Rhode Island Energy

The Narragansett Electric Company

FY 2022 Gas Infrastructure, Safety and Reliability Plan

Annual Reconciliation

August 1, 2022

Docket No. 5099

Submitted to:
Rhode Island Public Utilities Commission

Submitted by:

Rhode Island Energy™
a PPL company

Robinson+Cole

STEVEN J. BOYAJIAN

One Financial Plaza, 14th Floor
Providence, RI 02903-2485
Main (401) 709-3300
Fax (401) 709-3399
sboyajian@rc.com
Direct (401) 709-3359

Also admitted in Massachusetts

August 1, 2022

VIA ELECTRONIC MAIL

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

RE: Docket 5099 - Gas Infrastructure, Safety, and Reliability Plan Fiscal Year 2022 Reconciliation Filing

Dear Ms. Massaro:

I have enclosed Rhode Island Energy's[1] fiscal year (FY) 2022 Gas Infrastructure, Safety, and Reliability (ISR) Plan Reconciliation filing, which relates to the Company's FY 2022 Gas ISR Plan filing in the above-referenced docket. This filing provides an overview and description of the $161.42 million of actual capital investment spending by category and an explanation by category of major variances to the budget of $173.25 million, as approved by the Public Utilities Commission (PUC) in Docket No. 5099.

The pre-filed direct testimonies of Nathan Kocon, and Jeffrey D. Oliveira and Stephanie A. Briggs are enclosed with this filing. Mr. Kocon presents National Grid's FY 2022 Gas ISR Plan Annual Reconciliation filing, including the actual spending for the period April 1, 2021 to March 31, 2022. Mr. Kocon also provides details concerning the major spending variances by specific ISR Plan categories for this time period. Mr. Oliveira and Ms. Briggs' testimony presents the updated FY 2022 ISR revenue requirement associated with actual capital spending levels for each of FY 2018 through FY 2020 and actual capital spending placed into service during FY 2021 and FY 2022, which is incremental to the estimated revenue requirement that was included in base rates effective September 1, 2018, and actual tax deductibility percentages for FY 2021 capital investment.

[1] The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company")

As explained in Mr. Oliveira and Ms. Briggs' testimony, the updated FY 2022 revenue requirement associated with the above-referenced items totals $30,279,322 which is comprised of (1) the FY 2022 revenue requirement on vintages FY 2018 through FY 2022 ISR capital investments above or below the level of capital investment reflected in base distribution rates in Docket No. 4770, (2) the property tax recovery mechanism component, and (3) a true-up to the FY 2021 ISR revenue requirement to reflect actual income tax deductibility as reported on the Company's FY 2021 federal income tax return.

Please note that the FY 2022 Gas ISR Reconciliation has been included in the calculation of the Gas ISR factor contained in the Company's annual Distribution Adjustment Charge (DAC) filing in Docket No. 22-13-NG, which is being filed with the PUC on August 1, 2022 under separate cover. The DAC filing includes a reconciliation of forecasted collections to actual collections.

Thank you for your attention to this matter. Please contact me if you have any questions.

Very truly yours,

Steven J. Boyajian

Enclosure

cc: Docket 5099 Service List
Leo Wold, Esq., Division
John Bell, Division
Al Mancini, Division

PRE-FILED DIRECT TESTIMONY

OF

NATHAN KOCON

August 1, 2022

Table of Contents

I. Introduction 1

II. Purpose of Testimony 3

III. FY 2022 Gas ISR Plan Actual Spending 4

A. Non-Discretionary Work 6
B. Discretionary Work 10

IV. Plant In-Service Method Implementation and Annual Reconciliation 17

V. Conclusion 18

I. <u>Introduction</u>

Q. Mr. Kocon, please state your name and business address.

A. My name is Nathan Kocon. My business address is 477 Dexter Street, Providence, RI 02907.

Q. Mr. Kocon, by whom are you employed and in what capacity?

A. I am employed by The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company"), a subsidiary of PPL Corporation ("PPL") as the Principal Regulatory Analyst, within the Resource and Investment Planning group, for the Rhode Island Gas Division. I support Rhode Island for all gas system issues, with a focus on those related to the capital investment strategies for Rhode Island Energy. In my role, I work closely with the Rhode Island Jurisdictional President, the Gas Operations Vice President, and jurisdiction staff on all local gas issues related to theRhode Island gas distribution system in Rhode Island Energy's service territory. My responsibilities include working with Rhode Island regulators on issues related to the gas system, developing strategies to support Company objectives regarding investment in the gas distribution system, and providing testimony regarding capital investments in Rhode Island Energy's gas distribution system during state regulatory proceedings.

