

March 31, 2021

**VIA ELECTRONIC MAIL**

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

**RE: Docket 5099 – Gas Infrastructure, Safety, and Reliability Plan FY 2022 Compliance Filing**

Dear Ms. Massaro:

On behalf of National Grid<sup>1</sup> I have enclosed the Company's compliance filing pursuant to the Rhode Island Public Utilities Commission's ("PUC") ruling at the Open Meeting on March 29, 2021 ("Open Meeting").

This compliance filing includes the following documents:

1. Section 3, Attachment 1(C): This attachment includes the calculation of the Gas ISR Revenue Requirement based on the PUC's ruling. The revised FY 2022 Gas ISR revenue requirement of \$138.2 million reflects estimated FY 2022 plant-in-service, as shown in Updated Section 2: Table 1. The Company calculated the revised FY 2022 revenue requirement in a manner consistent with the Company's response to Data Request PUC 5-1 in this docket.
2. Section 4, Attachment 1(C): This attachment includes the calculation of the Gas ISR factors based on the PUC's ruling.
3. Section 4, Attachment 2(C): This attachment includes the bill impacts from the factors calculated in Attachment 1(C). For the average residential heating customer using 845 therms annually, implementation of the compliance ISR factors for the period April 1, 2021 through March 31, 2022 will result in an annual increase of \$45.55, or 3.4 percent.
4. Section 4, Attachment 3: This attachment includes clean and redlined versions of the Company's approved tariff to align the calculation of the Gas ISR revenue requirement with the Company's Electric ISR "plant-in-service" revenue requirement methodology.

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

5. Updated Section 2: Table 1:

- Using the Company’s response to Data Request PUC 5-1 as a baseline and in efforts to comply with the PUC’s ruling, the Company reviewed the FY 2022 Gas ISR Capital Spending it forecasts will be plant-in-service by the close of FY 2022. As reflected in Updated Table 1, the Company estimates that \$162.5 million will be recorded as plant-in-service in FY 2022, and \$10.8 million will be recorded as plant-in-service in FY 2023 and beyond.<sup>2</sup> This updated plant-in-service total is due to the following changes:
  - The Company estimates that \$0.7 million from the Distribution Station Over Pressure Protection category will not be recorded as plant-in-service by the end of FY 2022 because that spending is related to project design and purchase of materials in advance of FY 2023 construction. This reduced the FY 2022 Plant-in-Service total by \$0.7 million.
  - The total Capital Spending and plant-in-service for FY 2022 has been reduced by \$6.9 million. This reduction reflects the Company’s removal of the LNG – Cumberland Tank Replacement project (\$2.0 million) and the Aquidneck Island Long Term Capacity Options project (\$4.9 million) from the ISR.

Thank you for your attention to this filing. If you have any questions or concerns, please contact me at 781-472-0531.

Sincerely,



Raquel J. Webster

Enclosures

cc: Docket 5099 Service List  
Leo Wold, Esq., Division

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<sup>2</sup> In the Company’s FY 2022 Gas ISR Plan filed with the PUC on December 18, 2020, the Company included a plant-in-service number total of \$180.1 million for FY 2022.

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.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

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Joanne M. Scanlon

March 31, 2021

Date

**Docket No. 5099- National Grid's FY 2022 Gas Infrastructure, Safety and Reliability (ISR) Plan - Service List 1/7/2021**

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Providence, RI 02908	<a href="mailto:Carrie.Gill@energy.ri.gov">Carrie.Gill@energy.ri.gov</a> ;	
<b>File an original &amp; five (5) copies w/:</b> Luly E. Massaro, Commission Clerk 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
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<b>Conservation Law Foundation</b> James Crowley, Esq. Conservation Law Foundation 235 Promenade St. Suite 560, Mailbox 28 Providence, RI 02908	<a href="mailto:jcrowley@clf.org">jcrowley@clf.org</a> ;	401-228-1904

The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Annual Revenue Requirement Summary

Line No.		Approved	Fiscal Year	Fiscal Year
		Fiscal Year	2022	2023
		2021		
		(a)	(b)	(c)
<b><u>Operation and Maintenance Expenses</u></b>				
1	Forecasted Gas Operation and Maintenance Expense	\$0	\$0	\$0
<b><u>Capital Investment:</u></b>				
2	Actual Revenue Requirement on FY 2018 Incremental Capital Included in ISR Rate Base	\$676,445	\$690,881	\$705,341
3	Actual Revenue Requirement on FY 2019 Incremental Capital Included in ISR Rate Base	\$292,352	\$291,583	\$290,803
4	Actual Revenue Requirement on FY 2020 Incremental Capital Included in ISR Rate Base	\$9,556,813	\$8,718,700	\$8,490,363
5	Forecasted Revenue Requirement on FY 2021 Capital Included in ISR Rate Base	\$7,524,753	\$15,098,354	\$14,755,678
6	Forecasted Revenue Requirement on FY 2022 Capital Included in ISR Rate Base		\$5,634,198	\$11,111,100
7	Total Capital Investment Revenue Requirement	<u>\$18,050,363</u>	<u>\$30,433,716</u>	<u>\$35,353,286</u>
8	FY 2021 Property Tax Recovery Adjustment	\$4,711,167		
9	FY 2022 Property Tax Recovery Adjustment		\$7,808,171	
10	<b>Total Capital Investment Component of Revenue Requirement</b>	<u>\$22,761,529</u>	<u>\$38,241,887</u>	<u>\$35,353,286</u>
11	<b>Total Fiscal Year Revenue Requirement</b>	<u>\$22,761,529</u>	<u>\$38,241,887</u>	<u>\$35,353,286</u>
12	<b>Incremental Fiscal Year Rate Adjustment</b>		\$15,480,357	

Column Notes:

(a) RIPUC Docket No. 4996, Revised Section 3, Attachment 1R, Page 1 of 22, Column (b)

Line Notes for Columns (b) & (c) only:

2 Page 2 of 25, Line 30, Col. (e) and Col. (f)  
3 Page 5 of 25, Line 29, Col. (d) and Col. (e)  
4 Page 8 of 25, Line 29, Col. (c) and Col. (d)  
5 Page 12 of 25, Line 29, Col. (b) and Col. (c)  
6 Page 15 of 25, Line 29, Col. (a) and Col. (b)  
7 Sum of Lines 2 through Line 6  
9 Page 24 of 25, Line 55, Column (k) × 1,000  
10 Sum of Line 7 through Line 9  
11 Line 1 + Line 10  
12 Line 11 Col (b) - Line 11 Col (a)

The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
FY 2022 Revenue Requirement FY 2018 Actual Incremental Gas Capital Investment

Line No.	Description	Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)	Fiscal Year 2021 (d)	Fiscal Year 2022 (e)	Fiscal Year 2023 (f)
1	Depreciable Net Capital Included in ISR Rate Base	\$4,632,718	\$0	\$0	\$0	\$0	\$0
2	Total Allowed Capital Included in ISR Rate Base in Current Year	\$12,059,428	\$0	\$0	\$0	\$0	\$0
3	Retirements	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)	(\$7,426,710)
4	Net Depreciable Capital Included in ISR Rate Base						
5	Change in Net Capital Included in ISR Rate Base						
6	Capital Included in ISR Rate Base	\$4,632,718	\$0	\$0	\$0	\$0	\$0
7	Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0
8	Incremental Capital Amount	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718	\$4,632,718
9	Cost of Removal	\$1,941,168	\$1,941,168	\$1,941,168	\$1,941,168	\$1,941,168	\$1,941,168
10	<b>Net Plant Amount</b>	<b>\$6,573,886</b>	<b>\$6,573,886</b>	<b>\$6,573,886</b>	<b>\$6,573,886</b>	<b>\$6,573,886</b>	<b>\$6,573,886</b>
11	Deferred Tax Calculation:						
12	Composite Book Depreciation Rate	1/	3.38%	3.15%	2.99%	2.99%	2.99%
13	Tax Depreciation	\$7,820,728	\$21,720	\$20,089	\$18,585	\$17,189	\$15,901
14	Cumulative Tax Depreciation	\$7,820,728	\$7,842,448	\$7,862,538	\$7,881,123	\$7,898,312	\$7,914,213
15	Book Depreciation	(\$125,511)	(\$234,127)	(\$222,059)	(\$222,059)	(\$222,059)	(\$222,059)
16	Cumulative Book Depreciation	(\$125,511)	(\$359,658)	(\$581,697)	(\$803,756)	(\$1,025,814)	(\$1,247,873)
17	Cumulative Book / Tax Timer	\$7,946,239	\$8,202,087	\$8,444,235	\$8,684,878	\$8,924,126	\$9,162,086
18	Effective Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
19	Deferred Tax Reserve	\$1,668,710	\$1,722,438	\$1,773,289	\$1,823,824	\$1,874,066	\$1,924,038
20	Less: FY 2018 Federal NOL	(\$6,051,855)	(\$6,051,855)	(\$6,051,855)	(\$6,051,855)	(\$6,051,855)	(\$6,051,855)
21	Excess Deferred Tax	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328	\$838,328
22	Net Deferred Tax Reserve before Proration Adjustment	(\$3,544,817)	(\$3,491,089)	(\$3,440,238)	(\$3,389,703)	(\$3,339,461)	(\$3,289,489)
23	ISR Rate Base Calculation:						
24	Cumulative Incremental Capital Included in ISR Rate Base	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886	\$6,573,886
25	Accumulated Depreciation	\$125,511	\$359,638	\$581,697	\$803,756	\$1,025,814	\$1,247,873
26	Deferred Tax Reserve	\$3,544,817	\$3,491,089	\$3,440,238	\$3,389,703	\$3,339,461	\$3,289,489
27	Year End Rate Base before Deferred Tax Proration	\$10,244,214	\$10,424,613	\$10,593,821	\$10,767,344	\$10,939,161	\$11,111,248
28	Revenue Requirement Calculation:						
29	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = 0; then Average of (Prior + Current Year Line 23)				\$10,853,253	\$11,025,204
30	Proration Adjustment	Year 1 and 2 = 0; then = Page 4 of 25, Line 41, Col (j) and Col. (k)				\$2,157	\$2,145
31	Average ISR Rate Base after Deferred Tax Proration	Page 25 of 25, Line 30, Column (e)				\$10,855,409	\$11,027,349
32	Pre-Tax ROR	Line 26 x Line 27				8.41%	8.41%
33	Return and Taxes	Year 1 = N/A; then = Line 12				\$927,400	(\$222,059)
34	Book Depreciation	Sum of Lines 28 through 29				\$694,881	\$705,341

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018  
2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018  
FY 19 Composite Book Depreciation Rate = 3.38% x 5/12 + 2.99% x 7/12  
2/ The Federal Income Tax rate changed from 35% to 21% on January 1, 2018 per the Tax Cuts and Jobs Act of 2017

The Narragansett Electric Company  
d/b/a National Grid

FY 2022 Gas ISR Revenue Requirement Plan

Calculation of Tax Depreciation and Repairs Deduction on FY 2018 Incremental Capital Investment

Line No.		Fiscal Year 2018 (a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction					
1	Plant Additions	\$4,632,718				
2	Capital Repairs Deduction Rate	85.43%				
3	Capital Repairs Deduction	\$3,957,731	1/			
						20 Year MACRS Depreciation
					Annual	Cumulative
						MACRS basis: \$300,875
						Fiscal Year
4	Bonus Depreciation					2018 3.75% \$11,283 \$7,820,728
5	Plant Additions	\$4,632,718				2019 7.22% \$21,720 \$7,842,448
6	Less Capital Repairs Deduction	\$3,957,731				2020 6.68% \$20,089 \$7,862,538
7	Plant Additions Net of Capital Repairs Deduction	\$674,987				2021 6.18% \$18,585 \$7,881,123
8	Percent of Plant Eligible for Bonus Depreciation	100.00%				2022 5.71% \$17,189 \$7,898,312
9	Plant Eligible for Bonus Depreciation	\$674,987				2023 5.29% \$15,901 \$7,914,213
10	Bonus depreciation 100% category	15.86%	2/			2024 4.89% \$14,707 \$7,928,920
11	Bonus depreciation 50% category	29.03%	2/			2025 4.52% \$13,606 \$7,942,525
12	Bonus depreciation 40% category	10.54%	2/			2026 4.46% \$13,425 \$7,955,950
13	Bonus Depreciation Rate (October 2017 - March 2018)	0.00%	2/			2027 4.46% \$13,422 \$7,969,372
14	Total Bonus Depreciation Rate	55.43%				2028 4.46% \$13,425 \$7,982,797
15	Bonus Depreciation	\$374,112				2029 4.46% \$13,422 \$7,996,219
						2030 4.46% \$13,425 \$8,009,644
						2031 4.46% \$13,422 \$8,023,066
						2032 4.46% \$13,425 \$8,036,491
						2033 4.46% \$13,422 \$8,049,913
						2034 4.46% \$13,425 \$8,063,338
						2035 4.46% \$13,422 \$8,076,761
						2036 4.46% \$13,425 \$8,090,186
						2037 4.46% \$13,422 \$8,103,608
						2038 2.23% \$6,713 \$8,110,320
						100.00% \$300,875
16	Remaining Tax Depreciation					
17	Plant Additions	\$4,632,718				
18	Less Capital Repairs Deduction	\$3,957,731				
	Less Bonus Depreciation	\$374,112				
19	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$300,875				
20	20 YR MACRS Tax Depreciation Rates	3.75%				
21	Remaining Tax Depreciation	\$11,283				
22	FY18 tax (gain)/loss on retirements	\$1,536,434	3/			
23	Cost of Removal	\$1,941,168				
24	Total Tax Depreciation and Repairs Deduction	\$7,820,728				

1/ Capital Repairs percentage is based on the actual results of the FY 2018 tax return.  
2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2018 tax return  
3/ Actual Loss for FY2018

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Net Deferred Tax Reserve Proration on FY 2018 Incremental Capital Investment**

Line No.	Deferred Tax Subject to Proration		(a) FY22	(b) FY23
1	Book Depreciation	Page 2 of 25 , Line 12 ,Col (e) and Col. (f)	(\$222,059)	(\$222,059)
2	Bonus Depreciation		\$0	\$0
3	Remaining MACRS Tax Depreciation	Page 3 of 25 , Col (d)	(\$17,189)	(\$15,901)
4	FY18 tax (gain)/loss on retirements		\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	(\$239,248)	(\$237,960)
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	(\$50,242)	(\$49,972)
Deferred Tax Not Subject to Proration				
8	Capital Repairs Deduction			
9	Cost of Removal			
10	Book/Tax Depreciation Timing Difference at 3/31/2017			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10		
12	Effective Tax Rate			
13	Deferred Tax Reserve	Line 11 × Line 12		
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$50,242)	(\$49,972)
15	Net Operating Loss		\$0	\$0
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$50,242)	(\$49,972)
Allocation of FY 2018 Estimated Federal NOL				
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	(\$239,248)	(\$237,960)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$239,248)	(\$237,960)
20	Total FY 2018 Federal NOL		\$0	\$0
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	\$0	\$0
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	\$0	\$0
23	Effective Tax Rate		21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	(\$50,242)	(\$49,972)
Proration Calculation				
		(h) <u>Number of Days in Month</u>	(i) <u>Proration Percentage</u>	(j) FY22
26	April	30	91.78%	(\$3,843)
27	May	31	83.29%	(\$3,487)
28	June	30	75.07%	(\$3,143)
29	July	31	66.58%	(\$2,787)
30	August	31	58.08%	(\$2,432)
31	September	30	49.86%	(\$2,088)
32	October	31	41.37%	(\$1,732)
33	November	30	33.15%	(\$1,388)
34	December	31	24.66%	(\$1,032)
35	January	31	16.16%	(\$677)
36	February	28	8.49%	(\$356)
37	March	31	0.00%	\$0
38	Total	365		(\$22,964)
39	Deferred Tax Without Proration	Line 25	(\$50,242)	(\$49,972)
40	Average Deferred Tax without Proration	Line 39 × 50%	(\$25,121)	(\$24,986)
41	Proration Adjustment	Line 38 - Line 40	\$2,157	\$2,145

**Column Notes:**

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j) & (k) Current Year Line 25 ÷ 12 × Current Month Col (i)



The Narragansett Electric Company  
d/b/a National Grid

FY 2022 Gas ISR Revenue Requirement Plan  
FY 2022 Revenue Requirement FY 2019 Actual Incremental Gas Capital Investment

Line No.		Fiscal Year 2019 (a)	Fiscal Year 2020 (b)	Fiscal Year 2021 (c)	Fiscal Year 2022 (d)	Fiscal Year 2023 (e)
1	Depreciable Net Capital Included in ISR Rate Base					
2	Total Allowed Capital Included in ISR Rate Base in Current Year					
3	Retirements	(\$914,000)	\$0	\$0	\$0	\$0
	Net Depreciable Capital Included in ISR Rate Base	(\$1,368,021)	\$0	\$0	\$0	\$0
		\$454,021	\$454,021	\$454,021	\$454,021	\$454,021
4	Change in Net Capital Included in ISR Rate Base					
5	Capital Included in ISR Rate Base					
6	Depreciation Expense	(\$914,000)	\$0	\$0	\$0	\$0
	Incremental Capital/Amount	\$0	\$0	\$0	\$0	\$0
7	Cost of Removal	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)	(\$914,000)
8	<b>Net Plant Amount</b>	<b>\$5,626,564</b>	<b>\$5,626,564</b>	<b>\$5,626,564</b>	<b>\$5,626,564</b>	<b>\$5,626,564</b>
		<b>\$4,712,564</b>	<b>\$4,712,564</b>	<b>\$4,712,564</b>	<b>\$4,712,564</b>	<b>\$4,712,564</b>
9	Deferred Tax Calculation:					
	Composite Book Depreciation Rate	1/	3.15%	2.99%	2.99%	2.99%
10	Tax Depreciation					
11	Cumulative Tax Depreciation	\$5,200,130	(\$8,390)	(\$7,760)	(\$7,179)	(\$6,640)
	Book Depreciation	\$5,200,130	\$5,191,739	\$5,183,979	\$5,176,799	\$5,170,159
12	Cumulative Book Depreciation	\$7,157	\$13,575	\$13,575	\$13,575	\$13,575
13	Cumulative Book / Tax Timer	\$7,157	\$20,732	\$34,307	\$47,883	\$61,458
14	Effective Tax Rate	\$5,192,973	\$5,171,007	\$5,149,671	\$5,128,917	\$5,108,701
15	Deferred Tax Reserve	21.00%	21.00%	21.00%	21.00%	21.00%
16	Add: FY 2019 Federal NOL incremental utilization	\$1,090,524	\$1,085,911	\$1,081,431	\$1,077,072	\$1,072,827
17	Net Deferred Tax Reserve before Proration Adjustment	\$286,350	\$286,350	\$286,350	\$286,350	\$286,350
18	ISR Rate Base Calculation:	\$1,376,874	\$1,372,261	\$1,367,781	\$1,363,422	\$1,359,177
19	Cumulative Incremental Capital Included in ISR Rate Base	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564	\$4,712,564
20	Accumulated Depreciation	(\$7,157)	(\$20,732)	(\$34,307)	(\$47,883)	(\$61,458)
21	Deferred Tax Reserve	(\$1,376,874)	(\$1,372,261)	(\$1,367,781)	(\$1,363,422)	(\$1,359,177)
22	Year End Rate Base before Deferred Tax Proration	\$3,328,533	\$3,319,570	\$3,310,475	\$3,301,259	\$3,291,929
23	Revenue Requirement Calculation:					
	Average Rate Base before Deferred Tax Proration Adjustment				\$3,305,867	\$3,296,594
24	Proration Adjustment				(\$187)	(\$182)
25	Average ISR Rate Base after Deferred Tax Proration				\$3,305,680	\$3,296,412
26	Pre-Tax ROR				8.41%	8.41%
27	Return and Taxes				\$278,008	\$277,228
28	Book Depreciation				\$13,575	\$13,575
29	<b>Annual Revenue Requirement</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$291,583</b>	<b>\$290,803</b>

1/ 3.38%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4323, in effect until Aug 31, 2018  
2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018  
FY 19 Composite Book Depreciation Rate = 3.38% × 5 / 12 + 2.99% × 7 / 12

The Narragansett Electric Company  
d/b/a National Grid

FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Incremental Capital Investment

