total Sept. 20 - Aug. 21 (m)	Docket No. 4770 ¹ Sept. 20 - Aug. 21 (n)
(1) Residential Non-Heat														
(2) Base Revenue	\$330,410	\$346,245	\$386,838	\$460,688	\$513,207	\$501,687	\$603,868	\$517,113	\$417,997	\$359,155	\$325,426	\$316,351	\$5,078,985	Line 58, Col (U)
(3) Allocator	7%	7%	8%	9%	10%	10%	12%	10%	8%	7%	6%	6%	6%	100%
(4) Low Income Residential Non-Heat														
(5) Base Revenue	\$4,730	\$5,299	\$7,467	\$11,214	\$13,150	\$11,500	\$12,912	\$10,925	\$7,526	\$4,790	\$3,962	\$3,953	\$97,428	Line 59, Col (U)
(6) Allocator	5%	5%	8%	12%	13%	12%	13%	11%	8%	5%	4%	4%	100%	
(7) Residential Non-Heat (incl Low-Income)														
(8) Base Revenue	\$335,140	\$351,544	\$394,305	\$471,902	\$526,357	\$513,187	\$616,780	\$528,038	\$425,523	\$363,945	\$329,388	\$320,304	\$5,176,413	Line 58 + Line 59
(9) Allocator	6%	7%	8%	9%	10%	10%	12%	10%	8%	7%	6%	6%	100%	
(10) Residential Heating														
(11) Base Revenue	\$5,029,451	\$5,576,452	\$9,673,244	\$15,551,110	\$20,766,857	\$22,530,567	\$19,986,415	\$14,620,774	\$8,641,130	\$6,055,621	\$5,148,273	\$4,952,386	\$138,532,280	Line 64, Col (U)
(12) Allocator	4%	4%	7%	11%	15%	16%	14%	11%	6%	4%	4%	4%	100%	
(13) Low Income Residential Heating														
(14) Base Revenue	\$439,543	\$473,561	\$808,734	\$1,310,723	\$1,676,420	\$1,762,995	\$1,578,843	\$1,148,988	\$669,535	\$474,632	\$416,348	\$401,702	\$11,162,024	Line 68, Col (U)
(15) Allocator	4%	4%	7%	12%	15%	16%	14%	10%	6%	4%	4%	4%	100%	
(16) Residential Heating (incl Low-Income)														
(17) Base Revenue	\$5,468,994	\$6,050,013	\$10,481,978	\$16,861,833	\$22,443,277	\$24,293,562	\$21,565,258	\$15,769,762	\$9,310,665	\$6,530,253	\$5,564,621	\$5,354,088	\$149,694,304	Line 64 + Line 68
(18) Allocator	4%	4%	7%	11%	15%	16%	14%	11%	6%	4%	4%	4%	100%	
(19) Small														
(20) Base Revenue	\$711,007	\$768,863	\$1,177,447	\$2,126,747	\$2,774,752	\$2,894,108	\$2,668,741	\$1,954,256	\$1,080,229	\$860,235	\$706,235	\$691,142	\$18,413,762	Line 72, Col (U)
(21) Allocator	4%	4%	6%	12%	15%	16%	14%	11%	6%	5%	4%	4%	100%	
(22) Medium C&I														
(23) Base Revenue	\$1,495,801	\$1,665,384	\$1,994,414	\$2,748,428	\$3,288,344	\$3,182,191	\$3,099,956	\$2,539,257	\$1,963,700	\$1,536,630	\$1,557,323	\$1,555,214	\$26,626,642	Line 77, Col (U)
(24) Allocator	6%	6%	7%	10%	12%	12%	12%	10%	7%	6%	6%	6%	100%	

Section 2 - Allocated Revised Revenue Requirement

	Sep-20 (a)	Oct-20 (b)	Nov-20 (c)	Dec-20 (d)	Jan-20 (e)	Feb-20 (f)	Mar-20 (g)	Apr-20 (h)	May-20 (i)	Jun-20 (j)	Jul-20 (k)	Aug-20 (l)	Total Sept. 20 - Aug. 21 (m)	Revised Revenue Requirement ² (n)
(25) Residential Non-Heat (incl Low-Income)														
(26) Actual Revenue Requirement	\$337,192	\$353,697	\$396,720	\$474,792	\$529,580	\$516,330	\$620,557	\$531,272	\$428,129	\$366,174	\$331,405	\$322,265	\$5,208,111	\$5,208,111
(27) Residential Heating (incl Low-Income)														
(28) Actual Revenue Requirement	\$5,478,848	\$6,060,914	\$10,500,865	\$16,892,215	\$22,483,715	\$24,337,334	\$21,604,114	\$15,798,176	\$9,327,441	\$6,542,019	\$5,574,647	\$5,363,735	\$149,964,024	\$149,964,024
(29) Small														
(30) Actual Revenue Requirement	\$712,467	\$770,442	\$1,179,865	\$2,131,114	\$2,780,449	\$2,900,050	\$2,674,221	\$1,958,269	\$1,082,447	\$862,001	\$707,685	\$692,561	\$18,451,570	\$18,451,570
(31) Medium C&I														
(32) Actual Revenue Requirement	\$1,498,552	\$1,668,447	\$1,998,082	\$2,753,482	\$3,294,391	\$3,188,043	\$3,105,657	\$2,543,927	\$1,967,311	\$1,539,456	\$1,560,187	\$1,558,074	\$26,675,610	\$26,675,610

1 Base revenue requirement from Docket 4770 ("2017 Rate Case"), Second Compliance Attachment 16, Page 10 of 11.

2 Schedule MAL-1, Page 1, Column (d)

The Narragansett Electric Company
Revised Fiscal Year 2019 Gas RDM Reconciliation Balance incl. Capital Growth
Under (Over) Recovery of Target Revenue

(1)	Residential Non-Heat (incl Low Income)	(\$61,376)
(2)	Residential Heat (incl Low Income)	(\$9,059,401)
(3)	Small C&I	(\$736,845)
(4)	Medium C&I	(\$1,107,399)
(5)	Net Over Recovery of Target Revenue	(\$10,965,021)
(6)	Net Over Recovery of Target Recovery as filed in 2019 RDM Filing	(\$10,271,482)
(7)	FY2019 RDM True-Up Adjustment - Credit to Customers	(\$693,539)

- (1) Schedule RMS/MJP-6, Page 2, Column (l), Line (40)
- (2) Schedule RMS/MJP-6, Page 3, Column (l), Line (80)
- (3) Schedule RMS/MJP-6, Page 4, Column (l), Line (94)
- (4) Schedule RMS/MJP-6, Page 4, Column (l), Line (108)
- (5) Sum [Lines (1):(4)]
- (6) 2019 RDM Filing (Docket 4955, Schedule RMS/AEL-1, Page 1, Line (5))
- (7) Line (5) - Line (6)

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
GAS REVENUE DECOUPLING MECHANISM RECONCILIATION
WITNESS: MELISSA A. LITTLE
JULY 1, 2020**

PRE-FILED DIRECT TESTIMONY

OF

MELISSA A. LITTLE

July 1, 2020

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1 **I. Introduction and Qualifications**

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

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

5

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

7 A. I am a Director for New England Revenue Requirements in the New England
8 Regulation and Pricing Group of the Strategy and Regulation department of
9 National Grid USA Service Company, Inc. (Service Company). The Service
10 Company provides engineering, financial, administrative, and other technical
11 support to subsidiary companies of National Grid USA (National Grid). New
12 England Regulation and Pricing provides regulatory and rate-related support to
13 National Grid's New England's retail operating companies. My current duties
14 include revenue requirement responsibilities for National Grid's gas and electric
15 distribution activities in New England, including The Narragansett Electric
16 Company d/b/a National Grid (the Company).

17

18 **Q. Please describe your educational background and professional experience.**

19 A. In 2000, I received a Bachelor of Science degree in Accounting Information
20 Systems from Bentley College (now Bentley University). In September 2000, I

1 joined PricewaterhouseCoopers LLP in Boston, Massachusetts, where I worked as
2 an associate in the Assurance practice. In November 2004, I joined National Grid
3 as an Analyst in the General Accounting group. After the merger of National Grid
4 and KeySpan in 2007, I joined the Regulation and Pricing department as a Senior
5 Analyst in the Regulatory Accounting function, also supporting the Niagara
6 Mohawk Power Corporation Revenue Requirement team. I was promoted to Lead
7 Specialist in July 2011 and moved to the New England Revenue Requirements
8 team. In August 2017, I was promoted to my current position.

9

10 **Q. Have you previously filed testimony or testified before the Rhode Island Public**
11 **Utilities Commission (“PUC”)?**

12 A. Yes. I have testified before the PUC on numerous occasions, including in support
13 of the Company’s revenue requirement for the Company’s Application to Change
14 Electric and Gas Base Distribution Rates in Docket No. 4770 and the proposed
15 Power Sector Transformation (PST) Vision and Implementation Plan in Docket No.
16 4780. In addition, I have testified as the revenue requirement witness in numerous
17 Gas and Electric Infrastructure, Safety, and Reliability Plan proceedings and in
18 other matters before the PUC.