Q. Mr. Kocon, please describe your educational background and professional experience.

A. In 2005, I graduated from Northeastern University with a Bachelor of Science in Business Administration with a dual concentration in Finance and Marketing. In 2013, I joined National Grid USA Service Company, Inc. (the "National Grid Service Company"), a subsidiary of National Grid USA ("National Grid") as a Lead Analyst in the Process and Performance group within the Customer Organization. Since that time, I completed National Grid's Performance Excellence Practitioner, Senior Practitioner, and Coach Practitioner Trainings and led several process and performance improvement initiatives. In February 2019, while still employed with National Grid Service Company, I assumed the position of Principal Analyst, Rhode Island Jurisdiction. My responsibilities in that role were similar to my current role with Rhode Island Energy. On May 25, 2022, PPL Rhode Island Holdings, LLC, a wholly owned indirect subsidiary of PPL, acquired 100% of the outstanding shares of common stock of the Company from National Grid, at which time I began working in my current position. In addition, from 2010 to 2013, I worked for Ernst & Young in the Financial Investigations and Dispute Services – Government Contract Services group. I am also a Certified Fraud Examiner.

Q. Mr. Kocon, have you previously testified before the Public Utilities Commission?

A. Yes, in 2021 and 2022, I testified before the Public Utilities Commission ("PUC") and filed testimony in support of the Company's FY 2022 & 2023 Infrastructure, Safety, and Reliability Plans (Docket Nos. 5099 and 5210).

II. <u>Purpose of Testimony</u>

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the Company's FY 2022 Annual Reconciliation filing for the Gas Infrastructure, Safety and Reliability Plan (also referred to as the "Gas ISR Plan" or the "Plan"), including the actual spending for the period April 1, 2021 through March 31, 2022, and the Adjusted Capital Additions In-Service in FY 2022. As part of this filing, I also provide detailed information regarding the major spending variances by specific Plan categories for the period April 1, 2021 through March 31, 2022. As discussed in the pre-filed direct testimony of Company witnesses, Stephanie Briggs, and Jeffrey Oliveira, the Company uses the FY 2022 Adjusted Capital Additions In-Service total to calculate the FY 2022 Plan revenue requirement, which is then reconciled with the Company's actual Plan revenues for FY 2022. The reconciliation balance is then included in the Company's annual Distribution Adjustment Charge (DAC) filing, which will be reflected in rates effective November 1, 2022.

Q. Are you sponsoring any attachments with your testimony?

A. Yes. I am sponsoring the following attachment:

- Attachment NK-1 – Gas Infrastructure, Safety, and Reliability Plan Fiscal Year 2022 Annual Reconciliation

III. FY 2022 Gas ISR Plan Actual Spending

Q. Please summarize the results of the Company's Gas ISR Plan actual spending for FY 2022 to the FY 2022 budget.

A. Attachment NK-1 to my testimony is the Company's FY 2022 Gas ISR Plan Annual Report and Reconciliation of actual spending for the period April 1, 2021 to March 31, 2022. As set forth in Table A of Attachment NK-1, for FY 2022, the Company spent $161.42 million for capital investments under the Plan, which is comprised of $146.46 million for the Gas ISR Plan, excluding the Southern Rhode Island Gas Expansion Project ("Gas ISR") and $14.95 million for the Southern Rhode Island Gas Expansion Project ("Gas Expansion Project"). These amounts represent a variance of approximately $11.83 million (or 6.8%) less than the approved Plan annual budget of $173.25 million (including incremental paving costs); the budget is comprised of $153.81 million for the Gas ISR and $19.44 million for the Gas Expansion Project. The $11.83 million under-budget variance for the year is discussed below in more detail for each specific category of the Plan.

Q. Please summarize the actual Capital Additions the Company placed In-Service vs target for FY 2022.

A. As set forth in Table D of Attachment NK-1, for FY 2022, the Company recorded Capital Additions In-Service of $156.69 million against a target of $158.26 million, resulting in an under-target variance of $1.57 million or 1.0%.