Line No.		Fiscal Year 2019 (a)	(b)	(c)	(d)	(e)
1	Capital Repairs Deduction					
2	Plant Additions	(\$914,000)				
3	Capital Repairs Deduction Rate	85.18%				
3	Capital Repairs Deduction	(\$778,545)				
4	Bonus Depreciation					
5	Plant Additions	(\$914,000)	Line 1			
6	Less Capital Repairs Deduction	(\$778,545)	Line 3			
7	Plant Additions Net of Capital Repairs Deduction	(\$135,455)	Line 4 - Line 5			
8	Percent of Plant Eligible for Bonus Depreciation	100.00%	Per Tax Department			
9	Plant Eligible for Bonus Depreciation	(\$135,455)	Line 6 x Line 7			
10	Bonus Depreciation Rate (30% Eligible)	3.50%	1 x 30% x 11.65%	2/		
11	Bonus Depreciation Rate (40% Eligible)	10.70%	1 x 40% x 26.75%	2/		
12	Total Bonus Depreciation Rate	14.20%	Line 9 + Line 10			
12	Bonus Depreciation	(\$19,228)	Line 8 x Line 11			
13	Remaining Tax Depreciation					
14	Plant Additions	(\$914,000)	Line 1			
15	Less Capital Repairs Deduction	(\$778,545)	Line 3			
16	Less Bonus Depreciation	(\$19,228)	Line 12			
17	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	(\$116,227)	Line 13 - Line 14 - Line 15			
18	20 YR MACRS Tax Depreciation Rates	3.75%	IRS Publication 946			
18	Remaining Tax Depreciation	(\$4,359)	Line 16 x Line 17			
19	FY19 tax (gain)/loss on retirements	\$375,698	Per Tax Department	3/		
20	Cost of Removal	\$5,626,564	Page 5 of 25, Line 7			
21	Total Tax Depreciation and Repairs Deduction	\$5,200,130	Sum of Lines 3, 12, 18, 19 & 20			

MACRS basis:	Annual	Cumulative
Fiscal Year 2019	3.75%	\$5,200,130
2020	7.22%	\$5,191,739
2021	6.68%	\$5,183,979
2022	6.18%	\$5,176,799
2023	5.71%	\$5,170,159
2024	5.29%	\$5,164,017
2025	4.89%	\$5,158,335
2026	4.52%	\$5,153,080
2027	4.46%	\$5,147,894
2028	4.46%	\$5,142,709
2029	4.46%	\$5,137,523
2030	4.46%	\$5,132,338
2031	4.46%	\$5,127,152
2032	4.46%	\$5,121,967
2033	4.46%	\$5,116,781
2034	4.46%	\$5,111,596
2035	4.46%	\$5,106,410
2036	4.46%	\$5,101,225
2037	4.46%	\$5,096,039
2038	4.46%	\$5,090,854
2039	2.23%	\$5,085,261
	100.00%	(\$116,227)
		\$0

1/ Capital Repairs percentage is the actual result of FY2019 tax return  
2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2019 tax return  
3/ Actual Loss the actual result of FY2019 tax return

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Net Deferred Tax Reserve Proration on FY 2019 Incremental Capital Investment**

Line No.	Deferred Tax Subject to Proration		(a) FY22	(b) FY23
1	Book Depreciation	Page 5 of 25 , Line 12 ,Col (d) and Col. (e)	\$13,575	\$13,575
2	Bonus Depreciation		\$0	\$0
3	Remaining MACRS Tax Depreciation	Page 6 of 25 , Col (d)	\$7,179	\$6,640
4	FY19 tax (gain)/loss on retirements		\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$20,755	\$20,215
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	\$4,358	\$4,245
	<b>Deferred Tax Not Subject to Proration</b>			
8	Capital Repairs Deduction			
9	Cost of Removal			
10	Book/Tax Depreciation Timing Difference at 3/31/2019			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	\$0	\$0
12	Effective Tax Rate		21%	21%
13	Deferred Tax Reserve	Line 11 × Line 12	\$0	\$0
14	Total Deferred Tax Reserve	Line 7 + Line 13	\$4,358	\$4,245
15	Net Operating Loss		\$0	\$0
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$4,358	\$4,245
	<b>Allocation of FY 2019 Estimated Federal NOL</b>			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	\$20,755	\$20,215
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	\$20,755	\$20,215
20	Total FY 2019 Federal NOL		\$0	\$0
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19 ) × Line 20	\$0	\$0
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 ÷ Line 19 ) × Line 20	\$0	\$0
23	Effective Tax Rate		21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$4,358	\$4,245
		(h)                      (i)	(j)	(k)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY22      FY23
26	April	30	91.78%	\$333      \$325
27	May	31	83.29%	\$303      \$295
28	June	30	75.07%	\$273      \$266
29	July	31	66.58%	\$242      \$236
30	August	31	58.08%	\$211      \$205
31	September	30	49.86%	\$181      \$176
32	October	31	41.37%	\$150      \$146
33	November	30	33.15%	\$120      \$117
34	December	31	24.66%	\$90      \$87
35	January	31	16.16%	\$59      \$57
36	February	28	8.49%	\$31      \$30
37	March	31	0.00%	\$0      \$0
38	Total	365		\$1,992      \$1,940
39	Deferred Tax Without Proration	Line 25	\$4,358	\$4,245
40	Average Deferred Tax without Proration	Line 39 × 50%	\$2,179	\$2,123
41	Proration Adjustment	Line 38 - Line 40	(\$187)	(\$182)

Column Notes:

- (i) Sum of remaining days in the year (Col (h)) ÷ 365
- (j) & (k) Current Year Line 25 ÷ 12 × Current Month Col (i)

The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
FY 2022 Revenue Requirement FY 2020 Actual Incremental Gas Capital Investment

Line No.			Fiscal Year 2020 (a)	Fiscal Year 2021 (b)	Fiscal Year 2022 (c)	Fiscal Year 2023 (d)
<b>Depreciable Net Capital Included in ISR Rate Base</b>						
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 18 of 25 , Line 3 ,Col (c)	\$105,296,046	\$0	\$0	\$0
2	Retirements	Page 18 of 25 , Line 9 ,Col (c)	1/ \$4,276,135	\$0	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3	\$101,019,911	\$101,019,911	\$101,019,911	\$101,019,911
<b>Change in Net Capital Included in ISR Rate Base</b>						
4	Capital Included in ISR Rate Base	Line 1	\$105,296,046	\$0	\$0	\$0
5	Depreciation Expense	Page 22 of 25, Line 72(c)	\$23,534,853	\$0	\$0	\$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6	\$81,761,193	\$81,761,193	\$81,761,193	\$81,761,193
7	Cost of Removal	Page 18 of 25 , Line 6 ,Col (c)	\$7,055,630	\$7,055,630	\$7,055,630	\$7,055,630
8	<b>Net Plant Amount</b>	Line 1 = Line 6+7; Then = Prior Year	<b>\$88,816,823</b>	<b>\$88,816,823</b>	<b>\$88,816,823</b>	<b>\$88,816,823</b>
<b>Deferred Tax Calculation:</b>						
9	Composite Book Depreciation Rate	Page 20 of 25, Line 86(e)	1/ 2.99%	2.99%	2.99%	2.99%
10	Tax Depreciation	Year 1 =Page 9 of 25, Line 21, Col (a); then =Page 9 of 25, Col (d)	\$89,531,414	\$1,753,362	\$1,621,720	\$1,500,279
11	Cumulative Tax Depreciation	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10	\$89,531,414	\$91,284,775	\$92,906,495	\$94,406,774
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9	\$1,510,248	\$3,020,495	\$3,020,495	\$3,020,495
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	\$1,510,248	\$4,530,743	\$7,551,238	\$10,571,734
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$88,021,166	\$86,754,032	\$85,355,257	\$83,835,040
15	Effective Tax Rate		21.00%	21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15	\$18,484,445	\$18,218,347	\$17,924,604	\$17,605,358
17	Add: FY 2020 Federal NOL utilization	Page 18 of 25, Line 12, Col (c)	(\$3,063,059)	(\$3,063,059)	(\$3,063,059)	(\$3,063,059)
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17	\$15,421,386	\$15,155,288	\$14,861,545	\$14,542,300
<b>ISR Rate Base Calculation:</b>						
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$88,816,823	\$88,816,823	\$88,816,823	\$88,816,823
20	Accumulated Depreciation	- Line 13	(\$1,510,248)	(\$4,530,743)	(\$7,551,238)	(\$10,571,734)
21	Deferred Tax Reserve	- Line 18	(\$15,421,386)	(\$15,155,288)	(\$14,861,545)	(\$14,542,300)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21	\$71,885,189	\$69,130,792	\$66,404,039	\$63,702,789
<b>Revenue Requirement Calculation:</b>						
23	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = 0; then Average of (Prior + Current Year Line 22) Year 1 and 2 =0; then = Page 10 of 25, Line 41, Col (j) and			\$67,767,415	\$65,053,414
24	Proration Adjustment	Col. (k)			(\$12,306)	(\$13,375)
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24			\$67,755,109	\$65,040,040
26	Pre-Tax ROR	Page 25 of 25, Line 30, Column (e)			8.41%	8.41%
27	Return and Taxes	Line 25 × Line 26			\$5,698,205	\$5,469,867
28	Book Depreciation	Line 12			\$3,020,495	\$3,020,495
29	<b>Annual Revenue Requirement</b>	Sum of Lines 27 through 28	N/A	N/A	<b>\$8,718,700</b>	<b>\$8,490,363</b>

1/ 2.99%, Composite Book Depreciation Rate of Distribution Plant approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY 2020 Incremental Capital Investments**

Line No.		Fiscal Year 2020 (a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction					
1	Plant Additions	\$105,296,046				
2	Capital Repairs Deduction Rate	76.14%				
3	Capital Repairs Deduction	\$80,172,409				
					20 Year MACRS Depreciation	
					Annual	Cumulative
					MACRS basis: \$24,288,150	
	Bonus Depreciation					
4	Plant Additions	\$105,296,046			\$910,806	\$89,531,414
5	Less Capital Repairs Deduction	\$80,172,409			\$1,753,362	\$91,284,775
6	Plant Additions Net of Capital Repairs Deduction	\$25,123,637			\$1,621,720	\$92,906,495
7	Percent of Plant Eligible for Bonus Depreciation	100.00%			\$1,500,279	\$94,406,774
8	Plant Eligible for Bonus Depreciation	\$25,123,637			\$1,387,582	\$95,794,356
9	Bonus Depreciation Rate 30%, up to December 31, 2019	3.33%			\$1,283,629	\$97,077,985
10	Bonus Depreciation Rate 0%, after December 31, 2019	0.00%			\$1,187,205	\$98,265,189
11	Total Bonus Depreciation Rate	3.33%			\$1,098,310	\$99,363,499
12	Bonus Depreciation	\$835,487			\$1,083,737	\$100,447,237
	Remaining Tax Depreciation					
13	Plant Additions	\$105,296,046			\$1,083,494	\$101,530,731
14	Less Capital Repairs Deduction	\$80,172,409			\$1,083,494	\$102,614,468
15	Less Bonus Depreciation	\$835,487			\$1,083,494	\$103,697,963
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$24,288,150			\$1,083,494	\$104,781,700
17	20 YR MACRS Tax Depreciation Rates	3.75%			\$1,083,737	\$105,865,194
18	Remaining Tax Depreciation	\$910,806			\$1,083,494	\$106,948,932
19	FY20 tax (gain)/loss on retirements	\$557,081			\$1,083,494	\$108,032,426
20	Cost of Removal	\$7,055,630			\$1,083,737	\$109,116,163
21	Total Tax Depreciation and Repairs Deduction	\$89,531,414			\$1,083,494	\$110,199,658
					100.00%	\$111,283,395
						\$112,366,889
						\$112,908,758

1/ Capital Repairs percentage is the actual result of FY2020 tax return  
2/ Percent of Plant Eligible for Bonus Depreciation is the actual result of FY2020 tax return  
2/ Actual Loss the actual result of FY2020 tax return

The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Net Deferred Tax Reserve Proration on FY 2020 Incremental Capital Investments

Line No.			(a) FY22	(b) FY23
	<b>Deferred Tax Subject to Proration</b>			
1	Book Depreciation	Page 8 of 25 , Line 12 , Col (c) and Col. (d)	\$3,020,495	\$3,020,495
2	Bonus Depreciation		\$0	\$0
3	Remaining MACRS Tax Depreciation	Page 9 of 25 , Col (d)	(\$1,621,720)	(\$1,500,279)
4	FY20 tax (gain)/loss on retirements		\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$1,398,776	\$1,520,216
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	\$293,743	\$319,245
	<b>Deferred Tax Not Subject to Proration</b>			
8	Capital Repairs Deduction			
9	Cost of Removal			
10	Book/Tax Depreciation Timing Difference at 3/31/2020			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10		
12	Effective Tax Rate			
13	Deferred Tax Reserve	Line 11 × Line 12		
14	Total Deferred Tax Reserve	Line 7 + Line 13	\$293,743	\$319,245
15	Net Operating Loss			
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$293,743	\$319,245
	<b>Allocation of FY 2018 Estimated Federal NOL</b>			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	\$1,398,776	\$1,520,216
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	\$1,398,776	\$1,520,216
20	Total FY 2020 Federal NOL			
21	Allocated FY 2020 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	\$0	\$0
22	Allocated FY 2020 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	\$0	\$0
23	Effective Tax Rate		21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$293,743	\$319,245
		(h)	(i)	(j)
		<u>Number of Days in</u>		(k)
	<b>Proration Calculation</b>	<u>Month</u>	<u>Proration Percentage</u>	FY22
26	April	30	91.80%	\$22,472
27	May	31	83.33%	\$20,399
28	June	30	75.14%	\$18,392
29	July	31	66.67%	\$16,319
30	August	31	58.20%	\$14,246
31	September	30	50.00%	\$12,239
32	October	31	41.53%	\$10,166
33	November	30	33.33%	\$8,160
34	December	31	24.86%	\$6,086
35	January	31	16.39%	\$4,013
36	February	29	8.47%	\$2,073
37	March	31	0.00%	\$0
38	Total	366		\$134,565
				FY23
39	Deferred Tax Without Proration	Line 25	\$293,743	\$319,245
40	Average Deferred Tax without Proration			
		Line 39 × 50%	\$146,871	\$159,623
41	Proration Adjustment	Line 38 - Line 40	(\$12,306)	(\$13,375)

**Column Notes:**

- (i) Sum of remaining days in the year (Col (h)) divided by 365  
(j) & (k) Current Year Line 25 ÷ 12 × Current Month Col (i)

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
ISR Additions April through August 2020**

<u>Line No.</u>	<u>Month No.</u>	<u>Month</u>	<u>FY 2020 ISR Additions</u> (a)	<u>In Rates</u> (b)	<u>Not In Rates</u> (c) = (a) - (b)	<u>Weight for Days</u> (d)	<u>Weighted Average</u> (e) = (d) × (c)	<u>Weight for Investment</u> (f)=(c)÷Total(c)
1								
2	1	Apr-19	\$12,009,983	\$7,764,750	\$4,245,233	0.958	\$4,068,348	4.03%
3	2	May-19	\$12,009,983	\$7,764,750	\$4,245,233	0.875	\$3,714,579	4.03%
4	3	Jun-19	\$12,009,983	\$7,764,750	\$4,245,233	0.792	\$3,360,809	4.03%
5	4	Jul-19	\$12,009,983	\$7,764,750	\$4,245,233	0.708	\$3,007,040	4.03%
6	5	Aug-19	\$12,009,983	\$7,764,750	\$4,245,233	0.625	\$2,653,271	4.03%
7	6	Sep-19	\$12,009,983	\$0	\$12,009,983	0.542	\$6,505,407	11.41%
8	7	Oct-19	\$12,009,983	\$0	\$12,009,983	0.458	\$5,504,576	11.41%
9	8	Nov-19	\$12,009,983	\$0	\$12,009,983	0.375	\$4,503,744	11.41%
10	9	Dec-19	\$12,009,983	\$0	\$12,009,983	0.292	\$3,502,912	11.41%
11	10	Jan-20	\$12,009,983	\$0	\$12,009,983	0.208	\$2,502,080	11.41%
12	11	Feb-20	\$12,009,983	\$0	\$12,009,983	0.125	\$1,501,248	11.41%
13	12	Mar-20	\$12,009,983	\$0	\$12,009,983	0.042	\$500,416	11.41%
14		Total	\$144,119,796	\$38,823,750	\$105,296,046		\$41,324,429	100.00%
15	<b>Total Additions September 2019 through March 2020</b>				<b>\$84,069,881</b>			
16	<b>FY 2020 Weighted Average Incremental Rate Base Percentage</b>						<b>39.25%</b>	

Column (a)=Page 18 of 25 , Line 1 ,Col (c)  
Column (b)=Page 18 of 25 , Line 2 ,Col (c)  
Column (d) = (12.5 - Month No.) ÷ 12  
Line 14 = Page 18 of 25 Line 1 Col (c)  
Line 15 = Sum of Lines 7(c) through 13(c)  
Line 16 = Line 14(e)/Line 14(c)

The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
FY 2022 Revenue Requirement FY 2021 Forecasted Incremental Gas Capital Investment

Line No.			Fiscal Year 2021 (a)	Fiscal Year 2022 (b)	Fiscal Year 2023 (c)
<u>Depreciable Net Capital Included in ISR Rate Base</u>					
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 18 of 25 , Line 3 ,Col (d)	\$179,664,487	\$0	\$0
2	Retirements	Page 18 of 25 , Line 9 ,Col (d)	\$23,555,236	\$0	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3	\$156,109,251	\$156,109,251	\$156,109,251
<u>Change in Net Capital Included in ISR Rate Base</u>					
4	Capital Included in ISR Rate Base	Line 1	\$179,664,487	\$0	\$0
5	Depreciation Expense	Page 22 of 25, Line 78(c)	\$40,700,586	\$0	\$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6	\$138,963,901	\$138,963,901	\$138,963,901
7	Cost of Removal	Page 18 of 25 , Line 6 ,Col (d)	\$17,833,998	\$17,833,998	\$17,833,998
8	<b>Net Plant Amount</b>	<b>Line 6 + Line 7</b>	<b>\$156,797,898</b>	<b>\$156,797,898</b>	<b>\$156,797,898</b>
<u>Deferred Tax Calculation:</u>					
9	Composite Book Depreciation Rate	Page 20 of 25, Line 86(e)	1/ 2.99%	2.99%	2.99%
10	Tax Depreciation	Year 1 =Page 13 of 25, Line 21, Col (a); then = Page 13 of 25, Col (d)	\$173,600,482	\$1,909,181	\$1,765,840
11	Cumulative Tax Depreciation	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10	\$173,600,482	\$175,509,663	\$177,275,503
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9	\$2,333,833	\$4,667,667	\$4,667,667
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	\$2,333,833	\$7,001,500	\$11,669,167
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$171,266,649	\$168,508,163	\$165,606,337
15	Effective Tax Rate		21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15	\$35,965,996	\$35,386,714	\$34,777,331
17	Add: FY 2021 Federal NOL utilization	Page 18 of 25 , Line 12 ,Col (d)	(\$7,598,182)	(\$7,598,182)	(\$7,598,182)
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17	\$28,367,814	\$27,788,532	\$27,179,148
<u>ISR Rate Base Calculation:</u>					
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$156,797,898	\$156,797,898	\$156,797,898
20	Accumulated Depreciation	- Line 13	(\$2,333,833)	(\$7,001,500)	(\$11,669,167)
21	Deferred Tax Reserve	- Line 18	(\$28,367,814)	(\$27,788,532)	(\$27,179,148)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21	\$126,096,251	\$122,007,867	\$117,949,583
<u>Revenue Requirement Calculation:</u>					
23	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = 0; then Average of (Prior + Current Year Line 22)		\$124,052,059	\$119,978,725
24	Proration Adjustment	Year 1 =0; then = Page 14 of 25, Line 41, Col (j) and Col. (k)		(\$24,864)	(\$26,156)
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24		\$124,027,195	\$119,952,569
26	Pre-Tax ROR	Page 25 of 25, Line 30, Column (e)		8.41%	8.41%
27	Return and Taxes	Line 25 × Line 26		\$10,430,687	\$10,088,011
28	Book Depreciation	Line 12		\$4,667,667	\$4,667,667
29	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 27 through 28</b>	<b>N/A</b>	<b>\$15,098,354</b>	<b>\$14,755,678</b>

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018



The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY 2021 Incremental Capital Investments

