

October 5, 2020

**BY ELECTRONIC MAIL**

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

**RE: Docket 5040 – 2020 Distribution Adjustment Charge Filing  
Second Revised Gas Earnings Report – Twelve Months Ended December 31, 2019**

Dear Ms. Massaro:

I have enclosed a copy of The Narragansett Electric Company's<sup>1</sup> Second Revised Gas Earnings Report for the twelve-month period ended December 31, 2019 for the Company's gas operations. On October 5, 2020, the Company filed this Second Revised Gas Earnings Report with the Rhode Island Public Utilities Commission (the "PUC") in Docket No. 4770 in accordance with Article II, Section 6 of the Amended Settlement Agreement approved by PUC on August 24, 2018 in Docket 4770.

The Company previously filed a revised earnings report for CY 2019 as Schedule MAL-1 to the 2020 Distribution Adjustment Charge (the "DAC") on August 3, 2020 in Docket No. 5040 because the gas earnings sharing mechanism is a component of the DAC. The Company is filing this Second Revised Gas Earnings Report in this docket to facilitate the PUC's review of the Company's gas earnings sharing mechanism.

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: Docket 5040 Service List  
Leo Wold, Esq.  
Al Mancini, Division  
John Bell, Division  
Jerome D. Mierzwa, Division Consultant

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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. 5040**  
**Second Revised Gas Earnings Sharing Mechanism**  
**Schedule MAL-1**  
**September 21, 2020**

**National Grid - RI Gas**  
**Second Revised Gas Earnings Sharing Mechanism**  
**For the Twelve Months ended December 31, 2019**

**Table of Contents**

<b>Second Revised Gas Earnings Sharing Mechanism</b>	1
<b>Income Statement</b>	2
<b>Federal Income Tax Calculation</b>	3
<b>Applicable Capital Structure, Interest Expense and Preferred Dividends</b>	4
<b>Rate Base</b>	5
<b>Cash Working Capital Calculation</b>	6
<b>Detail Other Revenue/(Expense)</b>	7
<b>Detail Other Interest Expense</b>	8
<b>Detail Non-Operating Income / (Expense)</b>	9
<b>Calculation of Average Long-Term Debt Interest Rate</b>	10
<b>Calculation of Average Short-Term Debt Interest Rate</b>	11
<b>Merger Hold Harmless Rate Base Credit</b>	12
<b>Projected Deferred Tax Schedule</b>	13
<b>Reconciliation of Second Revised Gas Earnings Sharing Mechanism to Annual Report</b>	14

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**RIPUC Docket No. 5040**  
**Second Revised Gas Earnings Sharing Mechanism**  
**Schedule MAL-1**  
**September 21, 2020**  
**Page 1 of 14**

**National Grid - RI Gas**  
**Second Revised Gas Earnings Sharing Mechanism**  
**For the Twelve Months ended December 31, 2019**

1	Average Rate Base	\$865,035,866	
2	Equity Component of Rate Base	50.95%	
3	Average Common Equity	<u>\$440,735,773</u>	
4			
5	Actual Total Earnings	\$40,107,010	
6	Return on Common Equity with Incentives	9.10%	
7			
8	Less incentives:		
9	Energy Efficiency shareholder incentive	\$1,625,651	0.37%
10	Natural Gas Portfolio Management Plan	\$710,356	0.16%
11	Gas Procurement Incentive Plan	<u>\$17,789</u>	0.00%
12		\$2,353,796	
13			
14	Base Earnings	\$37,753,214	
15	Return on Common Equity without Incentives	<u>8.57%</u>	
16			
17	<u>Return on Equity &gt; 9.275% and &lt; 10.275%</u>	0.00%	
18	Earnings to be Shared	<u>\$0</u>	
19	Earnings to Customers - 50%	<u>\$0</u>	
20			
21	Return on Equity > 10.275%	0.00%	
22	Earnings to be Shared	<u>\$0</u>	
23	Earnings to Customers - 75%	<u>\$0</u>	
24			
25	Total After tax Earnings Credited to Customers	<u><u>\$0</u></u>	
26			
27	Total Earnings Credited to DAC	<u><u>\$0</u></u>	

Notes:

- 1 From Page 5 of 14 line 24(f)
- 2 From Page 4 of 14 line 8(a)
- 3 Line 1 times line 2
- 5 Line 12 plus line 14
- 6 Line 5 divided by line 3
- 9 Line 9 divided by line 3
- 10 Line 10 divided by line 3
- 11 Line 11 divided by line 3
- 14 From Page 2 of 14 line 42
- 15 Line 14 divided by line 3
- 17 Smaller of 10.275% or Line 15 minus 9.275%.
- 18 Line 3 times line 17
- 19 Line 18 times 50%
- 21 If Line 15 is greater than 10.275%
- 22 Line 3 times line 21
- 23 Line 22 times 75%
- 25 Line 19 plus line 23
- 27 Line 25 divided by 79%