Q. What were the primary drivers for the $11.83 million under-budget variance in FY 2022?

A. The primary driver of the budget variance was underspending in the Mandated, Damage/Failure, Proactive Main Replacement, Reliability, and Gas Expansion categories. Those under-budget variances were somewhat offset by greater than budget variances in the Public Works and Proactive Service Replacement categories. Summarizing by category, first, there was an under-budget variance of $1.24 million in the Non-Discretionary category, including an under-budget variance of $4.04 million for Mandated program, which was offset by a greater than budget variance of $3.05 million for the Public Works programs, and the Company spent $0 of a fiscal year budget of $0.25 million for the Damage/Failure Reactive program, resulting in an under-budget variance of $0.25 million. Second, there was an under-budget variance of $6.11 million in the Discretionary category, excluding the Gas Expansion Project. The Discretionary underspend was primarily driven by underspending of $5.05 million in the Reliability category and was impacted by underspending of $1.11 in the Proactive Main

Replacement category (including the incremental paving budget). Finally, the FY 2022 underspend was also driven by the Southern Rhode Island Gas Expansion Project, which had an under-budget variance of $4.49 million.

A. <u>Non-Discretionary Work</u>

Q. Please explain the over-budget variance of $3.06 million for the Public Works program in FY 2022.

A. For FY 2022, the Company spent $22.26 million, net of reimbursements, compared to an annual budget of $19.20 million for the Public Works program, resulting in an over-budget variance of $3.06 million. The Company spent $18.95 million in the Non-Reimbursable sub-category against a fiscal year budget of $19.15 million, resulting in an under-budget variance of $0.20 million. For FY 2022, the Company installed 9.5 miles of a planned 14.0 miles of new replacement gas main and abandoned 14.0 miles of leak-prone pipe through the Public Works program which was equal to the 14.0 miles of planned abandonment. The Company received requests for, and incurred higher than anticipated costs for, reimbursable work. The work included several bridge projects, which are typically higher in cost than other types of public works projects and typically take two to three years to construct. Since the Company reimbursements are not billed until the gas work associated with the projects are completed, reimbursement amounts were lower than budgeted. The Company anticipates receiving the allowable reimbursements in FY2023. Significant projects completed during the year include: the

Rhode Island Department of Transportation ("RIDOT") Park Avenue Bridge 922 over the Amtrak railroad tracks in Cranston, which consisted of two bridge crossings and three gas main installations (installed total of 692 feet across bridges and 358 feet in roadways and abandoned 453 feet); Quonset Development Mill Creek Railyard in North Kingstown (installed total of 3,097 feet and abandoned 2,764 feet); RIDOT Division Street Bridge in East Greenwich (installed total of 815 feet and abandoned 485 feet); Esmond Mill Drive Bridge in Smithfield (installed 294 feet and abandoned 100 feet); RIDOT Route 5 Greenwich Avenue Bridge in Warwick (nearing completion of installing 585 feet and abandoning 557 feet) work in the Providence Avenue area in East Providence (installed 1,719 feet and abandoned 1,294 feet); and ongoing work on Charles Street in Providence.

Q. Please explain the under-budget variance of $4.04 million for the Mandated Programs category in FY 2022.

A. For FY 2022, the Company spent a net of $18.16 million, net prior year write-offs of $0.31 million, against a fiscal year budget of $22.20 million for Mandated Programs, resulting in a variance of $4.04 million less than budget. Please note that a total of $0.82 million for Incremental Paving – Patches was allocated to the annual budget of three Mandated programs. Please see Attachment NK-1, Table C for a breakdown of the budget allocations. The primary drivers of the underspend in the Mandated category are lower than anticipated costs accumulating in the categories of Reactive Leaks (CI Joint Encapsulation/Service Replacement) and Service Replacement (Reactive) – Non-

Leaks/Other. The Transmission Station Integrity program was also underspent for the year as the records review process (OPEX – Non-ISR) has taken longer than expected due to COVID-19 related delays, which have in turn delayed the ISR/Capital related activities, such as materials purchasing. Underspending in the Mandated categories has been partially offset by higher than budgeted spending in the Corrosion category as the Company has been performing a higher volume of repair work than was originally budgeted.

Q. Please explain the plan that was implemented to continuously improve the Company's tracking of its meter inventory and its purchasing strategies, in compliance with Rhode Island Public Utilities Commission ("PUC") Order in Docket 5099, FY 2022 Gas ISR Plan.