Line No.		Fiscal Year 2021 (a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction					
1	Plant Additions	\$179,664,487				
2	Capital Repairs Deduction Rate	85.28%				
3	Capital Repairs Deduction	\$153,217,875				
	Bonus Depreciation					
4	Plant Additions		Line 1			
5	Less Capital Repairs Deduction	\$179,664,487	Line 3			
6	Plant Additions Net of Capital Repairs Deduction	\$153,217,875	Line 4 - Line 5			
7	Percent of Plant Eligible for Bonus Depreciation	0.00%	Per Tax Department			
8	Plant Eligible for Bonus Depreciation	\$0	Line 6 × Line 7			
9	Bonus Depreciation Rate ( )	0.00%	Per Tax Department			
10	Bonus Depreciation Rate ( )	0.00%	Per Tax Department			
11	Total Bonus Depreciation Rate	0.00%	Line 9 + Line 10			
12	Bonus Depreciation	\$0	Line 8 × Line 11			
	Remaining Tax Depreciation					
13	Plant Additions	\$179,664,487	Line 1			
14	Less Capital Repairs Deduction	\$153,217,875	Line 3			
15	Less Bonus Depreciation	\$0	Line 12			
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$26,446,612	Line 13 - Line 14 - Line 15			
17	20 YR MACRS Tax Depreciation Rates	3.75%	IRS Publication 946			
18	Remaining Tax Depreciation	\$991,748	Line 16 × Line 17			
19	FY21 tax (gain)/loss on retirements	1,556,861	Per Tax Department			
20	Cost of Removal	\$17,833,998	Page 12 of 25, Line 7			
21	Total Tax Depreciation and Repairs Deduction	\$173,600,482	Sum of Lines 3, 12, 18, 19 & 20			

MACRS basis:		20 Year MACRS Depreciation	
Fiscal Year	Annual	Cumulative	
2021	3.75%	\$991,748	\$173,600,482
2022	7.22%	\$1,909,181	\$175,509,663
2023	6.68%	\$1,765,840	\$177,275,503
2024	6.18%	\$1,633,607	\$178,909,110
2025	5.71%	\$1,510,895	\$180,420,005
2026	5.29%	\$1,397,703	\$181,817,709
2027	4.89%	\$1,292,710	\$183,110,419
2028	4.52%	\$1,195,916	\$184,306,335
2029	4.46%	\$1,180,048	\$185,486,383
2030	4.46%	\$1,179,783	\$186,666,166
2031	4.46%	\$1,180,048	\$187,846,214
2032	4.46%	\$1,179,783	\$189,025,997
2033	4.46%	\$1,180,048	\$190,206,045
2034	4.46%	\$1,179,783	\$191,385,828
2035	4.46%	\$1,180,048	\$192,565,876
2036	4.46%	\$1,179,783	\$193,745,660
2037	4.46%	\$1,180,048	\$194,925,707
2038	4.46%	\$1,179,783	\$196,105,491
2039	4.46%	\$1,180,048	\$197,285,539
2040	4.46%	\$1,179,783	\$198,465,322
2041	2.23%	\$590,024	\$199,055,346
	100.00%	\$26,446,612	

1/ Capital Repairs percentage is based on a three-year average of FYs 2017, 2018 and 2019 capital repairs rates.  
2/ FY 2021 estimated tax loss on retirements is tax department estimate

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Net Deferred Tax Reserve Proration on FY 2021 Incremental Capital Investments**

Line No.	Deferred Tax Subject to Proration		(a) FY22	(b) FY23
1	Book Depreciation	Page 12 of 25 , Line 12 ,Col (b) and Col (c)	\$4,667,667	\$4,667,667
2	Bonus Depreciation	Page 13 of 25 , Line 12 ,Col (a)	\$0	
3	Remaining MACRS Tax Depreciation	Page 13 of 25 , Col (d)	(\$1,909,181)	(\$1,765,840)
4	FY21 tax (gain)/loss on retirements	Page 13 of 25 , Line 19 ,Col (a)	\$0	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$2,758,486	\$2,901,826
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	\$579,282	\$609,384
	Deferred Tax Not Subject to Proration			
8	Capital Repairs Deduction	Page 13 of 25 , Line 3 ,Col (a)		
9	Cost of Removal	Page 12 of 25 , Line 7 ,Col (a)		
10	Book/Tax Depreciation Timing Difference at 3/31/2021			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10		
12	Effective Tax Rate			
13	Deferred Tax Reserve	Line 11 × Line 12		
14	Total Deferred Tax Reserve	Line 7 + Line 13	\$579,282	\$609,384
15	Net Operating Loss	- Page 12 of 25 , Line 17 ,Col (a)		
16	Net Deferred Tax Reserve	Line 14 + Line 15	\$579,282	\$609,384
	Allocation of FY 2021 Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	\$2,758,486	\$2,901,826
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	\$0	\$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	\$2,758,486	\$2,901,826
20	Total FY 2021 Federal NOL	- Page 12 of 25 , Line 17 ,Col (a)÷21%		
21	Allocated FY 2021 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	\$0	\$0
22	Allocated FY 2021 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	\$0	\$0
23	Effective Tax Rate		21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	\$0	\$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$579,282	\$609,384
		(h)	(i)	(j)
		Number of Days in	Proration Percentage	
	<b>Proration Calculation</b>	<u>Month</u>		<u>FY22</u>
26	April	30	91.78%	\$44,306
27	May	31	83.29%	\$42,295
28	June	30	75.07%	\$36,238
29	July	31	66.58%	\$32,138
30	August	31	58.08%	\$28,038
31	September	30	49.86%	\$24,071
32	October	31	41.37%	\$19,971
33	November	30	33.15%	\$16,003
34	December	31	24.66%	\$11,903
35	January	31	16.16%	\$7,803
36	February	28	8.49%	\$4,100
37	March	31	0.00%	\$0
38	Total	365		\$264,777
				\$278,536
39	Deferred Tax Without Proration	Line 25	\$579,282	\$609,384
40	Average Deferred Tax without Proration	Line 39 × 0.5	\$289,641	\$304,692
41	Proration Adjustment	Line 38 - Line 40	(\$24,864)	(\$26,156)

**Column Notes:**

- (i) Sum of remaining days in the year (Col (h)) divided by 365
- (j) & (k) Current Year Line 25 ÷ 12 × Current Month Col (i)

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2022 Gas ISR Revenue Requirement Plan**  
**FY 2022 Revenue Requirement FY 2022 Forecasted Incremental Gas Capital Investment**

Line No.			Fiscal Year 2022 (a)	Fiscal Year 2023 (b)
<u>Depreciable Net Capital Included in ISR Rate Base</u>				
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 18 of 25 , Line 3 ,Col (e)	\$158,263,312	\$0
2	Retirements	Page 18 of 25 , Line 9 ,Col (e)	1/ \$19,157,894	\$0
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3	\$139,105,418	\$139,105,418
<u>Change in Net Capital Included in ISR Rate Base</u>				
4	Capital Included in ISR Rate Base	Line 1	\$158,263,312	\$0
5	Depreciation Expense	Page 22 of 25, Line 77(c)	\$40,954,246	\$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6	\$117,309,066	\$117,309,066
7	Cost of Removal	Page 18 of 25 , Line 6 ,Col (e)	\$3,753,342	\$3,753,342
8	<b>Net Plant Amount</b>	<b>Line 6 + Line 7</b>	<b>\$121,062,407</b>	<b>\$121,062,407</b>
<u>Deferred Tax Calculation:</u>				
9	Composite Book Depreciation Rate	Page 20 of 25, Line 86(e)	1/ 2.99%	2.99%
10	Tax Depreciation	Year 1 =Page 16 of 25, Line 21, Col (a); then = Page 16 of 25, Col (d)	\$134,824,063	\$2,081,297
11	Cumulative Tax Depreciation	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10	\$134,824,063	\$136,905,361
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9	\$2,079,626	\$4,159,252
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	\$2,079,626	\$6,238,878
14	Cumulative Book / Tax Timer	Line 11 - Line 13	\$132,744,437	\$130,666,483
15	Effective Tax Rate		21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15	\$27,876,332	\$27,439,961
17	Add: FY 2022 Federal NOL utilization	Page 18 of 25 , Line 12 ,Col (e)	\$6,564,587	\$6,564,587
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17	\$34,440,918	\$34,004,548
<u>ISR Rate Base Calculation:</u>				
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8	\$121,062,407	\$121,062,407
20	Accumulated Depreciation	- Line 13	(\$2,079,626)	(\$6,238,878)
21	Deferred Tax Reserve	- Line 18	(\$34,440,918)	(\$34,004,548)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21	\$84,541,863	\$80,818,981
<u>Revenue Requirement Calculation:</u>				
23	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line 22 ÷ 2; then = (Prior Year Line 22 + Current Year Line 22) ÷ 2	\$42,270,931	\$82,680,422
24	Proration Adjustment	Page 17 of 25, Line 41, Col (j) and Col. (k)	(\$4,915)	(\$18,730)
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24	\$42,266,016	\$82,661,692
26	Pre-Tax ROR	Page 25 of 25, Line 30, Column (e)	8.41%	8.41%
27	Return and Taxes	Line 25 × Line 26	\$3,554,572	\$6,951,848
28	Book Depreciation	Line 12	\$2,079,626	\$4,159,252
29	<b>Annual Revenue Requirement</b>	<b>Sum of Lines 27 through 28</b>	<b>\$5,634,198</b>	<b>\$11,111,100</b>

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018

The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Tax Depreciation and Repairs Deduction on FY 2022 Incremental Capital Investments

Line No.		Fiscal Year 2022 (a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction					
1	Plant Additions	\$158,263,312				
2	Capital Repairs Deduction Rate	81.78%				
3	Capital Repairs Deduction	\$129,432,484				
						20 Year MACRS Depreciation
					Annual	Cumulative
	Bonus Depreciation					
4	Plant Additions					
5	Less Capital Repairs Deduction	\$158,263,312				
6	Plant Additions Net of Capital Repairs Deduction	\$129,432,484				
7	Percent of Plant Eligible for Bonus Depreciation					
8	Plant Eligible for Bonus Depreciation	\$28,830,828				
9	Bonus Depreciation Rate 30%	0.00%				
10	Bonus Depreciation Rate 0%	\$0				
11	Total Bonus Depreciation Rate	0.00%				
12	Bonus Depreciation	\$0				
	Remaining Tax Depreciation					
13	Plant Additions	\$158,263,312				
14	Less Capital Repairs Deduction	\$129,432,484				
15	Less Bonus Depreciation	\$0				
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	\$28,830,828				
17	20 YR MACRS Tax Depreciation Rates	3.75%				
18	Remaining Tax Depreciation	\$1,081,156				
19	FY22 tax (gain)/loss on retirements					
20	Cost of Removal	\$557,081				
		\$3,753,342				
21	Total Tax Depreciation and Repairs Deduction	\$134,824,063				

1/ Capital Repairs percentage is based on a three-year average of FY's 2018, 2019 and 2020 capital repairs rates.

2/ FY 2022 estimated tax loss on retirements is tax department estimate

**The Narragansett Electric Company**  
**d/b/a National Grid**  
**FY 2022 Gas ISR Revenue Requirement Plan**  
**Calculation of Net Deferred Tax Reserve Proration on FY 2022 Incremental Capital Investments**

Line No.	Deferred Tax Subject to Proration		(a) FY22	(b) FY23
1	Book Depreciation	Page 15 of 25 , Line 12 ,Col (a) and Col (b)	\$2,079,626	\$4,159,252
2	Bonus Depreciation	- Page 16 of 25 , Line 12 ,Col (a)	\$0	
3	Remaining MACRS Tax Depreciation	- Page 16 of 25 , Col (d)	(\$1,081,156)	(\$2,081,297)
4	FY22 tax (gain)/loss on retirements	- Page 16 of 25 , Line 19 ,Col (a)	(\$557,081)	\$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	\$441,389	\$2,077,955
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	\$92,692	\$436,370
	Deferred Tax Not Subject to Proration			
8	Capital Repairs Deduction	- Page 16 of 25 , Line 3 ,Col (a)	(\$129,432,484)	
9	Cost of Removal	- Page 15 of 25 , Line 7 ,Col (a)	(\$3,753,342)	
10	Book/Tax Depreciation Timing Difference at 3/31/2022			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	(\$133,185,826)	
12	Effective Tax Rate		21%	
13	Deferred Tax Reserve	Line 11 × Line 12	(\$27,969,023)	
14	Total Deferred Tax Reserve	Line 7 + Line 13	(\$27,876,332)	\$436,370
15	Net Operating Loss	- Page 15 of 25 , Line 17 ,Col (a)	(\$6,564,587)	
16	Net Deferred Tax Reserve	Line 14 + Line 15	(\$34,440,918)	\$436,370
	Allocation of FY 2022 Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	\$441,389	
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	(\$133,185,826)	
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	(\$132,744,437)	
20	Total FY 2022 Federal NOL	- Page 15 of 25 , Line 17 ,Col (a)=21%	(\$31,259,936)	
21	Allocated FY 2021 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	(\$31,363,879)	
22	Allocated FY 2021 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	\$103,942	
23	Effective Tax Rate		21%	
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	\$21,828	
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	\$114,519	\$436,370
		(h) (i) (j) (k)		
		Number of Days in		
	<b>Proration Calculation</b>	<u>Month</u> <u>Proration Percentage</u>	FY22	FY23
26	April	30 91.78%	\$8,759	\$33,375
27	May	31 83.29%	\$7,948	\$30,287
28	June	30 75.07%	\$7,164	\$27,298
29	July	31 66.58%	\$6,353	\$24,210
30	August	31 58.08%	\$5,543	\$21,121
31	September	30 49.86%	\$4,759	\$18,132
32	October	31 41.37%	\$3,948	\$15,044
33	November	30 33.15%	\$3,164	\$12,055
34	December	31 24.66%	\$2,353	\$8,967
35	January	31 16.16%	\$1,543	\$5,878
36	February	28 8.49%	\$811	\$3,088
37	March	31 0.00%	\$0	\$0
38	Total	365	\$52,344	\$199,455
39	Deferred Tax Without Proration	Line 25	\$114,519	\$436,370
40	Average Deferred Tax without Proration	Line 39 × 0.5	\$57,260	\$218,185
41	Proration Adjustment	Line 38 - Line 40	(\$4,915)	(\$18,730)

**Column Notes:**

- (i) Sum of remaining days in the year (Col (h)) divided by 365  
(j) & (k) Current Year Line 25 ÷ 12 × Current Month Col (i)

The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
FY 2018 - FY 2022 Incremental Capital Investment Summary

Line No.		Actual Fiscal Year 2018 (a)	Actual Fiscal Year 2019 (b)	Actual Fiscal Year 2020 (c)	Plan Fiscal Year 2021 (d)	Plan Fiscal Year 2022 (e)
<u>Capital Investment</u>						
1	ISR-eligible Capital Investment	Col (a)=Docket No. 4678 FY18 Reconciliation Filing; Col (b)=Docket No. 4781 FY19 Reconciliation Filing; Col (c)=Docket No. 4916 FY20 Reconciliation Filing; Col (d)=Docket No. 4996 FY21 Plan Filing; Col(e)= updated Section 2, Table 1 in Compliance filing				
		\$97,809,718	\$92,263,000	\$144,119,796	\$179,664,487	\$158,263,312
2	ISR-eligible Capital Additions included in Rate Base per RIPUC Docket No. 4770	Docket No. 4770 Schedule MAL-11-Gas Page 5, Col (a)=Lines 1(a) + 1(b); Col(b)=Lines 1(c) + 1(d); Col(c)= Line 1(e)				
		\$93,177,000	\$93,177,000	\$38,823,750	\$0	\$0
3	Incremental ISR Capital Investment	Line 1 - Line 2				
		\$4,632,718	(\$914,000)	\$105,296,046	\$179,664,487	\$158,263,312
<u>Cost of Removal</u>						
4	ISR-eligible Cost of Removal	Col (a)=Docket No. 4678 FY18 Reconciliation Filing; Col (b)=Docket No. 4781 FY19 Reconciliation Filing; Col (c)=Docket No. 4916 FY20 Reconciliation Filing; Col (d)=Docket No. 4996 FY21 Plan Filing; Col(e)= updated Section 2, Table 1 in Compliance filing				
		\$8,603,224	\$11,583,085	\$10,161,508	\$18,947,513	\$4,224,688
5	ISR-eligible Cost of Removal in Rate Base per RIPUC Docket No. 4770	Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L23+L42×7÷12+Docket 4678 Page 2, Line 7x3÷12; Col(b)=[P1]L42×5÷12+[P2]L18×7÷12; Col (c)=[P2]L18×5÷12+L39×7÷12; Col (d)=[P2] L39×5÷12+L60×7÷12; Col (e)= [P2] L60×5÷12				
		\$6,662,056	\$5,956,522	\$3,105,878	\$1,113,515	\$471,346
6	Incremental Cost of Removal	Line 4 - Line 5				
		\$1,941,168	\$5,626,564	\$7,055,630	\$17,833,998	\$3,753,342
<u>Retirements</u>						
7	ISR-eligible Retirements	Col (a) Docket No. 4678 FY 2018 ISR Reconciliation Filing; Col (b) Docket No. 4781 FY 2019 ISR Reconciliation Filing; Col (c) Docket No. 4916 FY 2020 ISR Reconciliation Filing; Col (d) Docket No. 4996 FY21 Plan Filing; Col(e)=FY22 Planned Investment x 3-year average actual retirement rate FY18 - FY20				
		\$24,056,661	\$6,531,844	\$8,395,321	\$25,032,041	\$19,783,019
8	ISR-eligible Retirements per RIPUC Docket No. 4770	Schedule 6-GAS, Docket No. 4770: Col(a)=[P1]L24+L43×7÷12+ Docket 4678 Page 2, Line 2x3÷12; Col(b)=[P1]L43×5÷12+[P2]L19×7÷12; Col (c)=[P2]L19×5÷12+L40×7÷12; Col (d) = [P2]L40×5÷12+L61×7÷12; Col (e)= L61×5÷12				
		\$11,997,233	\$7,899,865	\$4,119,186	\$1,476,805	\$625,125
9	Incremental Retirements	Line 7 - Line 8				
		\$12,059,428	(\$1,368,021)	\$4,276,135	\$23,555,236	\$19,157,894
<u>(NOL)/NOL Utilization</u>						
10	ISR (NOL)/NOL Utilization Per ISR	Page 19 of 25, Line 11				
		(\$6,051,855)	\$1,091,119	\$0	\$0	\$10,722,358
11	ISR NOL Utilization Per Docket 4770	Schedule 11-Gas Page 11, Docket No. 4770: Col (a)= L40×5÷12; Col (b) = L40×5÷12+L48×7÷12; Col (c) = P11,L48×5÷12+P12,L39×7÷12; Col (d) = P12,L39×5÷12+P12,L49×7÷12; Col (e)= P12,L49×5÷12				
		\$0	\$804,769	\$3,063,059	\$7,598,182	\$4,157,771
12	Incremental (NOL)/NOL Utilization	Line 10 - Line 11				
		(\$6,051,855)	\$286,350	(\$3,063,059)	(\$7,598,182)	\$6,564,587

Note: The sum of Line 1(e) and Line 4(e) equals to \$162,488,000, the total of the updated Section 2, Table 1, Col (Plant-In-Service in FY 2022).