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5040  
Second Revised Gas Earnings Sharing Mechanism  
Schedule MAL-1  
September 21, 2020  
Page 2 of 14

**National Grid - RI Gas  
Income Statement  
For the Twelve Months ended December 31, 2019**

	<u>2019</u>
1 <b><u>Operating Revenues</u></b>	
2 Total Firm Gas	\$382,295,156
3 Transportation	\$45,636,420
4 Other Revenues	\$6,957,616
5 Total Operating Revenues	\$434,889,191
6	
7 <i>Adjustment to Operating Revenue:</i>	
8 Inventory Financing	(\$1,018,360)
9 Total Adjusted Operating Revenues	\$433,870,831
10	
11 <b><u>Operating Expenses</u></b>	
12 Production (Gas Costs)	\$173,520,830
13 Storage	\$3,577,240
14 Transmission	\$2,551,617
15 Distribution	\$28,128,452
16 Customer Accounts	\$44,832,234
17 Sales	\$0
18 Administrative and General	\$34,050,518
19 Total Operating Expenses	\$286,660,891
20	
21 <b><u>Other Expenses</u></b>	
22 Depreciation and Amortization	\$40,272,196
23 Local and Other Taxes	\$28,129,437
24 Revenue Related Taxes (Gross Earnings Tax - GET)	\$12,099,213
25 Federal Income Taxes @ 21%	\$7,850,925
26 Total Other Expenses	\$88,351,770
27	
28 <b>Income Before Interest Expense</b>	\$58,858,171
29	
30 <b><u>Interest Expense</u></b>	
32 Short-Term Debt	\$120,413
33 Long-Term Debt	\$20,887,787
34 Other Interest Expense	\$57,830
35 AFUDC	\$0
36 Total Interest Expense	\$21,066,030
37	
38 <b>Net Income / (Loss)</b>	\$37,792,140
39	
40 Preferred Dividends	\$38,927
41	
42 <b>Net Income / (Loss) Applicable to Common Equity</b>	\$37,753,214

Notes:

- 4 From Page 7 of 14 line 11
- 23 From Page 6 of 14 line 3 through 5
- 25 From Page 3 of 14 line 24
- 32 From Page 4 of 14 line 25(b)
- 33 From Page 4 of 14 line 17(b)
- 34 From Page 8 of 14 line 3
- 40 From Page 4 of 14 line 34(b)

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**RIPUC Docket No. 5040**  
**Second Revised Gas Earnings Sharing Mechanism**  
**Schedule MAL-1**  
**September 21, 2020**  
**Page 3 of 14**

**National Grid - RI Gas**  
**Federal Income Tax Calculation**  
**For the Twelve Months ended December 31, 2019**

1	Operating Revenues	\$433,870,831
2		
3	Less:	
4		
5	Operating Expenses	\$286,660,891
6	Depreciation and Amortization	\$40,272,196
7	Local and Other Taxes	\$28,129,437
8	Revenue Related Taxes (GET)	\$12,099,213
9	Interest - Short-Term Debt	\$120,413
10	Interest - Long-Term Debt	\$20,887,787
11	Other Interest	\$57,830
12	AFUDC	\$0
13		
14	Total Deductions	<u>\$388,227,766</u>
15		
16	Taxable Income	\$45,643,065
17		
18	Federal Income Tax Rate	<u>21.00%</u>
19		
20	Imputed Federal Income Tax Expense	\$9,585,044
21		
22	Amortization of EDIT	(\$1,734,119)
23		
24	Net Federal Income Tax Expense	<u><u>\$7,850,925</u></u>

Notes:

- 1 From Page 2 of 14 line 9
- 5 From Page 2 of 14 line 19
- 6 From Page 2 of 14 line 22
- 7 From Page 2 of 14 line 23
- 8 From Page 2 of 14 line 24
- 9 From Page 2 of 14 line 32
- 10 From Page 2 of 14 line 33
- 11 From Page 2 of 14 line 34
- 12 From Page 2 of 14 line 35
- 14 Sum of Line 5 through line 12
- 16 Line 1 minus line 14
- 18 Federal income Tax Rate: rate of 21%
- 20 Line 16 times Line 18
- 22 - Docket No. 4770, Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1
- 24 Line 20 plus Line 22