1 **II. Purpose of Testimony**

2 **Q. What is the purpose of your testimony in this proceeding?**

3 A. The purpose of my testimony is to present the Company’s proposed revenue
4 requirement for the rate years ending August 31, 2019, August 31, 2020, and
5 August 31, 2021 (Rate Year 1, Rate Year 2, and Rate Year 3, respectively) on
6 actual cumulative growth capital invested during the period from the end of the test
7 year in the Company’s general rate case in Docket No. 4770 (“2017 Rate Case”)
8 through the end of the first Rate Year, or July 1, 2017 through August 31, 2019,
9 pursuant to Article II, Section C.22.c of the Amended Settlement Agreement
10 (“Settlement Agreement”) in the 2017 Rate Case. I will then describe how the Rate
11 Years’ revenue requirements on actual growth capital investment were allocated
12 among customer classes, the result of which will be included in the calculation of
13 the Company’s Revenue Decoupling Mechanism (“RDM”) reconciliation for the
14 period April 1, 2019 through March 31, 2020.

15
16 **Q. Why is the Company performing this update?**

17 A. In the 2017 Rate Case, the parties to the Amended Settlement Agreement agreed
18 that actual growth capital investments through the end of the Rate Year 1 and actual
19 number of customers in Rate Year 1 should be used for purposes of establishing the
20 final Revenue-Per-Customer (RPC) Targets used in the calculation of the

1 Company's annual RDM reconciliation for periods commencing September 1, 2018
2 (the effective date of new base rates resulting from the 2017 Rate Case). The
3 difference between the actual Rate Years revenue requirements related to actual
4 growth capital and the forecasted Rate Years revenue requirements related to
5 forecasted growth capital, as is currently reflected in distribution base rates, will be
6 added or subtracted to the total RDM class revenue requirement used to establish
7 base rates in the 2017 Rate Case. The adjusted RDM class revenue requirement and
8 adjusted number of customers will be used in the calculation of the RPC Targets
9 used to determine the RDM reconciliation balances effective September 1, 2018.
10 The impact of the adjusted RPC Targets on the Company's RDM reconciliation for
11 the periods September 1, 2018 through March 31, 2019 and April 1, 2019 through
12 March 31, 2020 is described in the testimony of Company Witnesses Ryan M.
13 Scheib and Michael J. Pini included in this filing.

14

15 **Q. Are you sponsoring any schedules with your testimony?**

16 A. Yes. I am sponsoring the following schedule that accompanies my testimony:

17 Schedule MAL-1 Revenue Requirement related to Forecasted and Actual
18 Growth Capital Investment for the period July 1, 2017
19 through August 31, 2019
20

1 **II. Gas Growth Revenue Requirement**

2 **Q. Please summarize the Company's Rate Year 1 revenue requirement on**
3 **cumulative growth capital investment.**

4 A. As shown on Page 1, Column C of Schedule MAL-1, the Company's Rate Year 1
5 revenue requirement on actual cumulative growth investment made since the end of
6 the test year in the Company's 2017 Rate Case and through the Rate Year ended
7 August 31, 2019 and associated with the RDM customer classes is \$3,306,570. The
8 Rate Year 1 revenue requirement on actual growth capital investment associated
9 with all customer classes is \$3,744,302, as shown on Page 3 at Line 19, Column F,
10 and consists of a return on investment (i.e. average rate base at the weighted
11 average cost of capital) plus taxes and depreciation expense. The actual cumulative
12 growth capital investment on which average rate base was calculated amounted to
13 \$48,484,348, as shown on Page 10, Line 2 at Column (c). On Page 3, the Company
14 applied the approved revenue allocation from the Amended Settlement Agreement
15 to the Rate Year 1 revenue requirement on actual cumulative growth capital of
16 \$3,744,302 to determine the amount of the actual cumulative growth capital
17 revenue requirement attributable to RDM customers and non-RDM customers to
18 arrive at the Rate Year 1 RDM-related revenue requirement on actual cumulative
19 growth capital of \$3,306,570, as shown on Page 3, Line 22, Column G. This
20 allocation is shown on Page 3, in Column G, and the actual growth capital revenue

1 requirement allocated to RDM customer classes carries forward to Page 1 in
2 Column C. This same methodology was applied to the Rate Year 2 and Rate Year 3
3 revenue requirements on actual cumulative growth capital investment as shown on
4 Page 3 in Columns H through K and carried forward to Page 1 in Column C.

5

6 **Q. Please explain how Schedule MAL-1 is structured.**

7 A. Attachment 25 of the Amended Settlement Agreement included an illustrative
8 example of the revenue requirement and rate base calculations and the ultimate
9 allocation of growth capital revenue requirement to the RDM rate classes. The
10 Company has performed this calculation with actual growth capital investment to
11 arrive at the RDM-related Rate Years 1, 2 and 3 revenue requirements on actual
12 cumulative growth capital invested through the period ending August 31, 2019 and
13 is presenting those calculations in Schedule MAL-1.

14

15 Page 1 titled “Computation of Class RDM Revenue” provides a summary of the
16 forecasted and actual revenue requirements on cumulative growth capital
17 investment by RDM-related rate class. Column A presents the settled base-rate
18 revenue by RDM rate class from the 2017 Rate Case totaling \$189,768,262¹ in Rate
19 Year 1, \$196,494,909 in Rate Year 2 and \$199,943,286 in Rate Year 3. Column B

¹ The settled rate-designed revenue requirement by rate class as presented at Page 1 in Column A excludes discounts given to low-income customers.

1 reflects the revenue requirement of projected growth capital investment by RDM
2 rate class included in Column A. Column C provides the revenue requirement of
3 actual growth capital investment by RDM rate class. The final total revenue by
4 RDM rate class is calculated in Column D by removing from Column A the
5 projected amounts in Column B and replacing them with the actual amounts from
6 Column C. The actual revenue by RDM rate class in Column D totals
7 \$189,854,154 in Rate Year 1, \$196,856,762 in Rate Year 2 and \$200,299,316 in
8 Rate Year 3. The actual rate-year revenue target in Column D is utilized in the
9 Company's RDM reconciliation for the period April 1, 2019 through March 31,
10 2020.

11
12 Page 2 presents the Rate Years 1, 2 and 3 revenue requirements on forecasted
13 growth capital investment embedded in distribution base rates totaling \$3,647,039,
14 \$4,711,586, and \$4,574,554, respectively and shows the allocation of these revenue
15 requirements to RDM and non-RDM customer classes based on the rate design
16 allocation per the Amended Settlement Agreement. This allocation supports the
17 settled growth capital revenue requirements allocated to RDM customer classes of
18 \$3,220,677, \$4,160,772 and \$4,039,759 reflected on Page 1 in Column B. The
19 detailed revenue requirement and rate base calculations supporting the total settled
20 growth capital revenue requirements are found on Pages 4 through 9.

1 Page 3 presents the allocation of the Rate Years 1, 2 and 3 revenue requirements on
2 actual growth capital investment of \$3,744,302, \$5,121,343 and \$4,977,716,
3 respectively, to RDM and non-RDM rate classes based on the base-rate design
4 allocator. Then the allocation of the RDM-related portion of the actual growth
5 capital revenue requirement of \$3,306,570, \$4,522,625, and \$4,395,789,
6 respectively, among the Residential, Small Commercial & Industrial (“C&I”), and
7 Medium C&I customer classes is carried forward to Page 1 in Column C. The
8 detailed revenue requirement and rate base calculations supporting the actual
9 growth capital revenue requirements are found on Pages 10 through 15.

10

11 Pages 4 through 9 present the cumulative rate base and resulting Rate Years 1, 2
12 and 3 revenue requirement calculations on a cumulative \$43,641,532 of forecasted
13 growth capital investment included in distribution base rates effective September 1,
14 2018. Page 4 calculates the revenue requirements on forecasted growth capital rate
15 base, the calculation of which is shown on Pages 5 through 7 for each of the
16 investment periods beginning with the 12-months ended June 30, 2018, the two-
17 months ended August 31, 2018, and the 12-months ended August 31, 2019. Page 8
18 calculates tax depreciation expense on the forecasted growth investment, and Page
19 9 calculates the proration adjustment on deferred income taxes generated by the
20 forecasted growth investment.

21

1 Page 10 presents the cumulative rate base and resulting Rate Years 1, 2 and 3
2 revenue requirement computations on cumulative actual growth capital spending of
3 \$48,484,348 incurred during the period July 1, 2017 through August 31, 2019,
4 totaling \$3,744,302, \$5,121,343, and \$4,977,716 respectively and which carry
5 forward to Page 3, Columns F, H and J at Line 19. Pages 11, 12, and 13 present the
6 rate base calculations related to the actual level of growth capital investment made
7 in each of the investment periods beginning with the 12-months ended June 30,
8 2018, the two-months ended August 31, 2018, and the 12-months ended August 31,
9 2019, respectively. Page 14 calculates tax depreciation expense on the actual
10 growth capital investment. Page 15 shows the monthly Modified Accelerated Cost
11 Recovery System (MACRS) tax depreciation rates used in the calculation of
12 forecasted and actual tax depreciation expense on Pages 8 and 14.