The Narragansett Electric Company  
d/b/a National Grid

FY 2022 Gas ISR Revenue Requirement Plan  
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

	(a)	(b)	(c)	(d)	(e)	(f)	(g)		(h)	(i)		(j)
							12 Mths Aug 31, 2018	12 Mths Aug 31, 2019		12 Mths Aug 31, 2020	12 Mths Aug 31, 2021	
1	Total Base Rate Plant DIT Provision	Test Year July 2016 - June 2017				Jul & Aug 2017						
2	Excess DIT amortization	\$29,439,421				\$5,223,437	\$0	\$0	\$16,078,372	\$5,085,206	\$7,746,916	
									(\$1,470,238)	(\$1,470,238)	(\$1,470,238)	
3	Total Base Rate Plant DIT Provision	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	
4	Incremental FY 18	\$2,507,039	\$2,560,766	\$1,773,289	\$1,823,824	\$1,874,066	\$24,514,347	\$17,043,594	\$8,195,454	\$5,167,632	\$2,615,283	
5	Incremental FY 19	\$0	\$1,090,524	\$1,085,911	\$1,081,431	\$1,077,072	\$2,507,039	\$53,728	(\$787,477)	\$50,535	\$50,242	
6	Incremental FY 20	\$0	\$0	\$18,484,445	\$18,218,347	\$17,924,604	\$0	\$1,090,524	(\$4,613)	(\$4,480)	(\$4,358)	
7	Incremental FY 21	\$0	\$0	\$0	\$35,965,996	\$35,386,714	\$0	\$0	\$18,484,445	(\$266,098)	(\$293,743)	
8	Incremental FY 22	\$0	\$0	\$0	\$0	\$27,876,332	\$0	\$0	\$0	\$35,965,996	(\$579,282)	
9	TOTAL Plant DIT Provision	\$2,507,039	\$3,651,291	\$21,343,646	\$57,089,598	\$84,138,789	\$27,021,386	\$18,187,846	\$25,887,809	\$40,913,585	\$29,664,473	
10	NOL (Utilization)						\$6,051,855	(\$1,091,119)	\$0	\$0	(\$10,722,358)	
11	Lesser of NOL or DIT Provision						\$6,051,855	(\$1,091,119)	\$0	\$0	(\$10,722,358)	

Line Notes:

- 1(b) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 2 of 23, Line 29, Col (e) minus Col (b)
- 1(f) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 3 plus Line 4
- 1(g) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 7
- 1(h) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 50
- 1(i) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 41
- 1(j) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 51
- 1(k) RIPUC Docket Nos. 4770/4780 third rate year ends at Aug 31, 2021
- 2 RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 52
- 3 Col (f) = Line 1(b) x 25% + Line 1(f) + Line 1(g) x 7/12; Col (g) = Line 1(g) x 5/12 + Line 1(h) x 7/12 + Line 2(h) x 5/12 + Line 2(i) x 7/12 + Line 2(j) x 7/12; Col (h) = Line 1(h) x 5/12 + Line 1(i) x 7/12 + Line 1(j) x 7/12 + Line 2(h) x 5/12 + Line 2(i) x 7/12 + Line 2(j) x 7/12;
- 4(a)-8(e) Cumulative DIT plus Deferred Income Tax (Page 2, Line 16 + Line 18; Page 5, Line 16; Page 8, Line 16; Page 12, Line 16; Page 15, Line 16)
- 4(f)-8(j) Year over year change in cumulative DIT shown in Cols (a) through (e)
- 9 Sum of Lines 3 through 8
- 10 Col (f)-(g) = Docket no. 4916 FY 20 ISR Rec, Att. MAL-1, p. 19, L. 8; Col (h) ~Col (j) Per Tax Department
- 11 Lesser of Line 9 or Line 10

The Narragansett Electric Company  
d/b/a National Grid  
ISR Depreciation Expense per Rate Case RIPUC Docket No. 4770

Account No.	Account Title	Test Year June 30, 2017 (a)	1/ ARO Adjustment (b)	Adjustments June 30, 2017 (c)	Adjusted Balance (d) = (a) + (b) + (c)	Proposed Rate (e)	Depreciation Expense (f) = (d) x (e)
<b>Intangible Plant</b>							
1	302.00 Franchises And Consents	\$213,499	\$0	\$0	\$213,499	0.00%	\$0
2	303.00 Misc. Intangible Plant	\$25,427	\$0	\$0	\$25,427	0.00%	\$0
3	303.01 Misc. Int Cap Software	\$19,833,570	\$0	\$9,991,374	\$29,824,944	0.00%	\$0
4							
5	Total Intangible Plant	\$20,072,496	\$0	\$9,991,374	\$30,063,870		\$0
6							
<b>Production Plant</b>							
9	304.00 Production Land Land Rights	\$364,912	\$0	\$0	\$364,912	0.00%	\$0
10	305.00 Prod. Structures & Improvements	\$2,693,397	\$0	\$0	\$2,693,397	15.05%	\$405,356
11	307.00 Production Other Power	\$46,159	\$0	\$0	\$46,159	7.16%	\$3,305
12	311.00 Production LNG Equipment	\$3,167,445	\$0	\$0	\$3,167,445	11.40%	\$361,089
13	320.00 Prod. Other Equipment	\$1,106,368	\$0	\$0	\$1,106,368	6.69%	\$74,016
14							
15	Total Production Plant	\$7,378,281	\$0	\$0	\$7,378,281		\$843,766
16							
<b>Storage Plant</b>							
19	360.00 Stor. Land & Land Rights	\$261,151	\$0	\$0	\$261,151	0.00%	\$0
20	361.03 Storage Structures Improvements	\$3,385,049	\$0	\$0	\$3,385,049	0.99%	\$33,512
21	362.04 Storage Gas Holders	\$4,606,338	\$0	\$0	\$4,606,338	0.04%	\$1,843
22	363.00 Stor. Purification Equipment	\$13,891,210	\$0	\$0	\$13,891,210	3.37%	\$468,134
23							
24	Total Storage Plant	\$22,143,748	\$0	\$0	\$22,143,748		\$503,488
25							
<b>Distribution Plant</b>							
28	374.00 Dist. Land & Land Rights	\$956,717	\$0	\$0	\$956,717	0.00%	\$0
29	375.00 Gas Dist Station Structure	\$10,642,632	\$0	\$0	\$10,642,632	1.15%	\$122,390
30	376.00 Distribution Mains	\$46,080,760	\$0	\$0	\$46,080,760	3.61%	\$1,663,515
31	376.03 Dist. River Crossing Main	\$695,165	\$0	\$0	\$695,165	3.61%	\$25,095
32	376.04 Mains - Steel And Other - SI	\$4,190	\$0	\$0	\$4,190	0.00%	\$0
33	376.06 Dist. District Regulator	\$14,213,837	\$0	\$0	\$14,213,837	3.61%	\$513,120
34	376.11 Gas Mains Steel	\$57,759,572	\$0	\$0	\$57,759,572	3.31%	\$1,908,954
35	376.12 Gas Mains Plastic	\$382,797,443	\$0	\$0	\$382,797,443	2.70%	\$10,316,391
36	376.13 Gas Mains Cast Iron	\$5,556,209	\$0	\$0	\$5,556,209	8.39%	\$465,888
37	376.14 Gas Mains Valves	\$222,104	\$0	\$0	\$222,104	3.61%	\$8,018
38	376.15 Propane Lines	\$0	\$0	\$0	\$0	3.61%	\$0
39	376.16 Dist. Cathodic Protect	\$1,569,576	\$0	\$0	\$1,569,576	3.61%	\$56,662
40	376.17 Dist. Joint Seals	\$63,067,055	\$0	\$0	\$63,067,055	4.63%	\$2,920,005
41	377.00 T&D Compressor Sta Equipment	\$248,656	\$0	\$0	\$248,656	1.07%	\$2,661
42	377.62 1/ 5360-Tanks ARO	\$299	(\$299)	\$0	\$0	0.00%	\$0
43	378.10 Gas Measure & Reg Sta Equipment	\$19,586,255	\$0	\$0	\$19,586,255	2.08%	\$407,394
44	378.55 Gas M&Reg Sta Eqp RTU	\$372,772	\$0	\$0	\$372,772	6.35%	\$23,671
45	379.00 Dist. Measure, Reg, Gs	\$11,033,164	\$0	\$0	\$11,033,164	2.22%	\$244,936
46	379.01 Dist. Meas. Reg. Gs Eq	\$1,399,586	\$0	\$0	\$1,399,586	0.00%	\$0
47	380.00 Gas Services All Sizes	\$331,205,854	\$0	\$0	\$331,205,854	3.05%	\$10,101,779
48	381.10 Sml Meter& Reg Bare Co	\$26,829,565	\$0	\$0	\$26,829,565	1.76%	\$472,200
49	381.30 Lrg Meter& Reg Bare Co	\$15,779,214	\$0	\$0	\$15,779,214	1.76%	\$277,714
50	381.40 Meters	\$9,332,227	\$0	\$0	\$9,332,227	0.96%	\$89,589
51	382.00 Meter Installations	\$675,201	\$0	\$0	\$675,201	3.66%	\$24,712
52	382.20 Sml Meter& Reg Installation	\$43,145,998	\$0	\$0	\$43,145,998	3.66%	\$1,579,144
53	382.30 Lrg Meter&Reg Installation	\$2,524,025	\$0	\$0	\$2,524,025	3.66%	\$92,379
54	383.00 Dist. House Regulators	\$937,222	\$0	\$0	\$937,222	0.67%	\$6,279
55	384.00 T&D Gas Reg Installs	\$1,216,551	\$0	\$0	\$1,216,551	1.56%	\$18,978
56	385.00 Industrial Measuring And Regulating Station Equipment	\$540,187	\$0	\$0	\$540,187	4.18%	\$22,580
57	385.01 Industrial Measuring And Regulating Station Equipment	\$255,921	\$0	\$0	\$255,921	0.00%	\$0
58	386.00 Other Property On Customer Premises	\$271,765	\$0	\$0	\$271,765	0.23%	\$625
59	386.02 Dist. Consumer Prem Equipment	\$110,131	\$0	\$0	\$110,131	0.00%	\$0
60	387.00 Dist. Other Equipment	\$930,079	\$0	\$0	\$930,079	2.15%	\$19,997
61	388.00 1/ ARO	\$5,736,827	(\$5,736,827)	\$0	\$0	0.00%	\$0
62							
63	Total Distribution Plant	\$1,055,696,761	(\$5,737,126)	\$0	\$1,049,959,635	2.99%	\$31,384,677
64							
<b>General Plant</b>							
67	389.01 General Plant Land Lan	\$285,357	\$0	\$0	\$285,357	0.00%	\$0
68	390.00 Structures And Improvements	\$7,094,532	\$0	\$0	\$7,094,532	3.12%	\$221,349
69	391.01 Gas Office Furniture & Fixture	\$274,719	\$0	\$0	\$274,719	6.67%	\$18,324
70	394.00 General Plant Tools Shop (Fully Dep)	\$26,487	\$0	\$0	\$26,487	0.00%	\$0
71	394.00 General Plant Tools Shop	\$5,513,613	\$0	\$0	\$5,513,613	5.00%	\$275,681
72	395.00 General Plant Laboratory	\$221,565	\$0	\$0	\$221,565	6.67%	\$14,778
73	397.30 Communication Radio Site Specific	\$387,650	\$0	\$0	\$387,650	5.00%	\$19,383
74	397.42 Communication Equip Tel Site	\$63,481	\$0	\$0	\$63,481	20.00%	\$12,696
75	398.10 Miscellaneous Equipment (Fully Dep)	\$1,341,386	\$0	\$0	\$1,341,386	0.00%	\$0
76	398.10 Miscellaneous Equipment	\$2,789,499	\$0	\$0	\$2,789,499	6.67%	\$186,060
77	399.10 1/ ARO	\$342,146	(\$342,146)	\$0	\$0	0.00%	\$0
78							
79	Total General Plant	\$18,340,436	(\$342,146)	\$0	\$17,998,289	4.16%	\$748,271
80							
81	Grand Total - All Categories	\$1,123,631,722	(\$6,079,273)	\$9,991,374	\$1,127,543,823	3.05%	\$33,480,202
82						2.97%	
<b>Other Utility Plant Assets</b>							
84		Line 63		Total Distribution Plant	\$1,049,959,635	2.99%	\$31,384,677
85		Line 73 + Line 74		Communication Equipment	\$451,132	7.11%	\$32,079
86				Total ISR Tangible Plant	\$1,050,410,767	2.99%	\$31,416,756

Non ISR Assets \$77,133,057



THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket Nos. 4770/4780  
Compliance Attachment 2  
Schedule 6-GAS  
Page 1 of 5

The Narragansett Electric Company d/b/a National Grid  
Depreciation Expense - Gas  
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2019

The Narragansett Electric Company  
d/b/a National Grid  
Gas ISR Depreciation Expense

Line No	Description	Reference	Amount	Less non-ISR eligible	
				Plant (b)	ISR Amount (c)
1	Total Company Rate Year Depreciation	Sum of Page 2, Line 16 and Line 17	\$39,136,909		
2	Total Company Test Year Depreciation	Per Company Books	\$33,311,851		
3	Less: Reserve adjustments	Page 4, Line 29, Col (b) + Col (c)	(\$15,649)		
4	Adjusted Total Company Test Year Depreciation Expense	Line 2 + Line 3	\$33,296,202		
5	Depreciation Expense Adjustment	Line 1 - Line 4	\$5,840,707		
6					
7					
8	Test Year Depreciation Expense 12 Months Ended 06/30/17:				
9	Total Gas Utility Plant 06/30/17	Page 4, Line 27, Col (d) Sum of Page 3, Line 5, Col (d) and Page 4, Line 25, Col (e)	\$1,405,994,678	(\$77,133,057)	\$1,328,861,622
10	Less Non Depreciable Plant	Col (e)	(\$308,514,725)		(\$308,514,725)
11	Depreciable Utility Plant 06/30/17	Line 9 + Line 10	\$1,097,479,953	(\$77,133,057)	\$1,020,346,897
12					
13	Plus: Added Plant 2 Mos Ended 08/31/17	Schedule 11-GAS, Page 3, Line 4	\$19,592,266		\$19,592,266
14	Less: Retired Plant 2 Months Ended 08/31/17	1/ Line 13 x Retirement Rate	(\$1,345,989)		(\$1,345,989)
15	Depreciable Utility Plant 08/31/17	Line 11 + Line 13 + Line 14	\$1,115,726,231	(\$77,133,057)	\$1,020,346,897
16					
17	Average Depreciable Plant for Year Ended 08/31/17	(Line 11 + Line 15)/2	\$1,106,603,092		\$1,106,603,092
18					
19	Composite Book Rate %	As Approved in RIPUC Docket No. 4323	3.38%		
20					
21	Book Depreciation Reserve 06/30/17	Page 5, Line 72, Col (d)	\$357,576,825		\$357,576,825
22	Plus: Book Depreciation Expense	Line 17 x Line 19	\$6,233,864		\$6,233,864
23	Less: Net Cost of Removal/(Salvage)	2/ Line 13 x Cost of Removal Rate	(\$1,014,879)		(\$1,014,879)
24	Less: Retired Plant	Line 14	(\$1,345,989)		(\$1,345,989)
25	Book Depreciation Reserve 08/31/17	Sum of Line 21 through Line 24	\$361,449,821		
26					
27	Depreciation Expense 12 Months Ended 08/31/18				
28	Total Utility Plant 08/31/17	Line 9 + Line 13 + Line 14	\$1,424,240,956	(\$77,133,057)	\$1,347,107,900
29	Less Non Depreciable Plant	Line 10	(\$308,514,725)		(\$308,514,725)
30	Depreciable Utility Plant 08/31/17	Line 28 + Line 29	\$1,115,726,231		\$1,038,593,175
31					
32	Plus: Plant Added in 12 Months Ended 08/31/18	Schedule 11-GAS, Page 3, Line 11	\$115,710,016		\$115,710,016
33	Less: Plant Retired in 12 Months Ended 08/31/18	Line 32 x Retirement rate	(\$7,949,278)		(\$7,949,278)
34	Depreciable Utility Plant 08/31/18	Sum of Line 30 through Line 33	\$1,223,486,969		\$1,146,353,912
35					
36	Average Depreciable Plant for 12 Months Ended 08/31/18	(Line 30 + Line 34)/2	\$1,169,606,600		\$1,092,473,543
37					
38	Composite Book Rate %	As Approved in RIPUC Docket No. 4323	3.38%		3.38%
39					
40	Book Depreciation Reserve 08/31/17	Line 25	\$361,449,821		
41	Plus: Book Depreciation 08/31/18	Line 36 x Line 38	\$39,532,703		\$36,925,606
42	Less: Net Cost of Removal/(Salvage)	Line 32 x Cost of Removal Rate	(\$5,993,779)		
43	Less: Retired Plant	Line 33	(\$7,949,278)		
44	Book Depreciation Reserve 08/31/18	Sum of Line 40 through Line 43	\$387,039,467		
1/	3 year average retirement over plant addition in service FY 15 ~ FY17		6.87%	Retirements	
2/	3 year average Cost of Removal over plant addition in service FY 15 ~ FY17		5.18%	COR	

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket Nos. 4770/4780  
Compliance Attachment 1  
Schedule 6-GAS  
Page 2 of 5

The Narragansett Electric Company d/b/a National Grid  
Depreciation Expense - Gas  
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2021

The Narragansett Electric Company  
d/b/a National Grid  
Gas ISR Depreciation Expense

Line No	Description	Reference	Amount (a)	Less non-ISR eligible	
				Plant (b)	ISR Amount (c)
1	Rate Year Depreciation Expense 12 Months Ended 08/31/19:				
2	Total Utility Plant 08/31/18	Page 1, Line 28 + Line 32 + Line 33	\$1,532,001,694	(\$77,133,057)	\$1,454,868,637
3	Less Non-Depreciable Plant	Page 1, Line 10	(\$308,514,725)		(\$308,514,725)
4	Depreciable Utility Plant 08/31/18	Line 2 + Line 3	\$1,223,486,969		\$1,146,353,912
5					
6	Plus: Added Plant 12 Months Ended 08/31/19	Schedule 11-GAS, Page 3, Line 35	\$114,477,000	(\$1,348,000)	\$113,129,000
7	Less: Depreciable Retired Plant	1/ Line 6 x Retirement rate	(\$7,864,570)	\$92,608	(\$7,771,962)
8					
9	Depreciable Utility Plant 08/31/19	Sum of Line 4 through Line 7	\$1,330,099,399	(\$78,388,449)	\$1,251,710,950
10					
11	Average Depreciable Plant for Rate Year Ended 08/31/19	(Line 4 + Line 9)/2	\$1,276,793,184		\$1,199,032,431
12					
13	Proposed Composite Rate %	Page 4, Line 17, Col (e)	3.05%		2.99%
14					
15	Book Depreciation Reserve 08/31/18	Page 1, Line 44	\$387,039,467		\$0
16	Plus: Book Depreciation Expense	Line 11 x Line 13	\$38,950,409		\$35,851,070
17	Plus: Unrecovered Reserve Adjustment	Schedule NWA-1-GAS, Part VI, Page 6	\$186,500		\$186,500
18	Less: Net Cost of Removal/(Salvage)	2/ Line 6 x Cost of Removal Rate	(\$5,929,909)		\$0
19	Less: Retired Plant	Line 7	(\$7,864,570)		\$0
20	Book Depreciation Reserve 08/31/15	Sum of Line 15 through Line 18	\$412,381,898		\$36,037,570
21					
22	Rate Year Depreciation Expense 12 Months Ended 08/31/20:				
23	Total Utility Plant 08/31/19	Line 2 + Line 6 + Line 7	\$1,638,614,124	(\$78,388,449)	\$1,560,225,675
24	Less Non-Depreciable Plant	Page 1, Line 10	(\$308,514,725)		(\$308,514,725)
25	Depreciable Utility Plant 08/31/19	Line 23 + Line 24	\$1,330,099,399		\$1,251,710,950
26					
27	Plus: Added Plant 12 Months Ended 08/31/20	Schedule 11-GAS, Page 5, Line 11(i)	\$21,017,630	(\$750,000)	\$20,267,630
28	Less: Depreciable Retired Plant	1/ Line 27 x Retirement rate	(\$1,443,911)	\$51,525	(\$1,392,386)
29					\$0
30	Depreciable Utility Plant 08/31/20	Sum of Line 25 through Line 28	\$1,349,673,118	(\$79,086,924)	\$1,270,586,194
31					
32	Average Depreciable Plant for Rate Year Ended 08/31/20	(Line 25 + Line 30)/2	\$1,339,886,258		\$1,261,148,572
33					
34	Proposed Composite Rate %	Page 4, Line 17, Col (e)	3.05%		2.99%
35					
36	Book Depreciation Reserve 08/31/20	Line 20	\$412,381,898		\$0
37	Plus: Book Depreciation Expense	Line 32 x Line 34	\$40,875,154		\$37,708,342
38	Plus: Unrecovered Reserve Adjustment	Schedule NWA-1-GAS, Part VI, Page 6	\$186,500		\$186,500
39	Less: Net Cost of Removal/(Salvage)	2/ Line 27 x Cost of Removal Rate	(\$1,088,713)		\$0
40	Less: Retired Plant	Line 28	(\$1,443,911)		\$0
41	Book Depreciation Reserve 08/31/20	Sum of Line 36 through Line 40	\$450,910,927		\$37,894,842
42					
43	Rate Year Depreciation Expense 12 Months Ended 08/31/21:				
44	Total Utility Plant 08/31/20	Line 23 + Line 27 + Line 28	\$1,658,187,843	(\$79,086,924)	\$1,579,100,919
45	Less Non-Depreciable Plant	Page 1, Line 10	(\$308,514,725)		(\$308,514,725)
46	Depreciable Utility Plant 08/31/20	Line 44 + Line 45	\$1,349,673,118		\$1,270,586,194
47					
48	Plus: Added Plant 12 Months Ended 08/31/21	Schedule 11-GAS, Page 5, Line 11(i)	\$21,838,436	(\$750,000)	\$21,088,436
49	Less: Depreciable Retired Plant	1/ Line 48 x Retirement rate	(\$1,500,301)	\$51,525	(\$1,448,776)
50					
51	Depreciable Utility Plant 08/31/21	Sum of Line 46 through Line 49	\$1,370,011,253	(\$79,785,399)	\$1,290,225,854
52					
53	Average Depreciable Plant for Rate Year Ended 08/31/21	(Line 46 + Line 51)/2	\$1,359,842,185		\$1,280,406,024
54					
55	Proposed Composite Rate %	Page 4, Line 17, Col (e)	3.05%		2.99%
56					
57	Book Depreciation Reserve 08/31/20	Line 41	\$450,910,927		\$0
58	Plus: Book Depreciation Expense	Line 53 x Line 55	\$41,483,938		\$38,284,140
59	Plus: Unrecovered Reserve Adjustment	Schedule NWA-1-GAS, Part VI, Page 6	\$186,500		\$186,500
60	Less: Net Cost of Removal/(Salvage)	2/ Line 48 x Cost of Removal Rate	(\$1,131,231)		\$0
61	Less: Retired Plant	Line 49	(\$1,500,301)		\$0
62	Book Depreciation Reserve 08/31/21	Sum of Line 57 through Line 61	\$489,949,834		\$38,470,640
63					
64	1/ 3 year average retirement over plant addition in service FY 15 ~ FY17	0.0687 Retirements			
65	2/ 3 year average Cost of Removal over plant addition in service FY 15 ~ FY17	0.0518 COR			
66					
67	Book Depreciation RY2	Line 37 (a) + Line 38 (b)			\$41,061,654
68	Less: General Plant Depreciation (assuming add=retirement)	Page 10, Line 79(f)			(\$748,271)
69	Plus: Comm Equipment Depreciation	Page 10, Line 73 + Line 74			\$32,079
70	Total				\$40,345,462
71	7 Months				x7/12
72	FY 2020 Depreciation Expense				\$23,534,853
73					
74	Book Depreciation RY3	Line 58 (a) + Line 59 (b)			\$41,670,438
75	Less: General Plant Depreciation	Page 10, Line 79(f)			(\$748,271)
76	Plus: Comm Equipment Depreciation	Page 10, Line 73 + Line 74			\$32,079
77	Total				\$40,954,246
78	FY 2021 Depreciation Expense	5 Months of RY 2 and 7 Months of RY 3			\$40,700,586