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5040  
Second Revised Gas Earnings Sharing Mechanism  
Schedule MAL-1  
September 21, 2020  
Page 4 of 14

**National Grid - RI Gas**  
**Applicable Capital Structure, Interest Expense and Preferred Dividends**  
**For the Twelve Months ended December 31, 2019**

	%	\$
	(a)	(b)
1 Rate Base		\$865,035,866
2		
3 <b>Capital Structure</b>		
4	<u>Docket 4770</u>	
5 Short-Term Debt	0.60%	\$5,190,215
6 Long-Term Debt	48.35%	\$418,244,841
7 Preferred Stock	0.10%	\$865,036
8 Common Equity	50.95%	\$440,735,773
9	<u>100.00%</u>	<u>\$865,035,866</u>
10 <b>Interest Expense</b>		
11		
12		
13 Long-Term Debt Portion	48.35%	\$418,244,841
14		
15 Cost of Long-Term Debt December 2019		4.99%
16		
17 Proforma Long-Term Debt Interest		<u>\$20,887,787</u>
18		
19		
20		
21 Short-Term Debt Portion	0.60%	\$5,190,215
22		
23 Cost of Short-Term Debt December 2019		2.32%
24		
25 Proforma Short-Term Debt Interest		<u>\$120,413</u>
26		
27 <b>Preferred Dividends</b>		
28		
29		
30 Preferred Stock Portion	0.10%	\$865,036
31		
32 Cost of Preferred Stock		4.50%
33		
34 Proforma Preferred Stock		<u>\$38,927</u>

Notes:

- 1(b) From Page 5 of 14 line 24(f)
- 5(a)-8(a) Docket 4770 Compliance Filing dated August 16, 2018, Compliance Filing Attachment 2, Schedule 1-GAS, Page 4
- 5(b)-8(b) Line 1(b) times line 5(a) through line 8(a)
  - 13 Line 1(b) times line 13(a)
  - 15 From Page 10 of 14 line 14(g)
  - 17 Line 13(b) times line 15(b)
  - 21 Line 1(b) times line 21(a)
  - 23 From Page 11 of 14 line 14(b)
  - 25 Line 21(b) times line 23(b)
  - 30 Line 1(b) times line 30(a)
  - 32 Docket 4770 Compliance Filing dated August 16, 2018, Compliance Attachment 2, Schedule 1-GAS, Page 4, Line 5
  - 34 Line 30(b) times line 32(b)

**National Grid - RI Gas  
Rate Base  
For the Twelve Months ended December 31, 2019**

	December 2018	March 2019	June 2019	September 2019	December 2019	5 Quarter Average December 2019
	(a)	(b)	(c)	(d)	(e)	(f)
1 Gas Plant In Service	\$1,270,410,017	\$1,306,303,326	\$1,341,681,826	\$1,377,391,497	\$1,413,654,374	\$1,341,888,208
2 CWIP	\$75,391,908	\$56,566,955	\$57,086,110	\$68,216,249	\$80,032,223	\$67,458,689
3 Less: Accumulated Depreciation	\$399,108,875	\$405,714,105	\$408,384,458	\$413,908,773	\$420,277,455	\$409,478,733
4 Less: Contribution in Aid of Construction	\$38	\$38	\$38	\$38	\$38	\$38
5						
6 Net Plant	\$946,693,012	\$957,156,137	\$990,383,440	\$1,031,698,935	\$1,073,409,104	\$999,868,126
7						
8 Materials and Supplies	\$4,724,404	\$4,832,904	\$5,382,351	\$4,763,295	\$4,814,716	\$4,903,534
9 Prepaid Expenses, Excluding Taxes	\$4,774	\$485,197	\$302,095	\$307,836	\$4,736	\$220,928
10 Deferred Debits	\$1,686,909	\$1,580,364	\$1,473,819	\$1,367,274	\$1,260,729	\$1,473,819
11 Unamortized debt expense and Interest Rate Lock	\$2,071,368	\$2,029,459	\$1,987,549	\$1,945,640	\$1,903,731	\$1,987,549
12 Cash Working Capital	\$30,219,217	\$29,509,617	\$29,509,617	\$29,509,617	\$29,509,617	\$29,651,537
13						
14 Subtotal	\$38,706,672	\$38,437,542	\$38,655,432	\$37,893,662	\$37,493,529	\$38,237,368
15						
16 Accumulated Deferred FIT	\$79,976,277	\$94,390,371	\$98,993,775	\$102,508,922	\$106,427,898	\$96,459,449
17 Excess Deferred Tax	\$58,151,908	\$58,151,908	\$58,151,908	\$58,151,908	\$58,151,908	\$58,151,908
18 Excess Deferred Tax Amortization	(\$666,000)	(\$1,165,500)	(\$1,665,000)	(\$2,120,520)	(\$2,400,119)	(\$1,603,428)
19 Hold Harmless	\$19,020,489	\$18,516,640	\$18,012,792	\$17,508,943	\$17,005,095	\$18,012,792
20 Customer Deposits	\$1,982,743	\$2,067,280	\$2,063,050	\$2,070,481	\$2,060,983	\$2,048,907
21						
22 Subtotal	\$158,465,417	\$171,960,699	\$175,556,524	\$178,119,734	\$181,245,764	\$173,069,628
23						
24 Rate Base	\$826,934,267	\$823,632,981	\$853,482,348	\$891,472,863	\$929,656,869	\$865,035,866