13
14 **Q. Please explain the revenue requirement and rate base calculations, shown at**
15 **Pages 10 through 15, in more detail.**

16 A. Page 10 contains the revenue requirement calculation on actual cumulative growth
17 capital investment totaling \$48,484,348 and consisting of \$16,666,415 in growth
18 capital in the 12-months ended June 30, 2018, \$6,778,857 in the two months ended
19 August 31, 2018, and \$25,039,075 in Rate Year 1. The tax depreciation and book
20 depreciation amounts shown on Page 10 are a summation of book and tax
21 depreciation amounts calculated in each of the vintage investment periods as shown

1 on Pages 11 through 13 and described in more detail below. Deferred taxes are
2 then calculated as the difference between book depreciation and tax depreciation
3 times the effective federal tax rate of 21%. Due to the decrease in the federal
4 income tax rate effective January 1, 2018, investments made during the period July
5 1, 2017 through December 31, 2017 derive an excess deferred tax reserve
6 calculated at the difference between the current tax rate of 21% and the previous tax
7 rate of 35%.

8
9 To calculate rate base at the end of each period, the amount of cumulative capital
10 investment is reduced by the accumulated depreciation expense and accumulated
11 deferred tax liability. Average rate base at August 31, 2019 is calculated as the
12 average of the two period-ending rate base amounts at August 31, 2018 and August
13 31, 2019. Return and taxes are then calculated on the average rate base at August
14 31, 2019 by applying the pre-tax weighted average rate of return approved in the
15 2017 Rate Case of 8.41 percent. Return and taxes on an average rate base of
16 \$32,503,254 at August 31, 2019 totals \$2,733,524, which when added to Rate Year
17 1 book depreciation expense of \$1,010,779 results in a total revenue requirement on
18 actual cumulative growth capital investment of \$3,744,302 in Rate Year 1. Similar
19 revenue requirement calculations are performed on Rate Year 2 and 3 average rate
20 base to arrive at a \$5,121,343 revenue requirement on actual cumulative growth

1 capital investment in Rate Year 2, and a \$4,977,716 revenue requirement in Rate
2 Year 3 on actual cumulative growth capital investment.

3

4 Pages 11 through 15 present the rate base calculations related to actual growth
5 capital investment made during each of the three investment periods and follow the
6 same methodology as outlined above for Page 10. The calculation of tax
7 depreciation is shown on Page 14. The actual growth capital invested during each
8 period was eligible for some level of bonus depreciation deduction, as shown on
9 Line 35 of Page 14. The remaining growth capital investment was depreciated for
10 tax purposes following IRS-issued MACRS depreciation rates on 20-year property
11 under a half-year convention as detailed on Page 15. The composite book
12 depreciation rates of 3.38% and 3.05% are equal to the composite depreciation rates
13 granted in distribution base rates under Docket Nos. 4323 and 4770 respectively.

14

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

16 **A.** Yes, it does.

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
GAS REVENUE DECOUPLING MECHANISM RECONCILIATION
WITNESS: MELISSA A. LITTLE
JULY 1, 2020

Schedules of Melissa A. Little

Schedule MAL-1 Revenue Requirements related to Forecasted and Actual Growth
Capital Investment for the period July 1, 2017 through August 31,
2019

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
GAS REVENUE DECOUPLING MECHANISM RECONCILIATION
WITNESS: MELISSA A. LITTLE
JULY 1, 2020

Schedule MAL-1

Revenue Requirements related to Forecasted and Actual Growth Capital Investment for the
period July 1, 2017 through August 31, 2019

**Narragansett Gas
d/b/a National Grid
Computation of Class RDM Revenue
Rate Year Ending August 31, 2019**

		<u>Col A</u>	<u>Col B</u>	<u>Col C</u>	<u>Col D = A - B + C</u>
		Settled Rate Designed Class Rev Requirement	Settled Growth Capital Rev Requirement	Actual Growth Capital Rev Requirement	Actual Rate Year Rev Target
Line No.	RDM Classes				
1	Res Non Ht(incl Low Income)	\$4,934,287	\$83,743	\$85,976	\$4,936,520
2	Res HT (incl Low Income)	\$142,079,428	\$2,411,320	\$2,475,627	\$142,143,736
3	C&I Small	\$17,481,450	\$296,689	\$304,601	\$17,489,362
4	C&I Medium	\$25,273,097	\$428,926	\$440,365	\$25,284,536
5					
6	Total RDM	\$189,768,262	\$3,220,677	\$3,306,570	\$189,854,154

Rate Year Ending August 31, 2020

		<u>Col A</u>	<u>Col B</u>	<u>Col C</u>	<u>Col D = A - B + C</u>
		Settled Rate Designed Class Rev Requirement	Settled Growth Capital Rev Requirement	Actual Growth Capital Rev Requirement	Actual Rate Year Rev Target
Line No.	RDM Classes				
7	Res Non Ht(incl Low Income)	\$5,109,191	\$108,187	\$117,596	\$5,118,600
8	Res HT (incl Low Income)	\$147,115,666	\$3,115,168	\$3,386,088	\$147,386,585
9	C&I Small	\$18,101,109	\$383,290	\$416,624	\$18,134,443
10	C&I Medium	\$26,168,943	\$554,126	\$602,317	\$26,217,134
11					
12	Total RDM	\$196,494,909	\$4,160,772	\$4,522,625	\$196,856,762

Rate Year Ending August 31, 2021

		<u>Col A</u>	<u>Col B</u>	<u>Col C</u>	<u>Col D = A - B + C</u>
		Settled Rate Designed Class Rev Requirement	Settled Growth Capital Rev Requirement	Actual Growth Capital Rev Requirement	Actual Rate Year Rev Target
Line No.	RDM Classes				
13	Res Non Ht(incl Low Income)	\$5,198,854	\$105,040	\$114,298	\$5,208,111
14	Res HT (incl Low Income)	\$149,697,465	\$3,024,566	\$3,291,126	\$149,964,024
15	C&I Small	\$18,418,773	\$372,143	\$404,940	\$18,451,570
16	C&I Medium	\$26,628,194	\$538,010	\$585,426	\$26,675,610
17					
18	Total RDM	\$199,943,286	\$4,039,759	\$4,395,789	\$200,299,316

Column Notes

Column A - Per Settlement Rate Design

Column B - RDM Class related Growth Capital revenue requirement per Settlement at Page 2.

Column C - Actual RDM Class related Growth Capital revenue requirement for the Rate Years ending 8/31/2019, 8/31/2020, and 8/31/2021 at Page 3

**Narragansett Gas
d/b/a National Grid
Forecasted Growth Capital Data July 2017-August 2019 as Filed**

Line No.	Final Rate Design			Rate Base With Growth	Final Rate Design Alloc Col E = Col A/Total A	Rate Year Ending August 31, 2019		Rate Year Ending August 31, 2020		Rate Year Ending August 31, 2021	
	Rate Year Ending Aug 31, 2019	Rate Year Ending Aug 31, 2020	Rate Year Ending Aug 31, 2021			Fest Growth Capital Revenue Requirement	Alloc of Fest Growth Capital Revenue Requirement	Fest Growth Capital Revenue Requirement	Alloc of Fest Growth Capital Revenue Requirement	Fest Growth Capital Revenue Requirement	Alloc of Fest Growth Capital Revenue Requirement
	Col A	Col B	Col C			Col F	Col G = F*E	Col H	Col I = H*E	Col J	Col K = J*E
1	Res Non Ht(incl Low Income)	\$4,934,287	\$5,109,191	\$5,198,854	2%	\$19,397,642	\$83,743	\$108,187	\$105,040		
2	Res HT (incl Low Income)	\$142,079,428	\$147,115,666	\$149,697,465	66%	\$487,002,571	\$2,411,320	\$3,115,168	\$3,024,566		
3	Total	\$147,013,715	\$152,224,857	\$154,896,319	68%	\$506,400,213	\$2,495,063	\$3,223,355	\$3,129,607		
4	C&I Small	\$17,481,450	\$18,101,109	\$18,418,773	8%	\$61,141,716	\$296,689	\$383,290	\$372,143		
5	C&I Medium	\$25,273,097	\$26,168,943	\$26,628,194	12%	\$93,020,593	\$428,926	\$554,126	\$538,010		
6	Sub-Total	\$42,754,547	\$44,270,052	\$45,046,967	20%	\$154,162,309	\$725,614	\$937,417	\$910,153		
7	C&I Large LLF	\$10,764,878	\$11,146,457	\$11,342,071	5%	\$42,388,255	\$182,698	\$236,026	\$229,161		
8	C&I Large HLF	\$3,752,902	\$3,885,930	\$3,954,126	2%	\$17,101,781	\$63,693	\$82,284	\$79,891		
9	C&I XLarge LLF	\$2,010,522	\$2,081,788	\$2,118,322	1%	\$7,414,140	\$34,122	\$44,082	\$42,800		
10	C&I XLarge HLF	\$8,593,740	\$8,898,358	\$9,054,520	4%	\$33,098,097	\$145,850	\$188,422	\$182,942		
11	Sub-Total	\$25,122,043	\$26,012,533	\$26,469,039	12%	\$100,002,273	\$426,362	\$550,814	\$534,794		
12	Sub-Total C&I	\$67,876,589	\$70,282,585	\$71,516,006	32%	\$254,164,582	\$1,151,976	\$1,488,231	\$1,444,947		
13	Total	\$214,890,304	\$222,507,442	\$226,412,325	100%	\$760,564,795	\$3,647,039	\$4,711,586	\$4,574,554		
14	RDM	\$189,768,262	\$196,494,909	\$199,943,286		\$660,562,522	\$3,220,677	\$4,160,772	\$4,039,759		
15	NON RDM	\$25,122,043	\$26,012,533	\$26,469,039		\$100,002,273	\$426,362	\$550,814	\$534,794		
16	Total	\$214,890,304	\$222,507,442	\$226,412,325		\$760,564,795	\$3,647,039	\$4,711,586	\$4,574,554		
17							\$0	\$0	\$0		
18											
19											
20											
21											
22											
23											
24											
25											