The Narragansett Electric Company  
d/b/a National Grid  
Forecasted FY 2022 ISR Property Tax Recovery Adjustment  
Forecasted FY 2022 ISR Property Tax Recovery Adjustment (Continued) 1

	(a) Cumulative Increment, ISR Prop. Tax for FY2020	(b) ISR Prop. Tax for FY2020	(c) ISR Prop. Tax for FY2020	(d) Cumulative Increment, ISR Prop. Tax for FY2021	(e) ISR Prop. Tax for FY2021	(f) Cumulative Increment, ISR Prop. Tax for FY2021	(g) ISR Prop. Tax for FY2021	(h)	(i) Cumulative Increment, ISR Prop. Tax for FY2022	(j) ISR Prop. Tax for FY2022
38	Incremental ISR Additions	\$105,296			\$179,664				\$158,263	
39	Book Depreciation: base allowance on ISR eligible plant	\$0			\$0				(\$23,890)	
40	Book Depreciation: current year ISR additions	(\$1,510)			(\$2,334)				(\$2,080)	
41	COR	\$7,056			\$7,834				\$3,753	
42	Net Plant Additions	\$110,841			\$195,165				\$136,047	
43	RX Effective Tax Rate	2.96%		3.02%				3.05%		
44	ISR Year Effective Tax Rate	2.60%		2.70%				2.60%		
45	RX Effective Tax Rate	2.96%	-0.36%	3.02%	-0.32%			3.05%	-0.45%	
46	RX Effective Tax Rate	2.96%	-0.36%	3.02%	-0.32%			3.05%	-0.45%	
47	RX Effective Tax Rate 7 mos for FY 2019									
48	RX Net Plant times Rate Difference	\$908,586	*(0.36%)	(\$3,246)	\$889,333	*(0.32%)	(\$2,886)	\$881,383	*(0.45%)	(\$3,957)
49	Growth and non-ISR Incremental times rate difference	(\$20,407)	*(0.36%)	\$73	(\$41,380)	*(0.32%)	\$134	(\$31,615)	*(0.45%)	\$232
50	FY 2018 Net Incremental times rate difference	7,156	*2.6%	\$186	\$7,378	*2.7%	\$199	\$7,600	*2.6%	\$198
51	FY 2019 Net Incremental times rate difference	4,692	*2.6%	\$122	\$4,678	*2.7%	\$126	\$4,665	*2.6%	\$121
52	FY 2020 Net Incremental times rate difference	\$110,841	*2.6%	\$2,882	\$107,821	*2.7%	\$2,908	\$104,800	*2.6%	\$2,725
53	FY 2021 Net Adds times rate difference				\$195,165	*2.7%	\$5,263	\$190,497	*2.6%	\$4,953
54	FY 2022 Net Adds times rate difference							\$136,047	*2.6%	\$3,537
55	Total ISR Property Tax Recovery			\$17			\$5,744			\$7,808

Line Notes	Line Notes	Line Notes
1(a) - 10(b) Docket No. 4916 Attachment MAL-1, Page 17 of 20, 1(a) to 10(b)	20(h) Estimated based on FY2020 actual property rate	48(g) ×47(f)
11(a) - 15(a) Per Line 60(b) - 10(b)	21(a) - 37(g) Docket No. 4916 Attachment MAL-1, Page 17 of 20, 11(a) to 27(g)	48(g)
11(b) Page 18 of 25, Line 1, Col (d)=1000	21(f) - 55(e) Docket No. 4916 Attachment MAL-1, Page 18 of 20, 28(g) to 38(f)	48(k)
11(c) Per Company's Book	38(f) Page 12 of 25, Line 4(a)=1000	48(k)
11(d) Line 11(b) + Line 11(c)	38(f) Page 15 of 25, Line 4(a)=1000	49(e)
11(f) Page 18 of 25, Line 7, Col (d)=1000	39(f) FY21 depreciation is reflected in the NBY at 48(e)	49(g)
11(h) Line 11(a) + (f) + (g)	39(f) - (Page 22 of 25, Line 77(c) × 7=12)=1000	49(i)
12(e) Page 22 of 25, (Line 16 + Line 17, Col (a))×5+12 + Page 22 of 25, (Line 37 + Line 38, Col (a))×7+12 + (Page 2 of 25, Line 3, Col (a) + Page 5 of 25, Line 3, Col (a))×1000 * =1(f)	40(f) - Page 12 of 25, Line 12(a)=1000	49(i)
12(f) 3.05% + Page 8 of 25, Line 3, Col (a)×0.5×3.05%=1000	40(f) - Page 15 of 25, Line 12(a)=1000	49(i)
12(g) Page 18 of 25, Line 4, Col (d)=1000	41(f) Page 12 of 25, Line 7(a)=1000	49(i)
12(h) Line 12(a) + (e) + (f) + (g)	41(f) Page 15 of 25, Line 7(a)=1000	49(i)
13(b) Line 11(b) - 12(b)	42(f) Sum of Lines 38(f) through 41(f)	49(i)
14(b) Per Company's Book	42(f) Sum of Lines 38(f) through 41(f)	49(i)
15(b) Line 14(b) - 13(b)	44(f) -Rate Case, Docket 4770, Compliances, Revised Rebuttal, Att. 1, Sch. 1-G, P2, L1,5, Col (c) +	49(i)
16(b) - 20(c) Per Line 11(b) - 15(b)	44(f) -Rate Case, Docket 4770, Compliances, Revised Rebuttal, Att. 1, Sch. 1-G, P2, L1,5, Col (c) +	49(i)
16(b) Page 18 of 25, Line 1, Col (c)=1000	44(f) -Rate Case, Docket 4770, Compliances, Revised Rebuttal, Att. 1, Sch. 1-G, P2, L1,5, Col (c) +	49(i)
16(c) Line 16(b) + Line 16(c)	45(e) =150	49(i)
16(d) Page 18 of 25, Line 7, Col (e)=1000	45(f) =200	49(i)
16(e) Line 16(a) + (d) + (f)	46(e) =44(f)	49(i)
17(e) Page 22 of 25, (Line 38 + Line 59) + (Page 2 of 25, Line 3, Col (a) + Page 5 of 25, Line 3, Col (a) + Page 8 of 25, Line 12 of 25, Line 3, Col (a) + Page 12 of 25, Line 3, Col (a))×1000 × 3.05%+ =16(f)	46(f) 45(e)-46(e)	53(g)
17(f) (L1(c)+L4(f)+L11(c))×0.0416 + Page 15 of 25, Line 3, Col (a)×0.5×3.05%+1000 + 11.6(c)×0.5-0.0416 =16(f)	46(f) =44(f)	53(g)
17(g) Page 18 of 25, Line 4, Col (e)=1000	46(f) 45(f)-46(f)	53(g)
17(h) Line 17(a) + (e) + (f) + (g)	47(f) =46(f)	53(g)
18(b) Line 16(b) - 17(b)	47(f) =46(f)	53(g)
19(b) Line 18(b) × 20(b)	48(e) -Rate Case, Docket 4770, Compliances, Revised Rebuttal, Att. 1, Sch. 6-G, (P2, L30 - L41) + P3, L5(f) - P5, L4(f) - Sch 5-G, P1, L1(e) + L1(g)) × 5 + 12000 + (P2, L51 - L62 + P3, L5(d) - P5, L4(d) - Sch 5-G, P1, L1(e) × 3) × 7=12000	53(g)

**The Narragansett Electric Company  
d/b/a National Grid  
FY 2022 Gas ISR Revenue Requirement Plan  
Calculation of Weighted Average Cost of Capital**

Line No.

Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 35% income tax rate effective April 1, 2013

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Weighted Rate	Taxes	Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
	100.00%		7.54%	2.51%	10.05%

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

Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 21% income tax rate effective January 1, 2018

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Weighted Rate	Taxes	Return
Long Term Debt	49.95%	5.70%	2.85%		2.85%
Short Term Debt	0.76%	0.80%	0.01%		0.01%
Preferred Stock	0.15%	4.50%	0.01%		0.01%
Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
	100.00%		7.54%	1.24%	8.78%

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

Weighted Average Cost of Capital as approved in RIPUC Docket No. 4770 effective September 1, 2018

	(a)	(b)	(c)	(d)	(e)
	Ratio	Rate	Weighted 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%	9.28%	4.73%	1.26%	5.99%
	100.00%		7.15%	1.26%	8.41%

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

FY18 Blended Rate		Line 8(e) × 75% + Line 20(e) × 25%			9.73%
FY19 Blended Rate		Line 20 x 5 ÷ 12 + Line 30 x 7 ÷ 12			8.56%

FY 2022 Revenue Requirement	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Rate Class	Rate Base Allocator (%)	Allocation to Rate Class (\$)	Throughput (dth)	ISR Factor (dth)	ISR Factor (therm)	Uncollectible %	ISR Factor (therm)
\$38,241,887									
(1)		Res-NH							\$0.1265
(2)		Res-H							\$0.1265
(3)		Residential Total	66.59%	\$25,465,272	20,516,304	\$1.2412	\$0.1241	1.91%	\$0.1265
(4)		Small	8.04%	\$3,074,648	2,631,906	\$1.1682	\$0.1168	1.91%	\$0.1190
(5)		Medium	12.23%	\$4,676,983	6,239,985	\$0.7495	\$0.0749	1.91%	\$0.0763
(6)		Large LL	5.57%	\$2,130,073	2,953,321	\$0.7212	\$0.0721	1.91%	\$0.0735
(7)		Large HL	2.25%	\$860,442	1,228,858	\$0.7001	\$0.0700	1.91%	\$0.0713
(8)		XL-LL	0.97%	\$370,946	1,350,832	\$0.2746	\$0.0274	1.91%	\$0.0279
(9)		XL-HL	4.35%	\$1,663,522	5,496,959	\$0.3026	\$0.0302	1.91%	\$0.0307
(10)		Total	100.00%	\$38,241,887	40,418,166				
(11)									

- (a) Line 1: Capital Revenue Requirement & Forecasted Annual Property Tax Recovery Mechanism (Section 3: Attachment 1(C), Page 1, Line 11)
- (c) Docket 4770, RI 2017 Rate Case, Compliance Attachment 14, Schedule 2, Page 1 & 2, Line 15 (Rate Class divided by Total Company)
- (d) Column (a) Line 1 \* Column (c)
- (e) Page 2, Column (m), Line 9
- (f) Column (d) / Column (e), truncated to 4 decimal places
- (g) Column (d) / (Column (e)\*10), truncated to 4 decimal places
- (h) Docket 4770, RI 2017 Rate Case, Compliance Attachment 2, Schedule 22, Page 7, Line 15
- (i) Column (g) / (1 - Column (h)), truncated to 4 decimal places

**Forecasted Throughput April 2020 - March 2021**

	Apr-21 (a)	May-21 (b)	Jun-21 (c)	Jul-21 (d)	Aug-21 (e)	Sep-21 (f)	Oct-21 (g)	Nov-21 (h)	Dec-21 (i)	Jan-22 (j)	Feb-22 (k)	Mar-22 (l)	Total (m)
(1) Res-NH	33,754	14,313	16,613	13,587	12,979	13,211	16,397	21,443	35,414	46,545	51,514	38,465	314,233
(2) Res-H	2,285,288	835,249	586,155	460,711	440,051	454,182	613,380	1,455,414	2,620,973	3,544,275	3,971,556	2,934,837	20,202,071
(3) Small	320,918	119,748	70,449	48,243	44,594	45,059	49,175	150,580	329,910	492,497	561,403	399,331	2,631,906
(4) Medium	701,158	342,868	262,123	192,110	179,556	183,508	232,264	447,002	751,694	990,828	1,117,497	839,377	6,239,985
(5) Large LL	339,119	145,105	77,380	47,486	44,688	45,850	91,291	241,047	401,845	516,995	563,453	439,062	2,953,321
(6) Large HL	108,630	88,553	81,843	71,311	72,940	79,582	79,091	94,197	125,373	145,918	152,254	129,166	1,228,858
(7) X-Large LL	125,930	58,041	31,247	24,195	21,503	27,423	72,477	153,789	191,730	222,688	223,606	198,203	1,350,832
(8) X-Large HL	460,785	411,048	414,414	399,214	409,743	396,000	412,069	442,115	507,164	554,863	554,688	534,856	5,496,959
(9)	4,375,583	2,014,924	1,540,223	1,256,856	1,226,054	1,244,814	1,566,144	3,005,588	4,964,104	6,514,609	7,195,970	5,513,297	40,418,166

Source: Company Forecast

**National Grid – RI Gas  
Infrastructure, Safety, and Reliability (ISR) Filing  
Bill Impact Analysis with Various Levels of Consumption:**

**Residential Heating:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:							
						GCR	Base DAC	ISR	EE	LIHEAP	GET		
(1)													
(2)													
(3)													
(4)													
(5)	548	\$959.66	\$930.14	\$29.53	3.2%	\$0.00	\$0.00	\$28.64	\$0.00	\$0.00	\$0.89	\$0.00	\$0.89
(6)	608	\$1,044.72	\$1,011.94	\$32.78	3.2%	\$0.00	\$0.00	\$31.80	\$0.00	\$0.00	\$0.98	\$0.00	\$0.98
(7)	667	\$1,128.36	\$1,092.40	\$35.96	3.3%	\$0.00	\$0.00	\$34.88	\$0.00	\$0.00	\$1.08	\$0.00	\$1.08
(8)	726	\$1,212.03	\$1,172.87	\$39.15	3.3%	\$0.00	\$0.00	\$37.98	\$0.00	\$0.00	\$1.17	\$0.00	\$1.17
(9)	785	\$1,295.53	\$1,253.20	\$42.33	3.4%	\$0.00	\$0.00	\$41.06	\$0.00	\$0.00	\$1.27	\$0.00	\$1.27
(10)	845	\$1,380.57	\$1,335.02	\$45.55	3.4%	\$0.00	\$0.00	\$44.18	\$0.00	\$0.00	\$1.37	\$0.00	\$1.37
(11)	905	\$1,465.63	\$1,416.83	\$48.80	3.4%	\$0.00	\$0.00	\$47.34	\$0.00	\$0.00	\$1.46	\$0.00	\$1.46
(12)	964	\$1,549.21	\$1,497.23	\$51.99	3.5%	\$0.00	\$0.00	\$50.43	\$0.00	\$0.00	\$1.56	\$0.00	\$1.56
(13)	1,023	\$1,632.80	\$1,577.64	\$55.15	3.5%	\$0.00	\$0.00	\$53.50	\$0.00	\$0.00	\$1.65	\$0.00	\$1.65
(14)	1,082	\$1,716.43	\$1,658.09	\$58.34	3.5%	\$0.00	\$0.00	\$56.59	\$0.00	\$0.00	\$1.75	\$0.00	\$1.75
(15)	1,142	\$1,801.52	\$1,739.92	\$61.60	3.5%	\$0.00	\$0.00	\$59.75	\$0.00	\$0.00	\$1.85	\$0.00	\$1.85

**Residential Heating Low Income:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:							
						GCR	Discount	Base DAC	ISR	EE	LIHEAP	GET	
(16)													
(17)													
(18)													
(19)													
(20)	548	\$713.29	\$691.15	\$22.14	3.2%	\$0.00	(\$7.16)	\$0.00	\$28.64	\$0.00	\$0.00	\$0.00	\$0.66
(21)	608	\$776.40	\$751.81	\$24.59	3.3%	\$0.00	(\$7.95)	\$0.00	\$31.80	\$0.00	\$0.00	\$0.00	\$0.74
(22)	667	\$838.43	\$811.46	\$26.97	3.3%	\$0.00	(\$8.72)	\$0.00	\$34.88	\$0.00	\$0.00	\$0.00	\$0.81
(23)	726	\$900.48	\$871.12	\$29.37	3.4%	\$0.00	(\$9.50)	\$0.00	\$37.98	\$0.00	\$0.00	\$0.00	\$0.88
(24)	785	\$962.42	\$930.67	\$31.75	3.4%	\$0.00	(\$10.26)	\$0.00	\$41.06	\$0.00	\$0.00	\$0.00	\$0.95
(25)	845	\$1,025.49	\$991.33	\$34.16	3.4%	\$0.00	(\$11.05)	\$0.00	\$44.18	\$0.00	\$0.00	\$0.00	\$1.02
(26)	905	\$1,088.58	\$1,051.98	\$36.60	3.5%	\$0.00	(\$11.84)	\$0.00	\$47.34	\$0.00	\$0.00	\$0.00	\$1.10
(27)	964	\$1,150.58	\$1,111.58	\$38.99	3.5%	\$0.00	(\$12.61)	\$0.00	\$50.43	\$0.00	\$0.00	\$0.00	\$1.17
(28)	1,023	\$1,212.58	\$1,171.22	\$41.37	3.5%	\$0.00	(\$13.38)	\$0.00	\$53.50	\$0.00	\$0.00	\$0.00	\$1.24
(29)	1,082	\$1,274.60	\$1,230.84	\$43.76	3.6%	\$0.00	(\$14.15)	\$0.00	\$56.59	\$0.00	\$0.00	\$0.00	\$1.31
(30)	1,142	\$1,337.72	\$1,291.53	\$46.20	3.6%	\$0.00	(\$14.94)	\$0.00	\$59.75	\$0.00	\$0.00	\$0.00	\$1.39

Note: Bill Impacts are based on rates approved and currently in effect as of November 1, 2020



**National Grid – RI Gas  
Infrastructure, Safety, and Reliability (ISR) Filing  
Bill Impact Analysis with Various Levels of Consumption:**