Notes:

- 1(a)-4(e) From Company Financial Statements
- 1(f)-4(f) Average of Column (a) through Column (e)
- 6(a)-6(e) Line 1 + Line 2 - Line 3 - Line 4
- 6(f) Average of Column (a) through Column (e)
- 8(a)-11(e) From Company Financial Statements
- 8(f)-11(f) Average of Column (a) through Column (e)
- 12(b)-12(e) From Page 6 of 14 Line 13
- 14 Sum of Line 8 through Line 12
- 16(a)-21(e) From Company Financial Statements
- 16(f)-21(f) Average of Column (a) through Column (e)
- 17 Excess Deferred Tax for change in tax rate from 35% to 21%
- 18 Per Docket No. 4770, Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1
- 19 Hold Harmless rate base credit per Docket No. 3859
- 22 Sum of Line 16 through Line 20
- 24 Line 6 + Line 14 - Line 22

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**RIPUC Docket No. 5040**  
**Second Revised Gas Earnings Sharing Mechanism**  
**Schedule MAL-1**  
**September 21, 2020**  
**Page 6 of 14**

**National Grid - RI Gas**  
**Cash Working Capital Calculation**  
**For the Twelve Months ended December 31, 2019**

1	Gas Costs	\$173,520,830
2	Operating Expenses	\$113,140,061
3	Payroll Taxes	\$2,731,278
4	Property Taxes	\$25,456,447
5	State Taxes Other	(\$58,288)
6	Revenue Related Taxes (GET)	\$12,099,213
7	Total	\$326,889,540
8		
9	Daily Cash Requirement	\$895,588
10		
11	Net Lag Days	32.95
12		
13	Total Working Capital	\$29,509,617

Notes:

- 1 From Page 2 of 14 line 12
- 2 From Page 2 of 14 line 13 through 18
- 3-5 From Company Financial Statements
- 6 From Page 2 of 14 line 24
- 7 Sum of Line 1 through Line 6
- 9 Line 7 divided by 365 days
- 11 Per Docket No. 4770, Compliance Filing dated August 16, 2018,  
Compliance Attachment 2, Schedule 42,  
(Page 3 of 29, Line 18 - Page 2 of 29, Line 1)
- 13 Line 9 times line 11

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**RIPUC Docket No. 5040**  
**Second Revised Gas Earnings Sharing Mechanism**  
**Schedule MAL-1**  
**September 21, 2020**  
**Page 7 of 14**

**National Grid - RI Gas**  
**Detail Other Revenue/(Expense)**  
**For the Twelve Months ended December 31, 2019**

1	Rent from Gas Property	\$2,027,792
2	Other Revenue	(\$1,282,890)
3	Recovery of Supervision & Administrative Costs	\$0
4	RDM Revenue	(\$401,010)
5	DAC Revenue	(\$22,052)
6	LIHEAP Revenue	\$5,036,120
7	Other Deferred Revenue	\$1,023,552
8	Misc Revenue	\$0
9	Interest on Customer Arrears	\$576,104
10		
11	Total Other Revenue	\$6,957,616

Notes:

- 1-9 From Company Financial Statements
- 11 Sum of line 1 through line 9

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**RIPUC Docket No. 5040**  
**Second Revised Gas Earnings Sharing Mechanism**  
**Schedule MAL-1**  
**September 21, 2020**  
**Page 8 of 14**

**National Grid - RI Gas**  
**Detail Other Interest Expense**  
**For the Twelve Months ended December 31, 2019**

1	Interest on Customer Deposits	\$57,830
2		
3	Total Other Interest Expense	<u><u>\$57,830</u></u>

Notes:

- 1 From Company Financial Statements
- 3 Line 1

National Grid - RI Gas  
Detail Non-Operating Income / (Expense)  
For the Twelve Months ended December 31, 2019