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. _____
Schedule MAL-1
Page 2 of 15

Column A through Column C - Per RIPUC Docket No. 4770 Excess ADIT Second Compliance Filing (May 30, 2019), Attachment 16, Page 7
Column D - Per RIPUC Docket No. 4770 Compliance Filing (Aug 16, 2018), Book 6, Attachment 14, Schedule 3, Page 2
Columns F, H & J - Per Page 4 of 15

Line 22 - Line 3 + Line 7
Line 23- Line 15

**Narragansett Gas
d/b/a National Grid
Actual Growth Capital Data July 2017-August 2019**

Line No.		Final Rate Design			Rate Base With Growth	Final Rate Design Alloc	Rate Year Ending August 31,			Rate Year Ending August 31,		
		Rate Year Ending Aug 31, 2019	Rate Year Ending Aug 31, 2020	Rate Year Ending Aug 31, 2021			Actual Growth Capital Revenue Requirement	Alloc of Actual Growth Capital Revenue Requirement	Actual Growth Capital Revenue Requirement	Alloc of Actual Growth Capital Revenue Requirement		
		Col A	Col B	Col C			Col F	Col G = F*E	Col H	Col I = H*E	Col J	Col K = J*E
1	Res Non Ht (incl Low Income)	\$4,934,287	\$5,109,191	\$5,198,854	\$19,397,642	2%	\$85,976	\$117,596	\$114,298			
2	Res HT (incl Low Income)	\$142,079,428	\$147,115,666	\$149,697,465	\$487,002,571	66%	\$2,475,627	\$3,386,088	\$3,291,126			
3	Total	\$147,013,715	\$152,224,857	\$154,896,319	\$506,400,213	68%	\$2,561,604	\$3,503,683	\$3,405,424			
4												
5	C&I Small	\$17,481,450	\$18,101,109	\$18,418,773	\$61,141,716	8%	\$304,601	\$416,624	\$404,940			
6	C&I Medium	\$25,273,097	\$26,168,943	\$26,628,194	\$93,020,593	12%	\$440,365	\$602,317	\$585,426			
7	Sub-Total	\$42,754,547	\$44,270,052	\$45,046,967	\$154,162,309	20%	\$744,966	\$1,018,942	\$990,366			
8												
9	C&I Large LLF	\$10,764,878	\$11,146,457	\$11,342,071	\$42,388,255	5%	\$187,570	\$256,552	\$249,357			
10	C&I Large HLF	\$3,752,902	\$3,885,930	\$3,954,126	\$17,101,781	2%	\$65,391	\$89,440	\$86,932			
11												
12	C&I XLarge LLF	\$2,010,522	\$2,081,788	\$2,118,322	\$7,414,140	1%	\$35,032	\$47,915	\$46,572			
13	C&I XLarge HLF	\$8,593,740	\$8,898,358	\$9,054,520	\$33,098,097	4%	\$149,739	\$204,809	\$199,065			
14												
15	Sub-Total	\$25,122,043	\$26,012,533	\$26,469,039	\$100,002,273	12%	\$437,733	\$598,718	\$581,927			
16												
17	Sub-Total C&I	\$67,876,589	\$70,282,585	\$71,516,006	\$254,164,582	32%	\$1,182,699	\$1,617,659	\$1,572,292			
18												
19	Total	\$214,890,304	\$222,507,442	\$226,412,325	\$760,564,795	100%	\$3,744,302	\$5,121,343	\$4,977,716			
20							\$0	\$0	\$0			
21												
22	RDM	\$189,768,262	\$196,494,909	\$199,943,286	\$660,562,522		\$3,306,570	\$4,522,625	\$4,395,789			
23	NON RDM	\$25,122,043	\$26,012,533	\$26,469,039	\$100,002,273		\$437,733	\$598,718	\$581,927			
24	Total	\$214,890,304	\$222,507,442	\$226,412,325	\$760,564,795		\$3,744,302	\$5,121,343	\$4,977,716			
25												

Column A through Column C - Per RIPUC Docket No. 4770 Excess ADIT Second Compliance Filing (May 30, 2019), Attachment 16, Page 7
Column D - Per RIPUC Docket No. 4770 Compliance Filing (Aug 16, 2018), Book 6, Attachment 14, Schedule 3, Page 2
Columns F, H & J - Per Page 10 of 15

Line 22 - Line 3 + Line 7
Line 23- Line 15

**Narragansett Gas
d/b/a National Grid
Computation of Revenue Requirement as Filed
Forecasted Growth Capital Investment for the period July 1, 2017 through August 31, 2019**

<u>Line No</u>		<u>Twelve Months</u>	<u>Two Months</u>	<u>Rate Year</u>	<u>Rate Year</u>	<u>Rate Year</u>
		<u>Ended June 30,</u>	<u>Ended August</u>	<u>Ending August</u>	<u>Ending August</u>	<u>Ending August</u>
		<u>2018</u>	<u>31, 2018</u>	<u>31, 2019</u>	<u>31, 2020</u>	<u>31, 2021</u>
		(a)	(b)	(c)	(d)	(e)
1	Forecasted Annual Growth Capital Investment	\$20,364,199	\$3,325,333	\$19,952,000	\$0	\$0
2	Cumulative Growth Capital	\$20,364,199	\$23,689,532	\$43,641,532	\$43,641,532	\$43,641,532
3						
4	<u>Deferred Tax Calculation:</u>					
5	Tax Depreciation	\$3,103,639	\$374,237	\$2,164,516	\$2,849,955	\$2,636,177
6	Cumulative Tax Depreciation	\$3,103,639	\$3,477,876	\$5,642,393	\$8,492,348	\$11,128,525
7						
8	Book Depreciation	\$344,155	\$124,085	\$984,539	\$1,331,067	\$1,331,067
9	Cumulative Book Depreciation	\$344,155	\$468,240	\$1,452,779	\$2,783,846	\$4,114,912
10						
11	Cumulative Book / Tax Timer	\$2,759,484	\$3,009,637	\$4,189,614	\$5,708,502	\$7,013,612
12	Effective Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%
13	Deferred Tax Reserve	\$579,492	\$632,024	\$879,819	\$1,198,785	\$1,472,859
14	Excess Deferred Tax Reserve	\$300,378	\$300,378	\$300,378	\$300,378	\$300,378
15	Total Deferred Tax Reserve	\$879,870	\$932,402	\$1,180,197	\$1,499,164	\$1,773,237
16						
17	<u>Rate Base Calculation:</u>					
18	Cumulative Incremental Capital Included in Rate Base	\$20,364,199	\$23,689,532	\$43,641,532	\$43,641,532	\$43,641,532
19	Accumulated Depreciation	(\$344,155)	(\$468,240)	(\$1,452,779)	(\$2,783,846)	(\$4,114,912)
20	Deferred Tax Reserve	(\$879,870)	(\$932,402)	(\$1,180,197)	(\$1,499,164)	(\$1,773,237)
21	Year End Rate Base	\$19,140,174	\$22,288,891	\$41,008,556	\$39,358,523	\$37,753,383
22						
23	<u>Revenue Requirement Calculation:</u>					
24	Average Rate Base before Proration Adj			\$31,648,723	\$40,183,539	\$38,555,953
25	Proration adjustment			\$10,014	\$12,890	\$11,076
26	Average Rate Base including Proration Adj			\$31,658,737	\$40,196,429	\$38,567,028
27	Pre-Tax ROR			8.41%	8.41%	8.41%
28	Return and Taxes			\$2,662,500	\$3,380,520	\$3,243,487
29	Book Depreciation			\$984,539	\$1,331,067	\$1,331,067
30						
31	Annual Revenue Requirement			\$3,647,039	\$4,711,586	\$4,574,554