**Residential Non-Heating:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:							
						GCR	Base DAC	ISR	EE	LIHEAP	GET		
(31)													
(32)													
(33)													
(34)													
(35)	144	\$385.71	\$391.60	(\$5.89)	-1.5%	\$0.00	\$0.00	(\$5.71)	\$0.00	\$0.00	\$0.00	(\$0.18)	
(36)	158	\$405.35	\$411.85	(\$6.49)	-1.6%	\$0.00	\$0.00	(\$6.30)	\$0.00	\$0.00	\$0.00	(\$0.19)	
(37)	172	\$425.10	\$432.15	(\$7.05)	-1.6%	\$0.00	\$0.00	(\$6.84)	\$0.00	\$0.00	\$0.00	(\$0.21)	
(38)	189	\$449.02	\$456.76	(\$7.74)	-1.7%	\$0.00	\$0.00	(\$7.51)	\$0.00	\$0.00	\$0.00	(\$0.23)	
(39)	202	\$467.31	\$475.61	(\$8.30)	-1.7%	\$0.00	\$0.00	(\$8.05)	\$0.00	\$0.00	\$0.00	(\$0.25)	
(40)	220	\$492.62	\$501.64	(\$9.02)	-1.8%	\$0.00	\$0.00	(\$8.75)	\$0.00	\$0.00	\$0.00	(\$0.27)	
(41)	238	\$517.95	\$527.71	(\$9.76)	-1.9%	\$0.00	\$0.00	(\$9.47)	\$0.00	\$0.00	\$0.00	(\$0.29)	
(42)	251	\$536.27	\$546.56	(\$10.29)	-1.9%	\$0.00	\$0.00	(\$9.98)	\$0.00	\$0.00	\$0.00	(\$0.31)	
(43)	268	\$560.13	\$571.12	(\$10.99)	-1.9%	\$0.00	\$0.00	(\$10.66)	\$0.00	\$0.00	\$0.00	(\$0.33)	
(44)	282	\$579.82	\$591.40	(\$11.58)	-2.0%	\$0.00	\$0.00	(\$11.23)	\$0.00	\$0.00	\$0.00	(\$0.35)	
(45)	297	\$600.94	\$613.14	(\$12.20)	-2.0%	\$0.00	\$0.00	(\$11.83)	\$0.00	\$0.00	\$0.00	(\$0.37)	

**Residential Non-Heating Low Income:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:							
						GCR	Discount	Base DAC	ISR	EE	LIHEAP	GET	
(46)													
(47)													
(48)													
(49)													
(50)	144	\$287.60	\$292.01	(\$4.41)	-1.5%	\$0.00	\$1.43	\$0.00	(\$5.71)	\$0.00	\$0.00	(\$0.13)	
(51)	158	\$302.16	\$307.03	(\$4.87)	-1.6%	\$0.00	\$1.57	\$0.00	(\$6.30)	\$0.00	\$0.00	(\$0.15)	
(52)	172	\$316.80	\$322.09	(\$5.29)	-1.6%	\$0.00	\$1.71	\$0.00	(\$6.84)	\$0.00	\$0.00	(\$0.16)	
(53)	189	\$334.52	\$340.33	(\$5.81)	-1.7%	\$0.00	\$1.88	\$0.00	(\$7.51)	\$0.00	\$0.00	(\$0.17)	
(54)	202	\$348.12	\$354.34	(\$6.22)	-1.8%	\$0.00	\$2.01	\$0.00	(\$8.05)	\$0.00	\$0.00	(\$0.19)	
(55)	220	\$366.87	\$373.64	(\$6.77)	-1.8%	\$0.00	\$2.19	\$0.00	(\$8.75)	\$0.00	\$0.00	(\$0.20)	
(56)	238	\$385.64	\$392.96	(\$7.32)	-1.9%	\$0.00	\$2.37	\$0.00	(\$9.47)	\$0.00	\$0.00	(\$0.22)	
(57)	251	\$399.24	\$406.96	(\$7.72)	-1.9%	\$0.00	\$2.50	\$0.00	(\$9.98)	\$0.00	\$0.00	(\$0.23)	
(58)	268	\$416.96	\$425.20	(\$8.24)	-1.9%	\$0.00	\$2.66	\$0.00	(\$10.66)	\$0.00	\$0.00	(\$0.25)	
(59)	282	\$431.55	\$440.23	(\$8.68)	-2.0%	\$0.00	\$2.81	\$0.00	(\$11.23)	\$0.00	\$0.00	(\$0.26)	
(60)	297	\$447.22	\$456.37	(\$9.15)	-2.0%	\$0.00	\$2.96	\$0.00	(\$11.83)	\$0.00	\$0.00	(\$0.27)	

Note: Bill Impacts are based on rates approved and currently in effect as of November 1, 2020

**National Grid – RI Gas  
Infrastructure, Safety, and Reliability (ISR) Filing  
Bill Impact Analysis with Various Levels of Consumption:**

**C & I Small:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:								
						GCR	Base DAC	ISR	EE	LIHEAP	GET			
(61)														
(62)	830	\$1,404.22	\$1,363.85	\$40.37	3.0%	\$0.00	\$0.00	\$39.16	\$0.00	\$0.00	\$0.00	\$1.21	\$0.00	\$1.21
(63)	919	\$1,520.51	\$1,475.78	\$44.73	3.0%	\$0.00	\$0.00	\$43.39	\$0.00	\$0.00	\$0.00	\$1.34	\$0.00	\$1.34
(64)	1,010	\$1,639.48	\$1,590.33	\$49.15	3.1%	\$0.00	\$0.00	\$47.68	\$0.00	\$0.00	\$0.00	\$1.47	\$0.00	\$1.47
(65)	1,099	\$1,755.83	\$1,702.35	\$53.48	3.1%	\$0.00	\$0.00	\$51.88	\$0.00	\$0.00	\$0.00	\$1.60	\$0.00	\$1.60
(66)	1,187	\$1,870.97	\$1,813.18	\$57.78	3.2%	\$0.00	\$0.00	\$56.05	\$0.00	\$0.00	\$0.00	\$1.73	\$0.00	\$1.73
(67)	1,277	\$1,988.54	\$1,926.42	\$62.12	3.2%	\$0.00	\$0.00	\$60.26	\$0.00	\$0.00	\$0.00	\$1.86	\$0.00	\$1.86
(68)	1,367	\$2,106.17	\$2,039.65	\$66.52	3.3%	\$0.00	\$0.00	\$64.52	\$0.00	\$0.00	\$0.00	\$2.00	\$0.00	\$2.00
(69)	1,456	\$2,222.51	\$2,151.68	\$70.84	3.3%	\$0.00	\$0.00	\$68.71	\$0.00	\$0.00	\$0.00	\$2.13	\$0.00	\$2.13
(70)	1,544	\$2,337.62	\$2,262.48	\$75.14	3.3%	\$0.00	\$0.00	\$72.89	\$0.00	\$0.00	\$0.00	\$2.25	\$0.00	\$2.25
(71)	1,635	\$2,456.55	\$2,376.99	\$79.56	3.3%	\$0.00	\$0.00	\$77.17	\$0.00	\$0.00	\$0.00	\$2.39	\$0.00	\$2.39
(72)	1,725	\$2,574.19	\$2,490.23	\$83.96	3.4%	\$0.00	\$0.00	\$81.44	\$0.00	\$0.00	\$0.00	\$2.52	\$0.00	\$2.52

**C & I Medium:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:									
						GCR	Base DAC	ISR	EE	LIHEAP	GET				
(76)															
(77)	6,907	\$8,722.54	\$8,506.77	\$215.77	2.5%	\$0.00	\$0.00	\$209.30	\$0.00	\$0.00	\$0.00	\$6.47	\$0.00	\$6.47	
(78)	7,650	\$9,546.80	\$9,307.87	\$238.93	2.6%	\$0.00	\$0.00	\$231.76	\$0.00	\$0.00	\$0.00	\$7.17	\$0.00	\$7.17	
(79)	8,391	\$10,368.40	\$10,106.29	\$262.10	2.6%	\$0.00	\$0.00	\$254.24	\$0.00	\$0.00	\$0.00	\$7.86	\$0.00	\$7.86	
(80)	9,136	\$11,194.71	\$10,909.32	\$285.39	2.6%	\$0.00	\$0.00	\$276.83	\$0.00	\$0.00	\$0.00	\$8.56	\$0.00	\$8.56	
(81)	9,880	\$12,020.00	\$11,711.37	\$308.63	2.6%	\$0.00	\$0.00	\$299.37	\$0.00	\$0.00	\$0.00	\$9.26	\$0.00	\$9.26	
(82)	10,623	\$12,844.26	\$12,512.44	\$331.82	2.7%	\$0.00	\$0.00	\$321.87	\$0.00	\$0.00	\$0.00	\$9.95	\$0.00	\$9.95	
(83)	11,366	\$13,668.55	\$13,313.50	\$355.05	2.7%	\$0.00	\$0.00	\$344.40	\$0.00	\$0.00	\$0.00	\$10.65	\$0.00	\$10.65	
(84)	12,111	\$14,494.83	\$14,116.52	\$378.31	2.7%	\$0.00	\$0.00	\$366.96	\$0.00	\$0.00	\$0.00	\$11.35	\$0.00	\$11.35	
(85)	12,855	\$15,320.10	\$14,918.56	\$401.54	2.7%	\$0.00	\$0.00	\$389.49	\$0.00	\$0.00	\$0.00	\$12.05	\$0.00	\$12.05	
(86)	13,596	\$16,141.69	\$15,716.98	\$424.71	2.7%	\$0.00	\$0.00	\$411.97	\$0.00	\$0.00	\$0.00	\$12.74	\$0.00	\$12.74	
(87)	14,340	\$16,966.96	\$16,519.01	\$447.95	2.7%	\$0.00	\$0.00	\$434.51	\$0.00	\$0.00	\$0.00	\$13.44	\$0.00	\$13.44	

Note: Bill Impacts are based on rates approved and currently in effect as of November 1, 2020

**National Grid – RI Gas  
Infrastructure, Safety, and Reliability (ISR) Filing  
Bill Impact Analysis with Various Levels of Consumption:**

**C & I LLF Large:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	GCR	Difference due to:														
							Base DAC	ISR	EE												
(91)																					
(92)	37,587	\$44,978.02	\$43,834.92	\$1,143.10	2.6%	\$0.00	\$0.00	\$1,108.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$34.29
(93)	41,634	\$49,553.03	\$48,286.83	\$1,266.21	2.6%	\$0.00	\$0.00	\$1,228.22	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$37.99
(94)	45,683	\$54,130.64	\$52,741.30	\$1,389.34	2.6%	\$0.00	\$0.00	\$1,347.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41.68
(95)	49,731	\$58,707.30	\$57,194.89	\$1,512.41	2.6%	\$0.00	\$0.00	\$1,467.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$45.37
(96)	53,777	\$63,281.26	\$61,645.80	\$1,635.46	2.7%	\$0.00	\$0.00	\$1,586.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$49.06
(97)	57,825	\$67,857.94	\$66,099.35	\$1,758.59	2.7%	\$0.00	\$0.00	\$1,705.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$52.76
(98)	61,873	\$72,434.57	\$70,552.86	\$1,881.71	2.7%	\$0.00	\$0.00	\$1,825.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$56.45
(99)	65,920	\$77,009.54	\$75,004.75	\$2,004.79	2.7%	\$0.00	\$0.00	\$1,944.65	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$60.14
(100)	69,967	\$81,585.19	\$79,457.35	\$2,127.85	2.7%	\$0.00	\$0.00	\$2,064.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$63.84
(101)	74,016	\$86,162.82	\$83,911.82	\$2,251.00	2.7%	\$0.00	\$0.00	\$2,183.47	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$67.53
(102)	78,063	\$90,737.82	\$88,363.73	\$2,374.09	2.7%	\$0.00	\$0.00	\$2,302.87	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$71.22

**C & I HLF Large:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	GCR	Difference due to:															
							Base DAC	ISR	EE													
(106)																						
(107)	41,956	\$42,040.86	\$40,397.22	\$1,643.64	4.1%	\$0.00	\$0.00	\$1,594.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$49.31	
(108)	46,471	\$46,297.84	\$44,477.32	\$1,820.52	4.1%	\$0.00	\$0.00	\$1,765.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$54.62	
(109)	50,991	\$50,559.07	\$48,561.52	\$1,997.56	4.1%	\$0.00	\$0.00	\$1,937.63	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$59.93	
(110)	55,507	\$54,816.90	\$52,642.41	\$2,174.49	4.1%	\$0.00	\$0.00	\$2,109.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$65.23	
(111)	60,028	\$59,078.96	\$56,727.39	\$2,351.58	4.1%	\$0.00	\$0.00	\$2,281.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$70.55	
(112)	64,545	\$63,337.69	\$60,809.11	\$2,528.58	4.2%	\$0.00	\$0.00	\$2,452.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$75.86	
(113)	69,062	\$67,596.34	\$64,890.83	\$2,705.51	4.2%	\$0.00	\$0.00	\$2,624.34	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$81.17	
(114)	73,583	\$71,858.44	\$68,975.78	\$2,882.66	4.2%	\$0.00	\$0.00	\$2,796.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$86.48	
(115)	78,099	\$76,116.24	\$73,056.69	\$3,059.55	4.2%	\$0.00	\$0.00	\$2,967.76	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$91.79	
(116)	82,619	\$80,377.45	\$77,140.84	\$3,236.62	4.2%	\$0.00	\$0.00	\$3,139.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$97.10	
(117)	87,137	\$84,637.92	\$81,224.31	\$3,413.62	4.2%	\$0.00	\$0.00	\$3,311.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$102.41	

Note: Bill Impacts are based on rates approved and currently in effect as of November 1, 2020

**National Grid – RI Gas  
Infrastructure, Safety, and Reliability (ISR) Filing  
Bill Impact Analysis with Various Levels of Consumption:**

**C & I LLF Extra-Large:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:								
						GCR	Base DAC	ISR	EE					
(121)														
(122)														
(123)														
(124)														
(125)	233,835	\$205,931.15	\$203,062.47	\$2,868.68	1.4%	\$0.00	\$0.00	\$2,782.62	\$0.00	\$0.00	\$0.00	\$0.00	\$86.06	
(126)	259,019	\$227,442.40	\$224,264.75	\$3,177.65	1.4%	\$0.00	\$0.00	\$3,082.32	\$0.00	\$0.00	\$0.00	\$0.00	\$95.33	
(127)	284,197	\$248,949.24	\$245,462.70	\$3,486.54	1.4%	\$0.00	\$0.00	\$3,381.94	\$0.00	\$0.00	\$0.00	\$0.00	\$104.60	
(128)	309,381	\$270,460.46	\$266,664.94	\$3,795.52	1.4%	\$0.00	\$0.00	\$3,681.65	\$0.00	\$0.00	\$0.00	\$0.00	\$113.87	
(129)	334,562	\$291,969.46	\$287,865.04	\$4,104.42	1.4%	\$0.00	\$0.00	\$3,981.29	\$0.00	\$0.00	\$0.00	\$0.00	\$123.13	
(130)	359,745	\$313,479.98	\$309,066.64	\$4,413.34	1.4%	\$0.00	\$0.00	\$4,280.94	\$0.00	\$0.00	\$0.00	\$0.00	\$132.40	
(131)	384,928	\$334,990.54	\$330,268.21	\$4,722.33	1.4%	\$0.00	\$0.00	\$4,580.66	\$0.00	\$0.00	\$0.00	\$0.00	\$141.67	
(132)	410,110	\$356,500.29	\$351,469.01	\$5,031.28	1.4%	\$0.00	\$0.00	\$4,880.34	\$0.00	\$0.00	\$0.00	\$0.00	\$150.94	
(133)	435,293	\$378,010.76	\$372,670.55	\$5,340.21	1.4%	\$0.00	\$0.00	\$5,180.00	\$0.00	\$0.00	\$0.00	\$0.00	\$160.21	
(134)	460,471	\$399,517.54	\$393,868.47	\$5,649.07	1.4%	\$0.00	\$0.00	\$5,479.60	\$0.00	\$0.00	\$0.00	\$0.00	\$169.47	
(135)	485,655	\$421,028.80	\$415,070.76	\$5,958.04	1.4%	\$0.00	\$0.00	\$5,779.30	\$0.00	\$0.00	\$0.00	\$0.00	\$178.74	

**C & I HLF Extra-Large:**

	Annual Consumption (Therms)	Proposed Rates	Current Rates	Difference	% Chg	Difference due to:								
						GCR	Base DAC	ISR	EE					
(136)														
(137)														
(138)														
(139)														
(140)	486,528	\$373,539.92	\$365,615.01	\$7,924.91	2.2%	\$0.00	\$0.00	\$7,687.16	\$0.00	\$0.00	\$0.00	\$0.00	\$237.75	
(141)	538,924	\$413,100.89	\$404,322.55	\$8,778.34	2.2%	\$0.00	\$0.00	\$8,514.99	\$0.00	\$0.00	\$0.00	\$0.00	\$263.35	
(142)	591,320	\$452,661.06	\$443,029.28	\$9,631.78	2.2%	\$0.00	\$0.00	\$9,342.83	\$0.00	\$0.00	\$0.00	\$0.00	\$288.95	
(143)	643,718	\$492,223.34	\$481,738.03	\$10,485.31	2.2%	\$0.00	\$0.00	\$10,170.75	\$0.00	\$0.00	\$0.00	\$0.00	\$314.56	
(144)	696,109	\$531,780.12	\$520,441.45	\$11,338.67	2.2%	\$0.00	\$0.00	\$10,998.51	\$0.00	\$0.00	\$0.00	\$0.00	\$340.16	
(145)	748,506	\$571,341.74	\$559,149.58	\$12,192.16	2.2%	\$0.00	\$0.00	\$11,826.40	\$0.00	\$0.00	\$0.00	\$0.00	\$365.76	
(146)	800,903	\$610,903.39	\$597,857.75	\$13,045.64	2.2%	\$0.00	\$0.00	\$12,654.27	\$0.00	\$0.00	\$0.00	\$0.00	\$391.37	
(147)	853,294	\$650,460.11	\$636,561.09	\$13,899.02	2.2%	\$0.00	\$0.00	\$13,482.05	\$0.00	\$0.00	\$0.00	\$0.00	\$416.97	
(148)	905,692	\$690,022.42	\$675,269.90	\$14,752.52	2.2%	\$0.00	\$0.00	\$14,309.94	\$0.00	\$0.00	\$0.00	\$0.00	\$442.58	
(149)	958,088	\$729,582.58	\$713,976.59	\$15,605.99	2.2%	\$0.00	\$0.00	\$15,137.81	\$0.00	\$0.00	\$0.00	\$0.00	\$468.18	
(150)	1,010,485	\$769,144.20	\$752,684.72	\$16,459.47	2.2%	\$0.00	\$0.00	\$15,965.69	\$0.00	\$0.00	\$0.00	\$0.00	\$493.78	

Note: Bill Impacts are based on rates approved and currently in effect as of November 1, 2020

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 5099  
FY2022 GAS INFRASTRUCTURE, SAFETY,  
AND RELIABILITY PLAN FILING  
SECTION 4: ATTACHMENT 3**

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Proposed DAC Provision  
Clean

## **DISTRIBUTION ADJUSTMENT CLAUSE**

### **1.0 GENERAL**

#### **1.1 Purpose:**

The purpose of the Distribution Adjustment Clause (“DAC”) is to establish procedures that allow the Company, subject to the jurisdiction of the PUC, to annually adjust its rates for firm sales and transportation in order to recover, credit, or reconcile the following:

- (1) the system pressure costs;
- (2) the difference between the approved AGT factor revenue collections and actual AGT factor revenue collections;
- (3) the costs of the Infrastructure, Safety, and Reliability Plan;
- (4) the amortization of the most recent ten years of Environmental Response costs;
- (5) Pension costs and Post-retirement Benefits Other than Pensions expenses;
- (6) to credit any Service Quality Performance penalties;
- (7) any over or under collections of revenue under the Revenue Decoupling mechanism;
- (8) the previous year DAC items;
- (9) any Earnings Sharing;
- (10) any Residential Assistance costs; and
- (11) the impact of the Tax Cuts and Jobs Act.

Any costs recovered through the application of the Distribution Adjustment Charge shall be identified and explained fully in the annual Distribution Adjustment Charge filing.

#### **1.2 Applicability:**

The Distribution Adjustment Charge will be applied to sales and transportation volumes under each of the Company’s firm rate schedules.