1	Service Contract Revenue	\$80,502
2	Share Awards	(\$553,290)
3	Interest on Over / (Under) Collections, primarily Deferred Gas Costs	\$380,908
4	Deferred Compensation - Life Insurance	(\$793)
5	Federal Income Taxes on Non-Operating Income	\$0
6	NGPMP per Docket 4038	\$0
7	Lobbying / Legal and Political Expense	(\$200,342)
8	Penalties	(\$160,919)
9	Other	(\$2,098,131)
10	Total Non-Operating Income/(Expense)	<u>(\$2,552,066)</u>

Notes:

- 1-9 From Company Financial Statements
- 10 Sum of line 1 through line 9

**National Grid - RI Gas**  
**Calculation of Average Long-Term Debt Interest Rate**  
**For the Twelve Months ended December 31, 2019**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<u>Series</u>	<u>Percent</u>	<u>Due</u>	<u>Amount</u>	<u>Annual Interest</u>	<u>Annual Amortization of DD&amp;E</u>	<u>Total Expense</u>	<u>Cost of Debt</u>	
1	<u>Senior Unsecured Notes</u>							
2	Senior Notes	4.534%	15-Mar-2020	\$250,000,000	\$11,335,000	\$664,600	\$11,999,600	4.80%
3	Senior Notes	5.638%	15-Mar-2040	\$300,000,000	\$16,914,000	\$279,300	\$17,193,300	5.73%
4	Senior Notes	4.170%	10-Dec-2042	\$250,000,000	\$10,425,000	\$75,000	\$10,500,000	4.20%
5	Senior Notes	3.919%	1-Aug-2028	\$350,000,000	\$13,716,500	\$61,185	\$13,777,685	3.94%
6	<u>First Mortgage Bonds (*)</u>							
7	Providence Gas FMB N	9.630%	30-May-2020	\$10,000,000	\$963,000	\$4,100	\$967,100	9.67%
8	Providence Gas FMB O	8.460%	30-Sep-2022	\$12,500,000	\$1,057,500	\$4,300	\$1,061,800	8.49%
9	FMB Series P	8.090%	30-Sep-2022	\$2,343,750	\$189,609	\$3,500	\$193,109	8.24%
10	FMB Series R	7.500%	15-Dec-2025	\$5,218,750	\$391,406	\$4,100	\$395,506	7.58%
11								8.71%
12	Total			<u>\$1,180,062,500</u>	<u>\$54,992,016</u>	<u>\$1,096,085</u>	<u>\$56,088,101</u>	<u>4.75%</u>
13	Electric Operations	70.00%		826,043,750	37,632,039	775,824	38,407,863	4.65%
14	Gas Operations	30.00%		354,018,750	17,359,976	320,261	17,680,238	4.99%
15	Legacy Debt			30,062,500	2,601,516	16,000	2,617,516	8.71%
16	New Debt			323,956,250	14,758,461	304,261	15,062,722	4.65%
17	Electric Transmission							
18	Total			<u>1,180,062,500</u>	<u>54,992,016</u>	<u>1,096,085</u>	<u>56,088,101</u>	<u>4.75%</u>

Notes:

1-10 From Financial Statements

1(c)-10(c) \*Average amounts represent The Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity.

**National Grid - RI Gas**  
**Calculation of Average Short-Term Debt Interest Rate**  
**For the Twelve Months ended December 31, 2019**

		(a)	(b)	(c)
	<u>Month</u>	<u>Average Short-Term Debt Balance</u>	<u>Weighted Cost Rate</u>	<u>Short-Term Interest Expense</u>
1	Jan-19	\$47,365,161	2.84%	\$108,479
2	Feb-19	\$37,982,046	2.77%	\$72,054
3	Mar-19	\$43,878,708	2.71%	\$94,148
4	Apr-19	\$41,106,442	2.73%	\$86,098
5	May-19	\$21,585,886	2.70%	\$45,313
6	Jun-19	\$26,689,709	2.67%	\$50,927
7	Jul-19	\$40,741,336	2.58%	\$85,149
8	Aug-19	\$48,200,318	2.50%	\$97,090
9	Sep-19	\$64,375,649	2.34%	\$116,438
10	Oct-19	\$70,541,282	2.28%	\$133,193
11	Nov-19	\$74,346,875	2.19%	\$130,633
12	Dec-19	\$98,402,163	2.11%	\$169,093
13				
14	Average	\$51,267,965	2.32%	\$1,188,615

Notes:

1(a)-12(a) Average amounts represent The Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity and participates in the National Grid money pool as a division of The Narragansett Electric Company.