1/ Weighted Average Cost of Capital per Settlement RIPUC Docket No. 4770

	Ratio	Rate	Rate	Taxes	Return
Long Term Debt	48.35%	4.98%	2.41%		2.41%
Short Term Debt	0.60%	1.76%	0.01%		0.01%
Preferred Stock	0.10%	4.50%	0.00%		0.00%
Common Equity	50.95%	9.275%	4.73%	1.26%	5.99%
	100.00%		7.15%	1.26%	8.41%

**Narragansett Gas
d/b/a National Grid
Computation of Growth Capital Rate Base as Filed
12 Months Ended June 30, 2018**

<u>Line</u> <u>No</u>		<u>Six Months</u>	<u>Six Months</u>	<u>Twelve Months</u>	<u>Two Months</u>	<u>Rate Year</u>	<u>Rate Year</u>	<u>Rate Year</u>
		<u>Ended December</u>	<u>Ended June 30,</u>	<u>Ended June 30,</u>	<u>Ended August</u>	<u>Ending August</u>	<u>Ending August</u>	<u>Ending August</u>
		<u>31, 2017</u>	<u>2018</u>	<u>2018</u>	<u>31, 2018</u>	<u>31, 2019</u>	<u>31, 2020</u>	<u>31, 2021</u>
		(a)	(b)	(c)=(a)+(b)	(d)	(e)	(f)	(g)
1	Forecasted Annual Growth Capital Investment	\$10,250,799	\$10,113,399	\$20,364,199	\$0	\$0	\$0	\$0
2	Cumulative Growth Capital	\$10,250,799	\$20,364,199	\$20,364,199	\$20,364,199	\$20,364,199	\$20,364,199	\$20,364,199
3								
4	<u>Deferred Tax Calculation:</u>							
5	Composite Book Depreciation Rate	3.38%	3.38%	3.38%	3.38%	3.05%	3.05%	3.05%
6								
7	Tax Depreciation	\$2,318,797	\$784,842	\$3,103,639	\$215,764	\$1,278,387	\$1,182,445	\$1,093,856
8	Cumulative Tax Depreciation	\$2,318,797	\$3,103,639	\$3,103,639	\$3,319,403	\$4,597,791	\$5,780,236	\$6,874,092
9								
10	Book Depreciation	\$173,239	\$170,916	\$344,155	\$114,718	\$621,108	\$621,108	\$621,108
11	Cumulative Book Depreciation	\$173,239	\$344,155	\$344,155	\$458,873	\$1,079,981	\$1,701,089	\$2,322,197
12								
13	Cumulative Book / Tax Timer	\$2,145,558	\$2,759,484	\$2,759,484	\$2,860,530	\$3,517,809	\$4,079,147	\$4,551,895
14	Effective Tax Rate	35.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
15	Deferred Tax Reserve	\$750,945	\$579,492	\$579,492	\$600,711	\$738,740	\$856,621	\$955,898
16	Excess Deferred Tax Reserve		\$300,378	\$300,378	\$300,378	\$300,378	\$300,378	\$300,378
17	Total Deferred Tax Reserve	\$750,945	\$879,870	\$879,870	\$901,090	\$1,039,118	\$1,156,999	\$1,256,276
18	<u>Rate Base Calculation:</u>							
19	Cumulative Incremental Capital Included in Rate Base	\$10,250,799	\$20,364,199	\$20,364,199	\$20,364,199	\$20,364,199	\$20,364,199	\$20,364,199
20	Accumulated Depreciation	(\$173,239)	(\$344,155)	(\$344,155)	(\$458,873)	(\$1,079,981)	(\$1,701,089)	(\$2,322,197)
21	Deferred Tax Reserve	(\$750,945)	(\$879,870)	(\$879,870)	(\$901,090)	(\$1,039,118)	(\$1,156,999)	(\$1,256,276)
22	Year End Rate Base	\$9,326,615	\$19,140,174	\$19,140,174	\$19,004,236	\$18,245,099	\$17,506,110	\$16,785,725

**Narragansett Gas
d/b/a National Grid
Computation of Growth Capital Rate Base as Filed
Two Months Ended August 31, 2018**

<u>Line</u> <u>No</u>		<u>Two Months</u>			
		<u>Ended August 31,</u> <u>2018</u> (a)	<u>Rate Year Ending</u> <u>August 31, 2019</u> (b)	<u>Rate Year Ending</u> <u>August 31, 2020</u> (c)	<u>Rate Year Ending</u> <u>August 31, 2021</u> (d)
1	Forecasted Annual Growth Capital Investment	\$3,325,333	\$0	\$0	\$0
2	Cumulative Growth Capital	\$3,325,333	\$3,325,333	\$3,325,333	\$3,325,333
3					
4	<u>Deferred Tax Calculation:</u>				
5	Composite Book Depreciation Rate	3.38%	3.05%	3.05%	3.05%
6					
7	Tax Depreciation	\$158,473	\$137,929	\$227,175	\$210,125
8	Cumulative Tax Depreciation	\$158,473	\$296,402	\$523,577	\$733,702
9					
10	Book Depreciation	\$9,366	\$59,163	\$101,423	\$101,423
11	Cumulative Book Depreciation	\$9,366	\$68,530	\$169,952	\$271,375
12					
13	Cumulative Book / Tax Timer	\$149,107	\$227,872	\$353,625	\$462,327
14	Effective Tax Rate	21.00%	21.00%	21.000%	21.000%
15	Deferred Tax Reserve	\$31,312	\$47,853	\$74,261	\$97,089
16					
17	<u>Rate Base Calculation:</u>				
18	Cumulative Incremental Capital Included in Rate Base	\$3,325,333	3,325,333	3,325,333	3,325,333
19	Accumulated Depreciation	(\$9,366)	(\$68,530)	(\$169,952)	(\$271,375)
20	Deferred Tax Reserve	(\$31,312)	(\$47,853)	(\$74,261)	(\$97,089)
21	Year End Rate Base	\$3,284,655	\$3,208,951	\$3,081,120	\$2,956,870

Narragansett Gas
d/b/a National Grid
Computation of Growth Capital Rate Base as Filed
Rate Year Ending August 31, 2019

<u>Line</u> <u>No</u>		<u>Rate Year</u>		
		<u>Ending August</u> <u>31, 2019</u> (a)	<u>Rate Year Ending</u> <u>August 31, 2020</u> (b)	<u>Rate Year Ending</u> <u>August 31, 2021</u> (c)
1	Forecasted Annual Growth Capital Investment	\$19,952,000	\$0	\$0
2	Cumulative Growth Capital	\$19,952,000	\$19,952,000	\$19,952,000
3				
4	<u>Deferred Tax Calculation:</u>			
5	Composite Book Depreciation Rate	3.05%	3.05%	3.05%
6				
7	Tax Depreciation	\$748,200	\$1,440,335	\$1,332,195
8	Cumulative Tax Depreciation	\$748,200	\$2,188,535	\$3,520,730
9				
10	Book Depreciation	\$304,268	\$608,536	\$608,536
11	Cumulative Book Depreciation	\$304,268	\$912,804	\$1,521,340
12				
13	Cumulative Book / Tax Timer	\$443,932	\$1,275,731	\$1,999,390
14	Effective Tax Rate	21.00%	21.00%	21.00%
15	Deferred Tax Reserve	\$93,226	\$267,903	\$419,872
16				
17	<u>Rate Base Calculation:</u>			
18	Cumulative Incremental Capital Included in Rate Base	\$19,952,000	\$19,952,000	\$19,952,000
19	Accumulated Depreciation	(\$304,268)	(\$912,804)	(\$1,521,340)
20	Deferred Tax Reserve	(\$93,226)	(\$267,903)	(\$419,872)
21	Year End Rate Base	\$19,554,506	\$18,771,293	\$18,010,788

Line 7 - Per Page 8 of 15

**Narragansett Gas
d/b/a National Grid
Computation of Growth Capital Rate Base as Filed
Calculation of Tax Depreciation
Forecasted Growth Capital Investment for the period July 1, 2017 through August 31, 2019**