The Company will make annual DAC filings and its annual Reconciliation filings based on actual costs and volumes available at the time of filing as well as forecasts of applicable costs and volumes through October of that year. With the exception of the Infrastructure, Safety and Reliability component described in Item 3.3.2, the Distribution Adjustment Charge shall become effective with consumption as of November 1 each year.

Unless otherwise notified by the PUC, the Company shall submit the Distribution Adjustment Charge filings no later than 90 days before they are scheduled to take

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**DISTRIBUTION ADJUSTMENT CLAUSE**

effect, provided however that the Revenue Decoupling Adjustment component of the Distribution Adjustment Charge filing will be made July 1 annually. The Annual Reconciliation filing will be made by August 1 of each year.

**2.0 DISTRIBUTION ADJUSTMENT CHARGE:**

The Distribution Adjustment Charge will consist of an annual System Pressure factor, an Advanced Gas Technology factor, an Infrastructure, Safety, and Reliability factor, an Environmental Response Cost factor, a Pension Adjustment Mechanism factor, a Service Quality Performance factor, a Revenue Decoupling Adjustment factor, and a Reconciliation of deferred account balance factor, an Earnings Sharing Mechanism factor, a Low Income Discount Recovery Factor, a Tax Credit Factor and an Arrearage Management Adjustment Factor. The Distribution Adjustment Charge is calculated as follows:

$$DAC = SP + AGT + ISR + ERCF + PAF + SQP + RDA + AMAF + R + ESM + LIDRF + TCF$$

**Where:**

DAC	Distribution Adjustment Charge applicable to all firm throughput.
SP	System Pressure factor. See Item 3.1 for calculation.
AGT	Advanced Gas Technology factor. See Item 3.2 for calculation.
ISR	Infrastructure, Safety, and Reliability factor. See Item 3.3 for calculation.
ERCF	Environmental Response Cost Factor. See Item 3.4 for calculation.
PAF	Pension Adjustment Factor. See Item 3.5 for calculation.
SQP	Service Quality Performance Factor. See Item 3.6 for calculation.
RDA	Revenue Decoupling Adjustment factor. See Item 3.7 for calculation.
AMAF	Arrearage Management Adjustment Factor. See Item 3.8 for calculation.
LIDRF	Low Income Discount Recovery Factor. See Item 3.9 for calculation.
R	Reconciliation of deferred account balances as of October 31. See Item 4.0 for calculation.
ESM	Earnings Sharing Mechanism Factor. See Item 5.0 for calculation.

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**DISTRIBUTION ADJUSTMENT CLAUSE**

TCF            Tax Credit Factor. See Item 3.10 for calculation.

The Distribution Adjustment Charge, excluding the RDA, shall be increased by the uncollectible expense percentage approved in the most recent general rate case.

**3.0    DISTRIBUTION ADJUSTMENT CALCULATIONS**

**3.1    System Pressure Factor:**

The System Pressure factor shall be computed in a manner that identifies and includes all fixed and variable gas supply costs required on an annual basis to maintain pressure within the Company's distribution system and shall identify and consider all gas supply costs that are required to maintain pressure for all portions of the Company's distribution system:

$$SP = \frac{GCSP \times SP\%}{Dt_T}$$

**Where:**

SP            System Pressure Amount.

GCSP        Forecasted Gas Costs associated with supply used to maintain system pressures, including both demand and commodity costs.

SP%         Percent of supply used to maintain system pressures, as established in the most recent general rate case or DAC proceeding.

Dt<sub>T</sub>         Forecasted annual firm throughput.

**3.2    AGT Factor:**

The Advanced Gas Technology factor shall be determined annually, or as otherwise approved by the PUC, based on an estimate of AGT grants to be disbursed during the upcoming year, adjusted by any AGT grants from the prior year in excess of available funding or available funding in excess of AGT grants from the prior year, the total of which is the eligible AGT Costs to be approved for recovery by the PUC. The formula will be as follows:



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**DISTRIBUTION ADJUSTMENT CLAUSE**

$$AGT = \frac{AGT}{Dt_T}$$

**Where:**

AGT            AGT Factor

AGT            AGT Costs

Dt<sub>T</sub>            Forecasted annual firm throughput in dekatherms

**3.3        Infrastructure, Safety and Reliability Plan:**

**3.3.1    Gas Infrastructure, Safety, and Reliability Plan Filing:**

In compliance with R.I.G.L. Section 39-1-27.7.1, no later than January 1 of each year, the Company shall submit to the PUC a Gas Infrastructure, Safety, and Reliability Plan (Gas ISR Plan) for the upcoming fiscal year (April to March) for review and approval within 90 days. The Gas ISR Plan shall include the upcoming fiscal year's forecasted capital investment on its gas distribution system infrastructure and may include any other costs relating to maintaining safety and reliability that have been mutually agreed upon by the Division and the Company.

**3.3.2    Infrastructure, Safety and Reliability Factor:**

Effective each April 1, the Company shall recover through a change in Distribution Adjustment Charge rates the Cumulative Revenue Requirement on the Adjusted Cumulative Non-growth Capital Investment as approved by the PUC in the Company's annual gas infrastructure, safety, and reliability filings less the amount included in rate base for base rate purposes. For purposes of this section, non-growth capital shall exclude general plant (FERC Accts 389 through 399). The Cumulative Revenue Requirement shall mean the return and taxes on year-end Adjusted Cumulative Non-growth Capital Investment, at a rate equal to the pre-tax weighted average cost of capital as approved by the PUC in the most recent general rate case, plus the annual depreciation net of depreciation expense attributable to general plant that was approved by the PUC in the Company's most recent general rate case adjusted, if appropriate, by later proceedings related to capital, plus the annual municipal property tax recovery mechanism.

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The Adjusted Cumulative Non-growth Capital Investment shall mean the cumulative actual non-growth capital investment recorded as in service since the end of the Company's rate year in its most recent general rate case, reflecting any difference between Actual Non-Growth Investment and Forecasted Non-Growth Investment for any period during which Forecasted Non-Growth Investment has not been reconciled to Actual Non-Growth Investment including through the end of the Company's rate year in its last general rate case. Cumulative Revenue Requirements will reflect Adjusted Cumulative Non-Growth Capital Investment as defined above plus the associated retirements, cost of removal, accumulated depreciation, and accumulated deferred taxes.

All accumulated Gas ISR investments will be eligible for inclusion in rate base recovery through new rates set in the next general rate case.

The Company shall allocate the Cumulative Revenue Requirements to its rate classes based on the rate base allocation approved by the PUC in the Company's most recent general rate case. Any other costs, including Operation and Maintenance expenses mutually agreed upon by the Division and the Company shall be allocated on a per unit basis.

**3.3.3 Infrastructure, Safety and Reliability Factor: Reconciliation Mechanism:**

The Company shall include an annual reconciliation mechanism associated with the ISR Factor designed to reconcile the actual Cumulative Revenue Requirements and any associated costs approved for recovery through this mechanism to the actual billed revenue for the prior fiscal year. As part of its annual DAC filing, the Company shall submit by August 1 a reconciliation factor (either positive or negative) related to the ISR Factor recoveries and actual Cumulative Revenue Requirements and any associated costs approved for recovery through this mechanism to take effect annually for the twelve months beginning November 1 each year.

**3.4 Environmental Response Cost Factor (ERCF):**

$$ERCF = \frac{\sum ERC_{yT} - ERC_{EMB}}{10 D_{tr}}$$

**Where:**

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**DISTRIBUTION ADJUSTMENT CLAUSE**

ERC	Environmental Response Costs as defined in Section 1, Schedule B Definitions
$\sum \text{ERC}_{yT}$	The sum of Environmental Response Costs, incurred in the most recent twelve month period ended March 31.
ERC <sub>EMB</sub>	Environmental Response Costs funding embedded in base rates, \$1,310,000.
Dt <sub>T</sub>	Forecasted annual firm throughput

In order to limit the bill impacts that could potentially result from the incurrence of environmental remediation costs, the ERC factor, calculated as described above, shall be limited to an increase of no more than \$0.10 per dekatherm in any annual DAC filing. If this limitation results in the Company recovering less than the amount that would otherwise be eligible for recovery in a particular year, then beginning on the date that the proposed ERC factor becomes effective, carrying costs shall accrue to the Company on the portion of the environmental remediation costs not included in the ERC factor as a result of this limitation. Such carrying costs shall accrue through the year in which such amount, together with accumulated carrying costs, are recovered from ratepayers. Any amounts so deferred shall be incorporated into the ERC factor in succeeding years consistent with the \$0.10 per dekatherm ERC factor annual increase limitation. Such carrying charges shall accrue at the Interest on Deferred Balance rate specified in Section 1, Schedule B of the Company's Definition section above.

**3.5 Pension Adjustment Factor:**

The Pension Adjustment Factor shall recover or refund the prior fiscal year's reconciliation of the Company's actual Pension and Post-retirement Benefits Other Than Pension (PBOP) expenses to the Company's Pension and PBOP expense allowance included in distribution base rates, including interest at the rate of interest paid on customer deposits. The recoverable actual Pension and PBOP shall reflect expense recorded on the Company's books of account pursuant to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 715, Compensation—Retirement Benefits, as amended in March 2017 in a FASB Accounting Standards Update (formerly Statement of Financial Accounting Standards ("SFAS") 87 and SFAS 106) associated with pension and PBOP. The PAF will be computed on an annual basis for the twelve months ended March 31 and will be based on the difference in the Company's actual Pension and PBOP expense for the prior twelve month period ended March 31 and the distribution base rate allowance,

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plus carrying charges at the weighted average cost of capital on the cumulative five quarter average underfunding of the Pension and PBOP Minimum Funding Obligation for the fiscal year ended March 31. The Minimum Funding Obligation will be equal to the amount of Pension and PBOP costs collected from customers during the fiscal year, plus the amounts of Pension and PBOP costs capitalized during the year. The amount collected from customers during the fiscal year would include (1) Pension and PBOP allowance included in base rates, and (2) amounts collected or refunded through the PAF. For the purpose of determining its Minimum Funding Obligation and the carrying costs that apply to that obligation, the Company shall be permitted to combine the funding of pensions and PBOPs, thereby offsetting, any deficiencies in PBOPs funding with any excess pension funding, or conversely offsetting any deficiencies in pension funding with any excess PBOP funding. The Company will be required to accrue and defer carrying charges on only the net unfunded pension/PBOP amount.

**3.6 Service Quality Performance Factor:**

The Service Quality Performance (SQP) Factor will be used for crediting to customers any penalties reflected in the Company's annual Service Quality Report.

**3.7 Revenue Decoupling Adjustment Factor:**

The Revenue Decoupling Adjustment (RDA) Factor shall be a credit or surcharge determined for all Residential rate classes and Small and Medium C&I rate classes as the sum of the March 31 deferral ending balances for each rate class divided by the forecasted total annual firm throughput for those rate classes. The March deferral ending balance for each rate class shall result from the monthly calculation of the difference between the Target Revenue-per-Customer and the Actual Revenue-Per-Customer for each twelve months ending March 31. The deferral balance will be calculated as follows:

$$RDAF = \frac{\sum_{RC} (AEB_{M-1} + DIFF_M + INT_M)}{Dt_{RC}}$$

Where:

RDAF            Revenue Decoupling Adjustment Factor

$\sum_{RC}$             The sum of the March 31 deferral ending balances for each of the following rate classes: Residential Non-heat (including Low Income

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Residential Non-heat), Residential Heat (including Low Income Residential Heat), Small C&I, and Medium C&I.

$AEB_{M-1}$  Account Ending Balance for prior month

$DIFF_M$  Current month Difference

$$= (RPC_{TM} - RPC_{AM}) \times CUST_M$$

$RPC_{TM}$  Target Revenue-per-Customer based on class specific revenue per customer targets established in the most recent general rate case. The target for Low-Income classes will reflect non-discounted revenue. Low-income class revenue and customers will be included with non-discounted revenue and customers for the purposes of setting the target.

$RPC_{AM}$  Actual Revenue-per-Customer for current month calculated as actual base revenue divided by number of customers in the current month. Revenue for Low-Income classes will reflect non-discounted revenue.

$CUST_M$  Number of customers in current month

$INT_M$  Interest on average monthly balance based on the Bank of America Prime minus 200 basis points.

$D_{tRC}$  Forecasted annual firm throughput for the following rate classes: Residential Non-heat (including Low Income Residential Non-heat), Residential Heat (including Low Income Residential Heat), Small C&I, and Medium C&I.

**3.8 Arrearage Management Adjustment Factor (AMAF):**

In compliance with R.I.G.L. §39-2-1(d)(2), the Company shall surcharge customers allowable amounts forgiven through the Arrearage Management Plan (AMP) over the prior calendar year as described in Section 7, Schedule C, Item 9.0 through the AMAF.

$$AMAF = \frac{AMPC}{D_{tr}}$$

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**Where:**

AMPC Allowable arrearage management plan costs the Company may recover from firm customers in accordance with R.I.G.L. § 39-2-1(d)(2) and described in Section 7, Schedule C, Item 9.0.

Dt<sub>T</sub> Forecasted annual firm throughput

**3.9 Low Income Discount Recovery Factor (LIDRF):**

The Low Income Discount Recovery Factor shall be determined annually based upon the total amount of low income discount applied to eligible customer bills. The low income discount percentages are as follows:

- Residential Assistance Non-Heating, Rate 11: 25% with an additional 5% for a total of 30% for those customers receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program (formerly known as the Family Independence Program).
- Residential Assistance Heating, Rate 13: 25% with an additional 5% for a total discount of 30% for those customers receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program.

$$\text{LIDRF} = \frac{\text{LIDC}}{\text{Dt}_T}$$

**Where:**

LIDC Annual low income discounts provided to eligible low income customers which the Company may recover from firm customers.

Dt<sub>T</sub> Forecasted annual firm throughput excluding Rate 11 and Rate 13 forecasted annual throughput.

**3.10 Tax Credit Factor (TCF):**

The Tax Credit Factor shall credit customers (1) pursuant to the settlement agreement in Docket 4808, a one-time tax credit of \$3,064,228 for the period January 1, 2018 through August 31, 2018 associated with the reduced federal corporate income tax rate as a result of the Tax Cuts and Jobs Act; and (2) pursuant to Article II, Section

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C.22.a of the amended settlement agreement in Docket 4770, a one-time tax credit associated with the impact of the true-up of the excess Accumulated Deferred Income Tax (ADIT) for the period September 1, 2018 through August 31, 2019. The Company will determine the amount to be credited to customers by comparing the actual distribution revenue billed to firm customers during the period September 1, 2018 through August 31, 2019 and an estimate of the distribution revenue that would have been billed to firm customers if the actual impact of excess ADIT had been reflected in base distribution rates effective September 1, 2018. These one-time tax credit amounts will be credited to all firm customers during the period November 1, 2019 through October 31, 2020.

$$TCF = \frac{TR}{Dt_T}$$

**Where:**

TR            Sum of the one-time tax credits of \$3,064,228 and the impact of the true-up of excess ADIT.

Dt<sub>T</sub>            Forecasted annual firm throughput.

**4.0    DEFERRED DISTRIBUTION ADJUSTMENT COST ACCOUNT:**

The Distribution Adjustment Cost Account shall include annual reconciliation for the twelve month period for the revenues and costs for the System Pressure factor, Advanced Gas Technology factor, ISR factor, Environmental Response Costs factor, Pension Adjustment factor, SQP factor, RDA factor, ESM factor, AMAF, LIDRF, TCF, and a Previous Reconciliation factor, including a true-up for any prior year's forecasted revenues and costs. Base rate related items (Advanced Gas Technology factor, Pension Adjustment factor and Environmental Response Cost factor) will be reconciled only for those non-Revenue Decoupling rate classes (Large and Extra Large high load and low load factor rate classes). For each reconciliation component, a monthly rate based on a monthly rate of the current Bank of America prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account's beginning and ending balance shall also apply.

**5.0    EARNINGS SHARING MECHANISM:**

The Earnings Sharing Mechanism Credit ("ESMC") for FY 18 will be included with the September 1 DAC filing based on financial information for the 12-month period ending March 31. All subsequent ESMC will be filed on May 1 and will reflect a 12-month period

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ending December 31. For purposes of calculating earnings to be shared, the Company will be allowed to include its 50% share of net merger synergies resulting from the National Grid/KeySpan transactions, or \$2,450,000. Calculation of the ESMC is as follows:

$$\text{ESMC} = \frac{\text{ESMF}}{\text{Dt}_T}$$

**Where:**

**ESMF** Earnings Sharing Mechanism Fund is defined as customers' share of earnings subject to sharing and will be based on the return on equity authorized by the PUC in a general rate case or as otherwise authorized by the PUC. For FY 18, the annual earnings over 9.5% return on equity, up to and including 100 basis points, being shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of 9.5% return on equity shall be shared 75% to customers and 25% to the Company. For all subsequent ESMC, the annual earnings over 9.275% return on equity, and up to and including 100 basis points (i.e., 10.275%), will be shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of 9.275% return on equity (i.e., exceeding 10.275%) shall be shared 75% to customers and 25% to the Company. The Company's share of any shared earnings will be retained by Company and not reflected in any earnings report.

**Dt<sub>T</sub>** Forecasted annual firm throughput



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 5099  
FY2022 GAS INFRASTRUCTURE, SAFETY,  
AND RELIABILITY PLAN FILING  
SECTION 4: ATTACHMENT 3**

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Proposed DAC Provision  
Marked to Show Changes

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**DISTRIBUTION ADJUSTMENT CLAUSE**

**1.0 GENERAL**

**1.1 Purpose:**

The purpose of the Distribution Adjustment Clause (“DAC”) is to establish procedures that allow the Company, subject to the jurisdiction of the PUC, to annually adjust its rates for firm sales and transportation in order to recover, credit, or reconcile the following:

- (1) the system pressure costs;
- (2) the difference between the approved AGT factor revenue collections and actual AGT factor revenue collections;
- (3) the costs of the Infrastructure, Safety, and Reliability Plan;
- (4) the amortization of the most recent ten years of Environmental Response costs;
- (5) Pension costs and Post-retirement Benefits Other than Pensions expenses;
- (6) to credit any Service Quality Performance penalties;
- (7) any over or under collections of revenue under the Revenue Decoupling mechanism;
- (8) the previous year DAC items;
- (9) any Earnings Sharing;
- (10) any Residential Assistance costs; and
- (11) the impact of the Tax Cuts and Jobs Act.

Any costs recovered through the application of the Distribution Adjustment Charge shall be identified and explained fully in the annual Distribution Adjustment Charge filing.

**1.2 Applicability:**

The Distribution Adjustment Charge will be applied to sales and transportation volumes under each of the Company’s firm rate schedules.

The Company will make annual DAC filings and its annual Reconciliation filings based on actual costs and volumes available at the time of filing as well as forecasts of applicable costs and volumes through October of that year. With the exception of the Infrastructure, Safety and Reliability component described in Item 3.3.2, the Distribution Adjustment Charge shall become effective with consumption as of November 1 each year.

Unless otherwise notified by the PUC, the Company shall submit the Distribution Adjustment Charge filings no later than 90 days before they are scheduled to take

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effect, provided however that the Revenue Decoupling Adjustment component of the Distribution Adjustment Charge filing will be made July 1 annually. The Annual Reconciliation filing will be made by August 1 of each year.

**2.0 DISTRIBUTION ADJUSTMENT CHARGE:**

The Distribution Adjustment Charge will consist of an annual System Pressure factor, an Advanced Gas Technology factor, an Infrastructure, Safety, and Reliability factor, an Environmental Response Cost factor, a Pension Adjustment Mechanism factor, a Service Quality Performance factor, a Revenue Decoupling Adjustment factor, and a Reconciliation of deferred account balance factor, an Earnings Sharing Mechanism factor, a Low Income Discount Recovery Factor, a Tax Credit Factor and an Arrearage Management Adjustment Factor. The Distribution Adjustment Charge is calculated as follows:

$$DAC = SP + AGT + ISR + ERCF + PAF + SQP + RDA + AMAF + R + ESM + LIDRF + TCF$$

**Where:**

DAC	Distribution Adjustment Charge applicable to all firm throughput.
SP	System Pressure factor. See Item 3.1 for calculation.
AGT	Advanced Gas Technology factor. See Item 3.2 for calculation.
ISR	Infrastructure, Safety, and Reliability factor. See Item 3.3 for calculation.
ERCF	Environmental Response Cost Factor. See Item 3.4 for calculation.
PAF	Pension Adjustment Factor. See Item 3.5 for calculation.
SQP	Service Quality Performance Factor. See Item 3.6 for calculation.
RDA	Revenue Decoupling Adjustment factor. See Item 3.7 for calculation.
AMAF	Arrearage Management Adjustment Factor. See Item 3.8 for calculation.
LIDRF	Low Income Discount Recovery Factor. See Item 3.9 for calculation.
R	Reconciliation of deferred account balances as of October 31. See Item 4.0 for calculation.
ESM	Earnings Sharing Mechanism Factor. See Item 5.0 for calculation.