14(b) Line 14 (c) divided by Line 14 (a)

National Grid - RI Gas  
Merger Hold Harmless Rate Base Credit  
For the Twelve Months ended December 31, 2019

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Schedule MAL-11-GAS  
Page 9 of 23

The Narragansett Electric Company d/b/a National Grid  
Merger Hold Harmless Rate Base Credit Adjustments To Rate Base  
Test Year Ending June 30, 2017 through Rate Year 1 Ending August 31, 2019

Description	Period (a)	Monthly Expense (b)	Merger Hold Harmless Rate Base Credit (c)
1 Balance at June 30, 2017			\$21,532,971
2			
3 Subsequent 2 months			<u>(\$253,030)</u>
4			
5 Balance at August 31, 2017			\$21,279,942
6			
7			
8 Increase/(Decrease) 12 Months Ended	08/31/18		(\$1,674,988.40)
9			
10 Balance at August 31, 2018			\$19,604,953
11	09/30/18	(\$146,116)	\$19,458,837
12	10/31/18	(\$146,116)	\$19,312,721
13	11/30/18	(\$146,116)	\$19,166,605
14	12/31/18	(\$146,116)	\$19,020,489
15	01/31/19	(\$167,950)	\$18,852,539
16	02/28/19	(\$167,950)	\$18,684,590
17	03/31/19	(\$167,950)	\$18,516,640
18	04/30/19	(\$167,950)	\$18,348,691
19	05/31/19	(\$167,950)	\$18,180,741
20	06/30/19	(\$167,950)	\$18,012,792
21	07/31/19	(\$167,950)	\$17,844,842
22 Balance at August 31, 2019	08/31/19	(\$167,950)	\$17,676,893
23			
24 Rate Year 1 Merger Hold Harmless - 5 Quarter Average			<u>\$18,662,756</u>

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Schedule MAL-11-GAS  
Page 10 of 23

The Narragansett Electric Company d/b/a National Grid  
Merger Hold Harmless Rate Base Credit Adjustments To Rate Base  
Rate Year 1 Ending August 31, 2019 through Rate Year 2 Ending August 31, 2021

Description	Period (a)	Monthly Expense (b)	Merger Hold Harmless Rate Base Credit (c)
1 Balance at August 31, 2019			\$17,676,893
2	09/30/19	(\$167,950)	\$17,508,943
3	10/31/19	(\$167,950)	\$17,340,994
4	11/30/19	(\$167,950)	\$17,173,044
5	12/31/19	(\$167,950)	\$17,005,095
6	01/31/20	(\$198,997)	\$16,806,098
7	02/29/20	(\$198,997)	\$16,607,100
8	03/31/20	(\$198,997)	\$16,408,103
9	04/30/20	(\$198,997)	\$16,209,106
10	05/31/20	(\$198,997)	\$16,010,109
11	06/30/20	(\$198,997)	\$15,811,112
12	07/31/20	(\$198,997)	\$15,612,115
13 Balance at August 31, 2020	08/31/20	(\$198,997)	\$15,413,118
14			
15 Rate Year 2 Merger Hold Harmless - 5 Quarter Average			<u>\$16,576,053</u>
16			
17 Balance at August 31, 2020			\$15,413,118
18	09/30/20	(\$198,997)	\$15,214,120
19	10/31/20	(\$198,997)	\$15,015,123
20	11/30/20	(\$198,997)	\$14,816,126
21	12/31/20	(\$198,997)	\$14,617,129
22	01/31/21	(\$223,582)	\$14,393,547
23	02/28/21	(\$223,582)	\$14,169,965
24	03/31/21	(\$223,582)	\$13,946,383
25	04/30/21	(\$223,582)	\$13,722,802
26	05/31/21	(\$223,582)	\$13,499,220
27	06/30/21	(\$223,582)	\$13,275,638
28	07/31/21	(\$223,582)	\$13,052,056
29 Balance at August 31, 2021	08/31/21	(\$223,582)	\$12,828,474
30			
31 Rate Year 3 Merger Hold Harmless - 5 Quarter Average			<u>\$14,145,381</u>

**The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5040  
Second Revised Gas Earnings Sharing Mechanism  
Schedule MAL-1  
September 21, 2020  
Page 13 of 14**

Schedule DJE-2  
Revised

NATIONAL GRID  
MERGER ADJUSTMENT TO ADIT  
Projected Deferred Tax Schedule  
(\$000)