Line No.			6 months Dec 31, 2017 (a)	6 months June 30 2018 (b)	2 months Jul-Aug 2018 (c)	Rate Year Aug-2019 (d)
Bonus Depreciation						
1	Plant Additions	Line 1	\$10,250,799	\$10,113,399	\$3,325,333	\$19,952,000
2	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%	100.00%	100.00%	100.00%
3	Plant Eligible for Bonus Depreciation	Line 1 x Line 2	\$10,250,799	\$10,113,399	\$3,325,333	\$19,952,000
4	Bonus Depreciation Rate	Line 35	19.61%	4.17%	4.17%	0.00%
5	Bonus Depreciation	Line 3 x Line 4	\$2,009,758	\$421,392	\$138,556	\$0
6						
Remaining Tax Depreciation						
8	Plant Additions	Line 1	\$10,250,799	\$10,113,399	\$3,325,333	\$19,952,000
9	Less Bonus Depreciation	Line 5	\$2,009,758	\$421,392	\$138,556	\$0
10	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 8 less Line 9	\$8,241,041	\$9,692,007	\$3,186,777	\$19,952,000
11	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	3.75%	3.75%	0.63%	3.75%
12	Remaining Tax Depreciation	Line 10 x Line 11	\$309,039	\$363,450	\$19,917	\$748,200
13						
14	Total Tax Depreciation and Repairs Deduction	Line 5 + Line 12	\$2,318,797	\$784,842	\$158,473	\$748,200
15						
MACRS Depreciation for the periods:						
2 months ended August 31, 2018						
18	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	1.20%	1.20%		
19	MACRS Tax Depreciation	Line 10 x Line 18	\$99,153	\$116,611		
Rate Year ended August 31, 2019						
21	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	7.13%	7.13%	4.33%	
22	MACRS Tax Depreciation	Line 10 x Line 21	\$587,476	\$690,911	\$137,929	
Rate Year ended August 31, 2020						
24	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	6.59%	6.59%	7.13%	7.22%
25	MACRS Tax Depreciation	Line 10 x Line 24	\$543,387	\$639,059	\$227,175	\$1,440,335
Rate Year ended August 31, 2021						
27	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	6.10%	6.10%	6.59%	6.68%
28	MACRS Tax Depreciation	Line 10 x Line 27	\$502,676	\$591,180	\$210,125	\$1,332,195
29						
30						
31			<u>6 mos July 2017 - Dec 2017</u>	<u>4 mos Sept 2017 - Dec 2017</u>	12 mos Aug 31 2018	2 mos Aug 31, 2017
32	Weighted Bonus Depreciation Rates:		(A)=(B)+(D)	(B)=(C)*1/3	(C)	(D)
33	Bonus Depreciation		\$4,873,923	\$686,894	\$2,060,682	\$4,187,029
34	Plant Eligible for Bonus depreciation		\$24,859,512	\$16,485,455	\$49,456,364	\$8,374,057
35	Bonus Tax Depreciation Rate		19.61%	4.17%	4.17%	50.00%

Columns (C) and (D) - per RIPUC Docket No. 4770 Aug 16, 2018 Compliance Filing Book 1, Compliance Attachment 2, Schedule 11-GAS, Pages 16 - 19

The Narragansett Electric Company
d/b/a National Grid
Computation of Growth Capital Rate Base as Filed
Calculation of Net Deferred Tax Reserve Proration on Forecasted Incremental Growth Capital Investment
For the period July 1, 2017 through August 31, 2019 as Filed

Line	No.	Deferred Tax Subject to Proration		Revenue Requirement Years						
				(a)	(b)	(c)	(d)	(e)		
				Twelve Months Ended June 30, 2018	Two Months Ended August 31, 2018	Rate Year Ending August 31, 2019	Rate Year Ending August 31, 2020	Rate Year Ending August 31, 2021		
1		Book Depreciation	Page 2 of 19, Line 12	\$ 344,155	\$ 124,085	\$ 984,539	\$ 1,331,067	\$ 1,331,067		
2		Bonus Depreciation	Page 3 of 19, Line 13	\$ (2,431,150)	\$ (138,556)	\$ -	\$ -	\$ -		
3		Remaining MACRS Tax Depreciation	Col (a)=Page 3 of 19, Line 19(a); Col (b) & forward= Page 3 of 19, Col (d)	\$ (672,489)	(\$235,681)	(\$2,164,516)	(\$2,849,955)	(\$2,636,177)		
4		Tax (gain)/loss on retirements	Page 3 of 19, Line 20	\$ -	\$ 0	\$ 0	\$ 0	\$ 0		
5		Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$ (2,759,484)	(\$250,153)	(\$1,179,977)	(\$1,518,888)	(\$1,305,110)		
6		Effective Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%		
7		Deferred Tax Reserve	Line 5 * Line 6	\$ (579,492)	(\$52,532)	(\$247,795)	(\$318,967)	(\$274,073)		
8		Deferred Tax Not Subject to Proration								
9		Capital Repairs Deduction	Page 3 of 19, Line 3	\$ -						
10		Cost of Removal	Page 3 of 19, Line 21	\$ -						
11		Book/Tax Depreciation Timing Difference at 3/31/2017		\$ -						
12		Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$ -						
13		Effective Tax Rate		21.00%						
14		Deferred Tax Reserve	Line 11 * Line 12	\$ -						
15		Total Deferred Tax Reserve	Line 7 + Line 13	\$ (579,492)	(\$52,532)	(\$247,795)	(\$318,967)	(\$274,073)		
16		Net Operating Loss		\$ -	\$ 0	\$ 0	\$ 0	\$ 0		
17		Net Deferred Tax Reserve	Line 14 + Line 15	\$ (579,492)	(\$52,532)	(\$247,795)	(\$318,967)	(\$274,073)		
18		Cumulative Book/Tax Timer Subject to Proration	Line 5	\$ (2,759,484)	(\$250,153)	(\$1,179,977)	(\$1,518,888)	(\$1,305,110)		
19		Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$ -	\$ -	\$ -	\$ -	\$ -		
20		Total Cumulative Book/Tax Timer	Line 17 + Line 18	\$ (2,759,484)	(\$250,153)	(\$1,179,977)	(\$1,518,888)	(\$1,305,110)		
21		Total FY 2018 Federal NOL	Page 2 of 19, Line 17	\$ -	\$ -	\$ -	\$ -	\$ -		
22		Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 / Line 19) * Line 20	\$ -	\$ -	\$ -	\$ -	\$ -		
23		Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 / Line 19) * Line 20	\$ -	\$ -	\$ -	\$ -	\$ -		
24		Effective Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%		
25		Deferred Tax Benefit subject to proration	Line 22 * Line 23	\$ -	\$ -	\$ -	\$ -	\$ -		
26		Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$ -	\$ -	(\$247,795)	(\$318,967)	(\$274,073)		
27		Proration Calculation		(h)	(i)	(j)	(k)	(l)	(m)	
28				Number of Days in Month	Proration Percentage	Twelve Months Ended June 30, 2018	Two Months Ended August 31, 2018	Rate Year Ending August 31, 2019	Rate Year Ending August 31, 2020	Rate Year Ending August 31, 2021
29	31	September	30	91.78%	\$ -	\$ 0	(\$18,952)	(\$24,396)	(\$20,962)	
30	32	October	31	83.29%	\$ -	\$ 0	(\$17,199)	(\$22,138)	(\$19,022)	
31	33	November	30	75.07%	\$ -	\$ 0	(\$15,501)	(\$19,954)	(\$17,145)	
32	34	December	31	66.58%	\$ -	\$ 0	(\$13,748)	(\$17,696)	(\$15,205)	
33	35	January	31	58.08%	\$ -	\$ 0	(\$11,994)	(\$15,439)	(\$13,266)	
34	36	February	28	50.41%	\$ -	\$ 0	(\$10,410)	(\$13,400)	(\$11,514)	
35	37	March	31	41.92%	\$ -	\$ 0	(\$8,656)	(\$11,142)	(\$9,574)	
36	26	April	30	33.70%	\$ -	\$ 0	(\$6,959)	(\$8,957)	(\$7,697)	
37	27	May	31	25.21%	\$ -	\$ 0	(\$5,205)	(\$6,700)	(\$5,757)	
38	28	June	30	16.99%	\$ -	\$ 0	(\$3,508)	(\$4,515)	(\$3,880)	
39	29	July	31	8.49%	\$ -	\$ 0	(\$1,754)	(\$2,258)	(\$1,940)	
40	30	August	31	0.00%	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	
41	38	Total	365		\$ -	\$ 0	(\$113,884)	(\$146,594)	(\$125,961)	
42	39	Deferred Tax Without Proration	Line 25		\$ -	\$ 0	(\$247,795)	(\$318,967)	(\$274,073)	
43	40	Average Deferred Tax without Proration	Line 25 * 50%		\$ -	\$ 0	(\$123,898)	(\$159,483)	(\$137,037)	
44	41	Proration Adjustment	Line 38 - Line 40		\$ 0	\$ 0	\$10,014	\$12,890	\$11,076	

Column Notes:
(i) Sum of remaining days in the year (Col (h)) ÷ 365
(j) through (m) Current Year Line 25 ÷ 12 × Current Month Col (i)

Narragansett Gas
d/b/a National Grid
Computation of Revenue Requirement
Actual Growth Capital Investment for the period July 1, 2017 through August 31, 2019