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TCF            Tax Credit Factor. See Item 3.10 for calculation.

The Distribution Adjustment Charge, excluding the RDA, shall be increased by the uncollectible expense percentage approved in the most recent general rate case.

**3.0    DISTRIBUTION ADJUSTMENT CALCULATIONS**

**3.1    System Pressure Factor:**

The System Pressure factor shall be computed in a manner that identifies and includes all fixed and variable gas supply costs required on an annual basis to maintain pressure within the Company's distribution system and shall identify and consider all gas supply costs that are required to maintain pressure for all portions of the Company's distribution system:

$$SP = \frac{GCSP \times SP\%}{Dt_T}$$

**Where:**

SP            System Pressure Amount.

GCSP        Forecasted Gas Costs associated with supply used to maintain system pressures, including both demand and commodity costs.

SP%         Percent of supply used to maintain system pressures, as established in the most recent general rate case or DAC proceeding.

Dt<sub>T</sub>         Forecasted annual firm throughput.

**3.2    AGT Factor:**

The Advanced Gas Technology factor shall be determined annually, or as otherwise approved by the PUC, based on an estimate of AGT grants to be disbursed during the upcoming year, adjusted by any AGT grants from the prior year in excess of available funding or available funding in excess of AGT grants from the prior year, the total of which is the eligible AGT Costs to be approved for recovery by the PUC. The formula will be as follows:

**DISTRIBUTION ADJUSTMENT CLAUSE**

$$AGT = \frac{AGT}{Dt_T}$$

**Where:**

AGT            AGT Factor

AGT            AGT Costs

Dt<sub>T</sub>            Forecasted annual firm throughput in dekatherms

**3.3    Infrastructure, Safety and Reliability Plan:**

**3.3.1    Gas Infrastructure, Safety, and Reliability Plan Filing:**

In compliance with R.I.G.L. Section 39-1-27.7.1, no later than January 1 of each year, the Company shall submit to the PUC a Gas Infrastructure, Safety, and Reliability Plan (Gas ISR Plan) for the upcoming fiscal year (April to March) for review and approval within 90 days. The Gas ISR Plan shall include the upcoming fiscal year's forecasted capital investment on its gas distribution system infrastructure and may include any other costs relating to maintaining safety and reliability that have been mutually agreed upon by the Division and the Company.

**3.3.2    Infrastructure, Safety and Reliability Factor:**

Effective each April 1, the Company shall recover through a change in Distribution Adjustment Charge rates the Cumulative Revenue Requirement on the Adjusted Cumulative Non-growth Capital ~~Spending~~Investment as approved by the PUC in the Company's annual gas infrastructure, safety, and reliability filings less the amount included in rate base for base rate purposes. For purposes of this section, non-growth capital shall exclude general plant (FERC Accts 389 through 399). The Cumulative Revenue Requirement shall mean the return and taxes on year-end Adjusted Cumulative Non-growth Capital ~~Spending~~Investment, at a rate equal to the pre-tax weighted average cost of capital as approved by the PUC in the most recent general rate case, plus the annual depreciation net of depreciation expense attributable to general plant that was approved by the PUC in the Company's most recent general rate case adjusted, if appropriate, by later proceedings related to capital, plus the annual municipal property tax recovery mechanism.

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The Adjusted Cumulative Non-growth Capital ~~Spending~~ Investment shall mean the cumulative actual non-growth capital investment recorded as in service since the end of the Company's rate year in its most recent general rate case, reflecting any difference between Actual Non-Growth Investment and Forecasted Non-Growth Investment for any period during which Forecasted Non-Growth Investment has not been reconciled to Actual Non-Growth Investment including through the end of the Company's rate year in its last general rate case. Cumulative Revenue Requirements will reflect Adjusted Cumulative Non-Growth Capital ~~Spending~~ Investment as defined above plus the associated retirements, cost of removal, accumulated depreciation, and accumulated deferred taxes.

All accumulated Gas ISR investments will be eligible for inclusion in rate base recovery through new rates set in the next general rate case.

The Company shall allocate the Cumulative Revenue Requirements to its rate classes based on the rate base allocation approved by the PUC in the Company's most recent general rate case. Any other costs, including Operation and Maintenance expenses mutually agreed upon by the Division and the Company shall be allocated on a per unit basis.

**3.3.3 Infrastructure, Safety and Reliability Factor: Reconciliation Mechanism:**

The Company shall include an annual reconciliation mechanism associated with the ISR Factor designed to reconcile the actual Cumulative Revenue Requirements and any associated costs approved for recovery through this mechanism to the actual billed revenue for the prior fiscal year. As part of its annual DAC filing, the Company shall submit by August 1 a reconciliation factor (either positive or negative) related to the ISR Factor recoveries and actual Cumulative Revenue Requirements and any associated costs approved for recovery through this mechanism to take effect annually for the twelve months beginning November 1 each year.

**3.4 Environmental Response Cost Factor (ERCF):**

$$ERCF = \frac{\sum ERC_{yT} - ERC_{EMB}}{10 D_{tr}}$$

**Where:**

**DISTRIBUTION ADJUSTMENT CLAUSE**

ERC	Environmental Response Costs as defined in Section 1, Schedule B Definitions
$\sum \text{ERC}_{yT}$	The sum of Environmental Response Costs, incurred in the most recent twelve month period ended March 31.
ERC <sub>EMB</sub>	Environmental Response Costs funding embedded in base rates, \$1,310,000.
D <sub>T</sub>	Forecasted annual firm throughput

In order to limit the bill impacts that could potentially result from the incurrence of environmental remediation costs, the ERC factor, calculated as described above, shall be limited to an increase of no more than \$0.10 per dekatherm in any annual DAC filing. If this limitation results in the Company recovering less than the amount that would otherwise be eligible for recovery in a particular year, then beginning on the date that the proposed ERC factor becomes effective, carrying costs shall accrue to the Company on the portion of the environmental remediation costs not included in the ERC factor as a result of this limitation. Such carrying costs shall accrue through the year in which such amount, together with accumulated carrying costs, are recovered from ratepayers. Any amounts so deferred shall be incorporated into the ERC factor in succeeding years consistent with the \$0.10 per dekatherm ERC factor annual increase limitation. Such carrying charges shall accrue at the Interest on Deferred Balance rate specified in Section 1, Schedule B of the Company's Definition section above.

**3.5 Pension Adjustment Factor:**

The Pension Adjustment Factor shall recover or refund the prior fiscal year's reconciliation of the Company's actual Pension and Post-retirement Benefits Other Than Pension (PBOP) expenses to the Company's Pension and PBOP expense allowance included in distribution base rates, including interest at the rate of interest paid on customer deposits. The recoverable actual Pension and PBOP shall reflect expense recorded on the Company's books of account pursuant to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 715, Compensation—Retirement Benefits, as amended in March 2017 in a FASB Accounting Standards Update (formerly Statement of Financial Accounting Standards ("SFAS") 87 and SFAS 106) associated with pension and PBOP. The PAF will be computed on an annual basis for the twelve months ended March 31 and will be based on the difference in the Company's actual Pension and PBOP expense for the prior twelve month period ended March 31 and the distribution base rate allowance,

**DISTRIBUTION ADJUSTMENT CLAUSE**

plus carrying charges at the weighted average cost of capital on the cumulative five quarter average underfunding of the Pension and PBOP Minimum Funding Obligation for the fiscal year ended March 31. The Minimum Funding Obligation will be equal to the amount of Pension and PBOP costs collected from customers during the fiscal year, plus the amounts of Pension and PBOP costs capitalized during the year. The amount collected from customers during the fiscal year would include (1) Pension and PBOP allowance included in base rates, and (2) amounts collected or refunded through the PAF. For the purpose of determining its Minimum Funding Obligation and the carrying costs that apply to that obligation, the Company shall be permitted to combine the funding of pensions and PBOPs, thereby offsetting, any deficiencies in PBOPs funding with any excess pension funding, or conversely offsetting any deficiencies in pension funding with any excess PBOP funding. The Company will be required to accrue and defer carrying charges on only the net unfunded pension/PBOP amount.

**3.6 Service Quality Performance Factor:**

The Service Quality Performance (SQP) Factor will be used for crediting to customers any penalties reflected in the Company’s annual Service Quality Report.

**3.7 Revenue Decoupling Adjustment Factor:**

The Revenue Decoupling Adjustment (RDA) Factor shall be a credit or surcharge determined for all Residential rate classes and Small and Medium C&I rate classes as the sum of the March 31 deferral ending balances for each rate class divided by the forecasted total annual firm throughput for those rate classes. The March deferral ending balance for each rate class shall result from the monthly calculation of the difference between the Target Revenue-per-Customer and the Actual Revenue-Per-Customer for each twelve months ending March 31. The deferral balance will be calculated as follows:

$$RDAF = \frac{\sum_{RC} (AEB_{M-1} + DIFF_M + INT_M)}{Dt_{RC}}$$

Where:

RDAF            Revenue Decoupling Adjustment Factor

$\sum_{RC}$             The sum of the March 31 deferral ending balances for each of the following rate classes: Residential Non-heat (including Low Income



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Residential Non-heat), Residential Heat (including Low Income Residential Heat), Small C&I, and Medium C&I.

$AEB_{M-1}$  Account Ending Balance for prior month

$DIFF_M$  Current month Difference

$$= (RPC_{TM} - RPC_{AM}) \times CUST_M$$

$RPC_{TM}$  Target Revenue-per-Customer based on class specific revenue per customer targets established in the most recent general rate case. The target for Low-Income classes will reflect non-discounted revenue. Low-income class revenue and customers will be included with non-discounted revenue and customers for the purposes of setting the target.

$RPC_{AM}$  Actual Revenue-per-Customer for current month calculated as actual base revenue divided by number of customers in the current month. Revenue for Low-Income classes will reflect non-discounted revenue.

$CUST_M$  Number of customers in current month

$INT_M$  Interest on average monthly balance based on the Bank of America Prime minus 200 basis points.

$Dt_{RC}$  Forecasted annual firm throughput for the following rate classes: Residential Non-heat (including Low Income Residential Non-heat), Residential Heat (including Low Income Residential Heat), Small C&I, and Medium C&I.

**3.8 Arrearage Management Adjustment Factor (AMAF):**

In compliance with R.I.G.L. §39-2-1(d)(2), the Company shall surcharge customers allowable amounts forgiven through the Arrearage Management Plan (AMP) over the prior calendar year as described in Section 7, Schedule C, Item 9.0 through the AMAF.

$$AMAF = \frac{AMPC}{Dt_r}$$

**DISTRIBUTION ADJUSTMENT CLAUSE**

**Where:**

AMPC Allowable arrearage management plan costs the Company may recover from firm customers in accordance with R.I.G.L. § 39-2-1(d)(2) and described in Section 7, Schedule C, Item 9.0.

Dt<sub>T</sub> Forecasted annual firm throughput

**3.9 Low Income Discount Recovery Factor (LIDRF):**

The Low Income Discount Recovery Factor shall be determined annually based upon the total amount of low income discount applied to eligible customer bills. The low income discount percentages are as follows:

- Residential Assistance Non-Heating, Rate 11: 25% with an additional 5% for a total of 30% for those customers receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program (formerly known as the Family Independence Program).
- Residential Assistance Heating, Rate 13: 25% with an additional 5% for a total discount of 30% for those customers receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program.

$$\text{LIDRF} = \frac{\text{LIDC}}{\text{Dt}_T}$$

**Where:**

LIDC Annual low income discounts provided to eligible low income customers which the Company may recover from firm customers.

Dt<sub>T</sub> Forecasted annual firm throughput excluding Rate 11 and Rate 13 forecasted annual throughput.

**3.10 Tax Credit Factor (TCF):**

The Tax Credit Factor shall credit customers (1) pursuant to the settlement agreement in Docket 4808, a one-time tax credit of \$3,064,228 for the period January 1, 2018 through August 31, 2018 associated with the reduced federal corporate income tax rate as a result of the Tax Cuts and Jobs Act; and (2) pursuant to Article II, Section

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C.22.a of the amended settlement agreement in Docket 4770, a one-time tax credit associated with the impact of the true-up of the excess Accumulated Deferred Income Tax (ADIT) for the period September 1, 2018 through August 31, 2019. The Company will determine the amount to be credited to customers by comparing the actual distribution revenue billed to firm customers during the period September 1, 2018 through August 31, 2019 and an estimate of the distribution revenue that would have been billed to firm customers if the actual impact of excess ADIT had been reflected in base distribution rates effective September 1, 2018. These one-time tax credit amounts will be credited to all firm customers during the period November 1, 2019 through October 31, 2020.

$$TCF = \frac{TR}{Dt_T}$$

**Where:**

TR Sum of the one-time tax credits of \$3,064,228 and the impact of the true-up of excess ADIT.

Dt<sub>T</sub> Forecasted annual firm throughput.

**4.0 DEFERRED DISTRIBUTION ADJUSTMENT COST ACCOUNT:**

The Distribution Adjustment Cost Account shall include annual reconciliation for the twelve month period for the revenues and costs for the System Pressure factor, Advanced Gas Technology factor, ISR factor, Environmental Response Costs factor, Pension Adjustment factor, SQP factor, RDA factor, ESM factor, AMAF, LIDRF, TCF, and a Previous Reconciliation factor, including a true-up for any prior year’s forecasted revenues and costs. Base rate related items (Advanced Gas Technology factor, Pension Adjustment factor and Environmental Response Cost factor) will be reconciled only for those non-Revenue Decoupling rate classes (Large and Extra Large high load and low load factor rate classes). For each reconciliation component, a monthly rate based on a monthly rate of the current Bank of America prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account’s beginning and ending balance shall also apply.

**5.0 EARNINGS SHARING MECHANISM:**

The Earnings Sharing Mechanism Credit (“ESMC”) for FY 18 will be included with the September 1 DAC filing based on financial information for the 12-month period ending March 31. All subsequent ESMC will be filed on May 1 and will reflect a 12-month period

**DISTRIBUTION ADJUSTMENT CLAUSE**

ending December 31. For purposes of calculating earnings to be shared, the Company will be allowed to include its 50% share of net merger synergies resulting from the National Grid/KeySpan transactions, or \$2,450,000. Calculation of the ESMC is as follows:

$$\text{ESMC} = \frac{\text{ESMF}}{\text{Dt}_T}$$

**Where:**

**ESMF** Earnings Sharing Mechanism Fund is defined as customers' share of earnings subject to sharing and will be based on the return on equity authorized by the PUC in a general rate case or as otherwise authorized by the PUC. For FY 18, the annual earnings over 9.5% return on equity, up to and including 100 basis points, being shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of 9.5% return on equity shall be shared 75% to customers and 25% to the Company. For all subsequent ESMC, the annual earnings over 9.275% return on equity, and up to and including 100 basis points (i.e., 10.275%), will be shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of 9.275% return on equity (i.e., exceeding 10.275%) shall be shared 75% to customers and 25% to the Company. The Company's share of any shared earnings will be retained by Company and not reflected in any earnings report.

**Dt<sub>T</sub>** Forecasted annual firm throughput

**Table 1**  
**FY22 Gas Capital Plan & Plant-In-Service - ISR Proposal as of March 30, 2021**  
**FY 2022**  
**\$(000)**

Categories	Total Capital Spending	Total Plant-In-Service in FY 2022	In Service in FY 2023+
<b>NON-DISCRETIONARY</b>			
<b>Public Works</b>			
<i>CSC/Public Works - Non-Reimbursable</i>	\$19,152	\$19,152	\$0
<i>CSC/Public Works - Reimbursable</i>	\$1,455	\$1,455	\$0
<i>CSC/Public Works - Reimbursements</i>	(\$1,405)	(\$1,405)	\$0
<b>Public Works Total</b>	<b>\$19,202</b>	<b>\$19,202</b>	<b>\$0</b>
<b>Mandated Programs</b>			
<i>Corrosion</i>	\$1,250	\$1,250	\$0
<i>Purchase Meter (Replacement)</i>	\$2,880	\$2,880	\$0
<i>Reactive Leaks (CI Joint Encapsulation/Service Replacement)</i>	\$11,973	\$11,973	\$0
<i>Service Replacement (Reactive) - Non-Leaks/Other</i>	\$1,911	\$1,911	\$0
<i>Main Replacement (Reactive) - Maintenance (incl Water Intrusion)</i>	\$1,126	\$1,126	\$0
<i>Low Pressure System Elimination (Proactive)</i>	\$500	\$500	\$0
<i>Transmission Station Integrity</i>	\$1,740	\$0	\$1,740
<b>Mandated Total</b>	<b>\$21,380</b>	<b>\$19,640</b>	<b>\$1,740</b>
<b>Damage / Failure (Reactive)</b>			
<i>Damage / Failure (Reactive)</i>	\$250	\$250	\$0
<b>NON-DISCRETIONARY TOTAL</b>	<b>\$40,832</b>	<b>\$39,092</b>	<b>\$1,740</b>
<b>DISCRETIONARY</b>			
<b>Proactive Main Replacement</b>			
<i>Main Replacement (Proactive) - Leak Prone Pipe</i>	\$67,176	\$67,176	\$0
<i>Main Replacement (Proactive) - Large Diameter LPCI Program</i>	\$3,852	\$3,852	\$0
<i>Atwells Avenue</i>	\$4,000	\$4,000	\$0
<b>Proactive Main Replacement Total</b>	<b>\$75,028</b>	<b>\$75,028</b>	<b>\$0</b>
<b>Proactive Service Replacement</b>			
<b>Proactive Service Replacement Total</b>	<b>\$350</b>	<b>\$350</b>	<b>\$0</b>
<b>Reliability</b>			
<i>System Automation</i>	\$1,321	\$1,321	\$0
<i>Heater Installation Program</i>	\$3,557	\$3,557	\$0
<i>Pressure Regulating Facilities</i>	\$7,462	\$7,462	\$0
<i>Allens Ave Multi Station Rebuild</i>	\$2,500	\$2,500	\$0
<i>Take Station Refurbishment</i>	\$1,300	\$1,300	\$0
<i>Valve Installation/Replacement (incl Storm Hardening &amp; Middletown/Newport)</i>	\$1,233	\$1,233	\$0
<i>Gas System Reliability</i>	\$3,068	\$3,068	\$0
<i>I&amp;R - Reactive</i>	\$1,348	\$1,348	\$0
<i>Distribution Station Over Pressure Protection</i>	\$3,301	\$2,635	\$666
<i>LNG</i>	\$5,738	\$986	\$4,752
<i>Replace Pipe on Bridges</i>	\$2,006	\$2,006	\$0
<i>Access Protection Remediation</i>	\$310	\$310	\$0
<i>Tools &amp; Equipment</i>	\$612	\$612	\$0
<b>Reliability Total</b>	<b>\$33,756</b>	<b>\$28,338</b>	<b>\$5,418</b>
<b>SUBTOTAL DISCRETIONARY (Without Gas Expansion)</b>	<b>\$109,134</b>	<b>\$103,716</b>	<b>\$5,418</b>
<i>Southern RI Gas Expansion Project</i>	\$19,438	\$15,838	\$3,600
<b>DISCRETIONARY TOTAL (With Gas Expansion)</b>	<b>\$128,572</b>	<b>\$119,554</b>	<b>\$9,018</b>
<b>CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)</b>	<b>\$149,966</b>	<b>\$142,808</b>	<b>\$7,158</b>
<b>CAPITAL ISR TOTAL (With Gas Expansion)</b>			
Amount does not include incremental paving associated with RI Paving Law or O&M	\$169,404	\$158,646	\$10,758
<b>Incremental Costs</b>			
<i>Incremental Paving - Main Installation</i>	\$3,019	\$3,019	\$0
<i>Incremental Paving - Patches</i>	\$823	\$823	\$0
<b>Incremental Costs Total</b>	<b>\$3,842</b>	<b>\$3,842</b>	<b>\$0</b>
<b>CAPITAL ISR TOTAL (with Gas Expansion and Incremental Paving)</b>	<b>\$173,246</b>	<b>\$162,488</b>	<b>\$10,758</b>