<u>As of 31-Dec</u>	<u>Southern Union ADIT</u>	<u>National Grid ADIT</u>	<u>Difference</u>	<u>Southern Union ADITC</u>	<u>ADIT Merger Adjustment</u>
2006	\$34,845	\$214	\$34,631	\$1,133	\$35,764
2007	\$33,908	\$1,238	\$32,670	\$928	\$33,598
2008	\$32,170	\$2,073	\$30,097	\$724	\$30,821
2009	\$30,086	\$1,859	\$28,227	\$519	\$28,746
2010	\$29,473	\$2,238	\$27,235	\$315	\$27,549
2011	\$29,632	\$3,184	\$26,448	\$110	\$26,558
2012	\$29,583	\$3,760	\$25,823		\$25,823
2013	\$29,515	\$4,286	\$25,229		\$25,229
2014	\$29,199	\$4,628	\$24,572		\$24,572
2015	\$29,095	\$5,530	\$23,566		\$23,566
2016	\$28,823	\$6,531	\$22,292		\$22,292
2017	\$28,342	\$7,568	\$20,774		\$20,774
2018	\$27,627	\$8,606	\$19,020		\$19,020
2019	\$26,847	\$9,842	\$17,005		\$17,005
2020	\$25,922	\$11,305	\$14,617		\$14,617
2021	\$24,732	\$12,797	\$11,934		\$11,934
2022	\$23,374	\$14,311	\$9,064		\$9,064

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5040  
Second Revised Gas Earnings Sharing Mechanism  
Schedule MAL-1  
September 21, 2020  
Page 14 of 14

National Grid - RI Gas  
Reconciliation of Second Revised Gas Earnings Sharing Mechanism to Annual Report  
For the Twelve Months ended December 31, 2019

1	<b>Operating Revenues</b>	
2	<b>Gas Operating Revenues shown on Page 301, Line 1(f) of the Annual Report</b>	<b>\$382,349,815</b>
3	1 Remove Energy Efficiency Incentives	\$1,542,657
4	2 Unbilled Revenue Net Margin	(\$1,128,678)
5	3 Unbilled Energy Efficiency	(\$468,640)
6	<b>Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues</b>	<b>\$382,295,155</b>
7		
8	<b>Revenues from Transportation shown on Page 301, Line 7(f) of the Annual Report</b>	<b>\$45,470,915</b>
9	1 Unbilled Transportation	\$165,505
10	<b>Gas Earnings Sharing Mechanism, Page 2, Transportation Revenues</b>	<b>\$45,636,420</b>
11		
12	<b>Forfeited Discounts shown on Page 301, Line 3(f) of the Annual Report</b>	<b>\$47</b>
13	<b>Miscellaneous Service Revenues shown on Page 301, Line 4(f) of the Annual Report</b>	<b>\$149,172</b>
14	<b>Rent from Gas Property shown on Page 301, Line 12(f) of the Annual Report</b>	<b>\$1,854,100</b>
15	<b>Other Gas Revenues shown on Page 301, Line 14(f) of the Annual Report</b>	<b>\$6,673,975</b>
16	1 Excess Sharing	\$5,561,683
17	2 Off System Gas Sales	(\$6,431,726)
18	3 Contract Sharing	\$159,688
19	4 Unbilled DAC	\$713,011
20	5 Unbilled RDM	\$845,398
21	6 Miscellaneous Service Revenues	(\$149,219)
22	7 CSS Revenue - Customer Arrears	\$576,104
23	8 Remove Energy Efficiency Incentives	(\$3,168,309)
24	<b>9 Reclass Rent Revenues from Miscellaneous Service Revenues per DIV 2-7</b>	<b>\$173,692</b>
25	<b>Gas Earnings Sharing Mechanism, Page 2, Other Revenues</b>	<b>6,957,615</b>
26		
27	<b>Inventory Financing</b>	<b>(\$1,018,360)</b>
28		
29		
30	<b>Operating Expenses</b>	
31	<b>Production expenses shown on Page 320 of the Annual Report</b>	<b>\$173,520,830</b>
32	<b>Gas Earnings Sharing Mechanism, Page 2, Production (Gas Costs)</b>	<b>\$173,520,830</b>
33		
34	<b>Natural Gas Storage expenses shown on Page 322 of the Annual Report</b>	<b>\$3,577,240</b>
35	<b>Gas Earnings Sharing Mechanism, Page 2, Storage</b>	<b>\$3,577,240</b>
36		
37	<b>Transmission expenses shown on Page 323 of the Annual Report</b>	<b>\$2,551,617</b>
38	<b>Gas Earnings Sharing Mechanism, Page 2, Transmission</b>	<b>\$2,551,617</b>
39		
40	<b>Distribution expenses shown on Page 324 of the Annual Report</b>	<b>\$48,068,283</b>
41	1 Normalize Aquidneck Island event expense	(\$19,939,830)
42	<b>Gas Earnings Sharing Mechanism, Page 2, Distribution</b>	<b>\$28,128,453</b>
43		
44	<b>Customer Accounts expenses shown on Pages 324-325 of the Annual Report</b>	<b>\$15,373,700</b>
45	<b>Customer Service &amp; Information expenses shown on Pages 325 of the Annual Report</b>	<b>\$31,670,920</b>
46	1 Zero out Uncollectible Accounts per books	(\$8,817,225)
47	2 Add Bad Debt Write-Offs	\$6,604,839
48	<b>Gas Earnings Sharing Mechanism, Page 2, Customer Accounts</b>	<b>\$44,832,234</b>
49		
50	<b>Sales expenses shown on Page 325 of the Annual Report</b>	<b>\$198,070</b>
51	1 Remove Sales expenses	(\$198,070)
52	<b>Gas Earnings Sharing Mechanism, Page 2, Sales</b>	<b>\$0</b>
53		
54	<b>Administrative and General expenses shown on Page 325 of the Annual Report</b>	<b>\$37,986,617</b>
55	1 Exclude Executive Variable Compensation not charged to customers	(\$161,360)
56	2 Service Company excess deferred federal income taxes per Docket No. 4770 Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1	\$369,700
57	3 Normalize Aquidneck Island event expense	(\$7,462,549)
58	4 Out of Period Pension OPEB Adjustment	\$3,318,110
59	<b>Gas Earnings Sharing Mechanism, Page 2, Administrative and General</b>	<b>\$34,050,518</b>