<u>Line</u> <u>No</u>		<u>Twelve Months</u>	<u>Two Months</u>	<u>Rate Year</u>	<u>Rate Year</u>	<u>Rate Year</u>
		<u>Ended June 30,</u>	<u>Ended August</u>	<u>Ending August</u>	<u>Ending August</u>	<u>Ending August</u>
		<u>2018</u>	<u>31, 2018</u>	<u>31, 2019</u>	<u>31, 2020</u>	<u>31, 2021</u>
		(a)	(b)	(c)	(d)	(e)
1	Actual Annual Growth Capital Investment	\$16,666,415	\$6,778,857	\$25,039,075	\$0	\$0
2	Cumulative Growth Capital	\$16,666,415	\$23,445,272	\$48,484,348	\$48,484,348	\$48,484,348
3						
4	<u>Deferred Tax Calculation:</u>					
5	Tax Depreciation	\$7,607,238	\$1,111,865	\$4,291,085	\$2,660,609	\$2,460,963
6	Cumulative Tax Depreciation	\$7,607,238	\$8,719,103	\$13,010,188	\$15,670,797	\$18,131,759
7						
8	Book Depreciation	\$281,662	\$112,981	\$1,010,779	\$1,478,773	\$1,478,773
9	Cumulative Book Depreciation	\$281,662	\$394,644	\$1,405,422	\$2,884,195	\$4,362,968
10						
11	Cumulative Book / Tax Timer	\$7,325,576	\$8,324,459	\$11,604,765	\$12,786,602	\$13,768,792
12	Effective Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%
13	Deferred Tax Reserve	\$1,538,371	\$1,748,136	\$2,437,001	\$2,685,186	\$2,891,446
14	Excess Deferred Tax	\$478,968	\$478,968	\$478,968	\$478,968	\$478,968
15	Total Deferred Tax Reserve	\$2,017,339	\$2,227,105	\$2,915,969	\$3,164,154	\$3,370,414
16						
17	<u>Rate Base Calculation:</u>					
18	Cumulative Incremental Capital Included in Rate Base	\$16,666,415	\$23,445,272	\$48,484,348	\$48,484,348	\$48,484,348
19	Accumulated Depreciation	(\$281,662)	(\$394,644)	(\$1,405,422)	(\$2,884,195)	(\$4,362,968)
20	Deferred Tax Reserve	(\$2,017,339)	(\$2,227,105)	(\$2,915,969)	(\$3,164,154)	(\$3,370,414)
21	Year End Rate Base	\$14,367,414	\$20,823,524	\$44,162,956	\$42,435,998	\$40,750,966
22						
23	<u>Revenue Requirement Calculation:</u>					
24	Average Rate Base			\$32,493,240	\$43,299,477	\$41,593,482
25	Proration adjustment			\$10,014	\$12,890	\$11,076
26	Average Rate Base including Proration Adj			\$32,503,254	\$43,312,367	\$41,604,557
27	Pre-Tax ROR			8.41%	8.41%	8.41%
28	Return and Taxes			\$2,733,524	\$3,642,570	\$3,498,943
29	Book Depreciation			\$1,010,779	\$1,478,773	\$1,478,773
30						
31	Annual Revenue Requirement			\$3,744,302	\$5,121,343	\$4,977,716

1/ Weighted Average Cost of Capital per Settlement RIPUC Docket No. 4770

	Ratio	Rate	Rate	Taxes	Return
Long Term Debt	48.35%	4.98%	2.41%		2.41%
Short Term Debt	0.60%	1.76%	0.01%		0.01%
Preferred Stock	0.10%	4.50%	0.00%		0.00%
Common Equity	50.95%	9.275%	4.73%	1.26%	5.99%
	100.00%		7.15%	1.26%	8.41%

Narragansett Gas
d/b/a National Grid
Computation of Actual Growth Capital Rate Base
12 Months Ended June 30, 2018

<u>Line</u> <u>No</u>		<u>Six Months</u>	<u>Six Months</u>	<u>Twelve Months</u>	<u>Two Months</u>	<u>Rate Year</u>	<u>Rate Year</u>	<u>Rate Year</u>
		<u>Ended December</u>	<u>Ended June 30,</u>	<u>Ended June 30,</u>	<u>Ended August</u>	<u>Ending August</u>	<u>Ending August</u>	<u>Ending August</u>
		<u>31, 2017</u>	<u>2018</u>	<u>2018</u>	<u>31, 2018</u>	<u>31, 2019</u>	<u>31, 2020</u>	<u>31, 2021</u>
		(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f)	(g)
1	Actual Annual Growth Capital Investment	\$9,619,651	\$7,046,764	\$16,666,415	\$0	\$0	\$0	\$0
2	Cumulative Growth Capital	\$9,619,651	\$16,666,415	\$16,666,415	\$16,666,415	\$16,666,415	\$16,666,415	\$16,666,415
3								
4	<u>Deferred Tax Calculation:</u>							
5	Composite Book Depreciation Rate	3.38%	3.38%		3.38%	3.05%	3.05%	3.05%
6								
7	Tax Depreciation	\$3,583,773	\$4,023,465	\$7,607,238	\$113,244	\$670,960	\$620,605	\$574,109
8	Cumulative Tax Depreciation	\$3,583,773	\$7,607,238	\$7,607,238	\$7,720,482	\$8,391,441	\$9,012,046	\$9,586,154
9								
10	Book Depreciation	\$162,572	\$119,090	\$281,662	\$93,887	\$508,326	\$508,326	\$508,326
11	Cumulative Book Depreciation	\$162,572	\$281,662	\$281,662	\$375,550	\$883,876	\$1,392,201	\$1,900,527
12								
13	Cumulative Book / Tax Timer	\$3,421,201	\$7,325,576	\$7,325,576	\$7,344,932	\$7,507,566	\$7,619,845	\$7,685,628
14	Effective Tax Rate	35.00%	21.00%	21.00%	21.00%	21.000%	21.000%	21.000%
15	Deferred Tax Reserve	\$1,197,420	\$1,538,371	\$1,538,371	\$1,542,436	\$1,576,589	\$1,600,167	\$1,613,982
16	Excess Deferred Tax		\$478,968	\$478,968	\$478,968	\$478,968	\$478,968	\$478,968
17	Total Deferred Tax Reserve	\$1,197,420	\$2,017,339	\$2,017,339	\$2,021,404	\$2,055,557	\$2,079,135	\$2,092,950
18								
19	<u>Rate Base Calculation:</u>							
20	Cumulative Incremental Capital Included in Rate Base	\$9,619,651	\$16,666,415	\$16,666,415	\$16,666,415	\$16,666,415	\$16,666,415	\$16,666,415
21	Accumulated Depreciation	(\$162,572)	(\$281,662)	(\$281,662)	(\$375,550)	(\$883,876)	(\$1,392,201)	(\$1,900,527)
22	Deferred Tax Reserve	(\$1,197,420)	(\$2,017,339)	(\$2,017,339)	(\$2,021,404)	(\$2,055,557)	(\$2,079,135)	(\$2,092,950)
23	Year End Rate Base	\$8,259,658	\$14,367,414	\$14,367,414	\$14,269,462	\$13,726,983	\$13,195,078	\$12,672,938

Narragansett Gas
d/b/a National Grid
Computation of Actual Growth Capital Rate Base
Two Months Ended August 31, 2018

<u>Line</u> <u>No</u>		<u>Two Months</u> <u>Ended August</u> <u>31, 2018</u> (a)	<u>Rate Year</u> <u>Ending August</u> <u>31, 2019</u> (b)	<u>Rate Year</u> <u>Ending August</u> <u>31, 2020</u> (c)	<u>Rate Year</u> <u>Ending August</u> <u>31, 2021</u> (d)
1	Actual Annual Growth Capital Investment	\$6,778,857	\$0	\$0	\$0
2	Cumulative Growth Capital	\$6,778,857	\$6,778,857	\$6,778,857	\$6,778,857
3					
4	<u>Deferred Tax Calculation:</u>				
5	Composite Book Depreciation Rate	3.38%	3.05%	3.05%	3.05%
6					
7	Tax Depreciation	\$998,621	\$251,752	\$414,645	\$383,527
8	Cumulative Tax Depreciation	\$998,621	\$1,250,373	\$1,665,018	\$2,048,545
9					
10	Book Depreciation	\$19,094	\$120,607	\$206,755	\$206,755
11	Cumulative Book Depreciation	\$19,094	\$139,701	\$346,456	\$553,211
12					
13	Cumulative Book / Tax Timer	\$979,527	\$1,110,672	\$1,318,562	\$1,495,333
14	Effective Tax Rate	21.00%	21.00%	21.00%	21.00%
15	Deferred Tax Reserve	\$205,701	\$233,241	\$276,898	\$314,020
16					
17	<u>Rate Base Calculation:</u>				
18	Cumulative Incremental Capital Included in Rate Base	\$6,778,857	\$6,778,857	\$6,778,857	\$6,778,857
19	Accumulated Depreciation	(\$19,094)	(\$139,701)	(\$346,456)	(\$553,211)
20	Deferred Tax Reserve	(\$205,701)	(\$233,241)	(\$276,898)	(\$314,020)
21	Year End Rate Base	\$6,554,062	\$6,405,915	\$6,155,503	\$5,911,626

Line 7 - Per Page 14 of 15

**Narragansett Gas
d/b/a National Grid
Computation of Actual Growth Capital Rate Base
Rate Year Ending August 31, 2019**

<u>Line</u> <u>No</u>		<u>Rate Year</u>		
		<u>Ending August</u> <u>31, 2019</u> (a)	<u>Rate Year Ending</u> <u>August 31, 2020</u> (b)	<u>Rate Year Ending</u> <u>August 31, 2021</u> (c)
1	Actual Annual Growth Capital Investment	\$25,039,075	\$0	\$0
2	Cumulative Growth Capital	\$25,039,075	\$25,039,075	\$25,039,075
3				
4	<u>Deferred Tax Calculation:</u>			
5	Composite Book Depreciation Rate	3.05%	3.05%	3.05%
6				
7	Tax Depreciation	\$3,368,374	\$1,625,359	\$1,503,328
8	Cumulative Tax Depreciation	\$3,368,374	\$4,993,733	\$6,497,060
9				
10	Book Depreciation	\$381,846	\$763,692	\$763,692
11	Cumulative Book Depreciation	\$381,846	\$1,145,538	\$1,909,230
12				
13	Cumulative Book / Tax Timer	\$2,986,528	\$3,848,195	\$4,587,831
14	Effective Tax Rate	21.00%	21.00%	21.00%
15	Deferred Tax Reserve	\$627,171	\$808,121	\$963,444
16				
17	<u>Rate Base Calculation:</u>			
18	Cumulative Incremental Capital Included in Rate Base	\$25,039,075	\$25,039,075	\$25,039,075
19	Accumulated Depreciation	(\$381,846)	(\$1,145,538)	(\$1,909,230)
20	Deferred Tax Reserve	(\$627,171)	(\$808,121)	(\$963,444)
21	Year End Rate Base	\$24,030,059	\$23,085,417	\$22,166,401

Line 7 - Per Page 14 of 15

**Narragansett Gas
d/b/a National Grid
Computation of Actual Growth Capital Rate Base
Calculation of Tax Depreciation
Actual Growth Capital Investment for the period July 1, 2017 through August 31, 2019**

Line No.			6 months Dec 31, 2017 (a)	6 months June 30 2018 (b)	2 months Jul-Aug 2018 (c)	Rate Year Aug-2019 (d)
	Bonus Depreciation					
1	Plant Additions	Line 1	\$7,046,764	\$9,619,651	\$6,778,857	\$25,039,075
2	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department	100.00%	100.00%	100.00%	100.00%
3	Plant Eligible for Bonus Depreciation	Line 1 x Line 2	\$7,046,764	\$9,619,651	\$6,778,857	\$25,039,075
4	Bonus Depreciation Rate	Line 35	55.43%	34.81%	14.20%	10.08%
5	Bonus Depreciation	Line 3 x Line 4	\$3,905,674	\$3,348,609	\$962,267	\$2,524,061
6						
7	Remaining Tax Depreciation					
8	Plant Additions	Line 1	\$7,046,764	\$9,619,651	\$6,778,857	\$25,039,075
9	Less Bonus Depreciation	Line 5	\$3,905,674	\$3,348,609	\$962,267	\$2,524,061
10	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 8 less Line 9	\$3,141,090	\$6,271,042	\$5,816,590	\$22,515,014
11	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	3.75%	3.75%	0.63%	3.75%
12	Remaining Tax Depreciation	Line 10 x Line 11	\$117,791	\$235,164	\$36,354	\$844,313
13						
14	Total Tax Depreciation and Repairs Deduction	Line 5 + Line 12	\$4,023,465	\$3,583,773	\$998,621	\$3,368,374
15						
16	MACRS Depreciation for the periods:					
17	2 months ended August 31, 2018					
18	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	1.20%	1.20%		
19	MACRS Tax Depreciation	Line 10 x Line 18	\$37,793	\$75,451		
20	Rate Year ended August 31, 2019					
21	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	7.13%	7.13%	4.33%	
22	MACRS Tax Depreciation	Line 10 x Line 21	\$223,918	\$447,042	\$251,752	
23	Rate Year ended August 31, 2020					
24	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	6.59%	6.59%	7.13%	7.22%
25	MACRS Tax Depreciation	Line 10 x Line 24	\$207,113	\$413,492	\$414,645	\$1,625,359
26	Rate Year ended August 31, 2021					
27	20 YR MACRS Tax Depreciation Rates	Page 15 of 15	6.10%	6.10%	6.59%	6.68%
28	MACRS Tax Depreciation	Line 10 x Line 27	\$191,596	\$382,513	\$383,527	\$1,503,328
29						
30						
31		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>6 months</u> <u>6/30/2018</u> (D)=1/2 Col (A) + 1/2 Col (B)	<u>Rate Year</u> <u>8/1/2019</u> (E)=7/12 Col (B) + 5/12 Col (C)
32	Weighted Bonus Depreciation Rates:	(A)	(B)	(C)		
33	Bonus Depreciation	\$374,112	(\$19,228)	\$1,554,827		
34	Plant Eligible for Bonus depreciation	\$674,987	(\$135,455)	\$35,991,359		
35	Bonus Tax Depreciation Rate	55.43%	14.20%	4.32%	34.81%	10.08%

Columns (A) through (D) - per RIPUC Docket No. 4996 FY 2021 Gas ISR Plan, Revised Section 3 Attachment 1-R. Pages 3, 6, and 9

MACRS Tax depreciation rates

Actual 12 mos ended June 30, 2018

Annual MACRS		Monthly MACRS	
3.750%	Jul-2017	1	0.3125%
	Aug-2017	2	0.3125%
	Sep-2017	3	0.3125%
	Oct-2017	4	0.3125%
	Nov-2017	5	0.3125%
	Dec-2017	6	0.3125%
	Jan-2018	7	0.3125%
	Feb-2018	8	0.3125%
	Mar-2018	9	0.3125%
	Apr-2018	10	0.3125%
	May-2018	11	0.3125%
	Jun-2018	12	0.3125% 3.75%
7.219%	Jul-2018	13	0.6016%
	Aug-2018	14	0.6016% 1.20%
	Sep-2018	15	0.6016%
	Oct-2018	16	0.6016%
	Nov-2018	17	0.6016%
	Dec-2018	18	0.6016%
	Jan-2019	19	0.6016%
	Feb-2019	20	0.6016%
	Mar-2019	21	0.6016%
	Apr-2019	22	0.6016%
	May-2019	23	0.6016%
	Jun-2019	24	0.6016%
6.677%	Jul-2019	25	0.5564%
	Aug-2019	26	0.5564% 7.13%
	Sep-2019	27	0.5564%
	Oct-2019	28	0.5564%
	Nov-2019	29	0.5564%
	Dec-2019	30	0.5564%
	Jan-2020	31	0.5564%
	Feb-2020	32	0.5564%
	Mar-2020	33	0.5564%
	Apr-2020	34	0.5564%
	May-2020	35	0.5564%
	Jun-2020	36	0.5564%
6.177%	Jul-2020	37	0.5148%
	Aug-2020	38	0.5148% 6.59%
	Sep-2020	39	0.5148%
	Oct-2020	40	0.5148%
	Nov-2020	41	0.5148%
	Dec-2020	42	0.5148%
	Jan-2021	43	0.5148%
	Feb-2021	44	0.5148%
	Mar-2021	45	0.5148%
	Apr-2021	46	0.5148%
	May-2021	47	0.5148%
	Jun-2021	48	0.5148%
5.713%	Jul-2021	49	0.4761%
	Aug-2021	50	0.4761% 6.10%

Actual Jul/Aug 2018

Annual MACRS		Monthly MACRS	
3.750%	Jul-2018	1	0.3125%
	Aug-2018	2	0.3125% 0.625%
	Sep-2018	3	0.3125%
	Oct-2018	4	0.3125%
	Nov-2018	5	0.3125%
	Dec-2018	6	0.3125%
	Jan-2019	7	0.3125%
	Feb-2019	8	0.3125%
	Mar-2019	9	0.3125%
	Apr-2019	10	0.3125%
	May-2019	11	0.3125%
	Jun-2019	12	0.3125%
7.219%	Jul-2019	13	0.6016%
	Aug-2019	14	0.6016% 4.328%
	Sep-2019	15	0.6016%
	Oct-2019	16	0.6016%
	Nov-2019	17	0.6016%
	Dec-2019	18	0.6016%
	Jan-2020	19	0.6016%
	Feb-2020	20	0.6016%
	Mar-2020	21	0.6016%
	Apr-2020	22	0.6016%
	May-2020	23	0.6016%
	Jun-2020	24	0.6016%
6.677%	Jul-2020	25	0.5564%
	Aug-2020	26	0.5564% 7.129%
	Sep-2020	27	0.5564%
	Oct-2020	28	0.5564%
	Nov-2020	29	0.5564%
	Dec-2020	30	0.5564%
	Jan-2021	31	0.5564%
	Feb-2021	32	0.5564%
	Mar-2021	33	0.5564%
	Apr-2021	34	0.5564%
	May-2021	35	0.5564%
	Jun-2021	36	0.5564%
6.177%	Jul-2021	37	0.5148%
	Aug-2021	38	0.5148% 6.594%