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.



\_\_\_\_\_  
Joanne M. Scanlon

October 5, 2020  
Date

**Docket No. 5040 – National Grid –2020 Annual Distribution Adjustment Charge Filing (DAC) - Service List as of 9/9/2020**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
Raquel J. Webster, Esq. Jennifer Hutchinson, Esq. National Grid 40 Sylvan Road Waltham, MA 02451	<a href="mailto:raquel.webster@nationalgrid.com">raquel.webster@nationalgrid.com</a> ;	781-907-2121
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
	<a href="mailto:Jennifer.Hutchinson@nationalgrid.com">Jennifer.Hutchinson@nationalgrid.com</a> ;	
Leticia Pimentel, Esq. Steven Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14th Floor Providence, RI 02903	<a href="mailto:LPimentel@rc.com">LPimentel@rc.com</a> ;	401-709-3337
	<a href="mailto:SBoyajian@rc.com">SBoyajian@rc.com</a> ;	
Ann Leary William R. Richer Melissa Little Ryan Scheib Theresa Burns National Grid	<a href="mailto:Ann.Leary@nationalgrid.com">Ann.Leary@nationalgrid.com</a> ;	
	<a href="mailto:William.richer@nationalgrid.com">William.richer@nationalgrid.com</a> ;	
	<a href="mailto:Melissa.Little@nationalgrid.com">Melissa.Little@nationalgrid.com</a> ;	
	<a href="mailto:Ryan.Scheib@nationalgrid.com">Ryan.Scheib@nationalgrid.com</a> ;	
	<a href="mailto:Theresa.Burns@nationalgrid.com">Theresa.Burns@nationalgrid.com</a> ;	
Leo Wold, Esq. Division of Public Utilities & Carriers 89 Jefferson Boulevard Warwick, RI 02888	<a href="mailto:Leo.Wold@dpuc.ri.gov">Leo.Wold@dpuc.ri.gov</a> ;	401-780-2130
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a> ;	
	<a href="mailto:MFolcarelli@riag.ri.gov">MFolcarelli@riag.ri.gov</a> ;	
	<a href="mailto:Chetherington@riag.ri.gov">Chetherington@riag.ri.gov</a> ;	
John Bell Division of Public Utilities & Carriers	<a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov</a> ;	
	<a href="mailto:Al.mancini@dpuc.ri.gov">Al.mancini@dpuc.ri.gov</a> ;	
Jerome D. Mierzwa Lafayette Morgan Exeter Associates 10480 Little Patuxent Parkway, Suite	<a href="mailto:jmierzwa@exeterassociates.com">jmierzwa@exeterassociates.com</a> ;	410-992-7500

300 Columbia, Maryland 21044	<a href="mailto:lmorgan@exeterassociates.com">lmorgan@exeterassociates.com</a> ;	
David Efron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	<a href="mailto:Djeffron@aol.com">Djeffron@aol.com</a> ;	603-964-6526
<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Margaret Hogan, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Patricia.lucarelli@puc.ri.gov">Patricia.lucarelli@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	