A. In June 2021, the Company, in collaboration with the Division, developed and implemented a plan to continuously improve the Company's tracking of its meter inventory and its purchasing strategies. This was implemented in compliance with the PUC's Order in Docket 5099, regarding the Company's FY 2022 Gas ISR Plan. The first component of the plan is an enhanced process to track meter inventory. The Company is conducting a manual count of the meter lab inventory each month until the Company has validated that the Maximo system is accurately capturing inventory data. The Company conducted a physical inventory count on June 10, 2021 to establish the baseline count. The chart below provides a summary of the meter lab inventory counts on June 10, 2021, June 30, 2021, September 30, 2021, January 3, 2022, and March 31, 2022. The Company is currently reviewing any variances between the physical counts and the meter inventory tracked in Maximo and anticipates the variance between the physical count and Maximo will continue to be reduced to a minimal amount. The Company is reviewing and addressing factors that contribute to the variance, including the timing of when inventory is counted, when reports are run and the timing of data cleanup in the Maximo system.

Meter Lab Inventory				
Measure	**Physical Count**	**Maximo**	**Variance**	**Variance %**
Inventory as of 6/10/2021	9,943	10,926	983	9%
Inventory as of 6/30/2021	9,156	9,988	823	8%
Inventory as of 9/30/2021	9,568	10,370	802	8%
Inventory as of 1/3/2022*	9,994	10,986	992	9%
Inventory as of 3/31/2022	11,724	12,605	881	7%

***Due to Vacations, the Meter Lab gathered inventory data the first Monday after New Years.**

Q. Please explain the under-budget variance of $0.25 million for the Damage/Failure program in FY 2022.

A. For FY 2022, the Company spent $0 of a fiscal year budget of $0.25 million for the Damage/Failure Reactive program, resulting in an under-budget variance of $0.25 million. The Company did not experience any reactive projects that qualified for this program in FY 2022.

B. Discretionary Work

Q. Please explain the under-budget variance of $1.11 million for the Proactive Main Replacement program in FY 2022.

A. The two main drivers of the under-budget variance were lower than budgeted spending on the Atwells Avenue Project and the Large Diameter LPCI Program, which is comprised of the Cast Iron ("CI") Lining and the Cast Iron Sealing Robot ("CISBOT") programs. For the Atwells Avenue Project, the Company is continuing to work in conjunction with the City of Providence on the final restoration of Segments 1A and 1B. The Company is following a construction schedule that includes paving in segments as the City of Providence completes its sidewalk restoration. The first segment of paving began in August 2021.

In terms of the prioritization of overall work in the City of Providence, the Company has been working in close conjunction with Providence Water (replacing pipe) and the City of Providence's Paving Plan (replacing leak prone main ahead of municipal paving). Based on that prioritization, construction for Segment 3 was deferred to FY 2023 as that segment has a high volume of associated service and meter work, and that deferral drove the FY 2022 underspend for this project. The associated budget for Segment 3 was included in the FY 2023 ISR budget.

For the CI Lining program, the Company completed a lining project on Moore Street in Providence that was in-line with the budget. However, the CI Lining program was underspent by $0.47 million as the development of two jobs was deferred from FY 2022 and will be considered in future years. For the CISBOT program, the Company and its contractors completed two jobs in Cranston in FY 2022 at Beckwith Street and Commercial Street. The Company spent $0.15 million less than budget in this program as the original budget anticipated one project would be completed in Newport and a second project in Providence. However, those projects were deferred until FY 2023 and the two Cranston jobs were completed in their place at a slightly lower cost.

Q. Please provide a summary of the Company's leak prone pipe installation and abandonment for FY 2022.

A. For FY 2022 in the Proactive Main Replacement ("MRP") program, the Company installed 41.1 miles of new main against a plan of 48.7 miles. For FY 2022, the Company abandoned 53.2 miles in the MRP program against a plan of 55.3 miles. Across all ISR programs, the Company abandoned 67.9 miles against an overall plan of 70.3 miles. Of the 67.9 miles abandoned, 37.0 miles were associated with projects that were started prior to FY 2022.

The chart below lists the FY 2022 installed and abandoned miles of leak prone pipe across each category.

FY22	Abandonment		Installation	
Program	**Target**	**Actual**	**Target**	**Actual**
CSC	14.0	14.0	14.0	9.5
MRP	55.3	53.2	48.7	41.1
Reliability	-	0.4	-	1.5
Reinforcement (Non-ISR Spend)	1.0	0.3	-	-
Total	**70.3**	**67.9**	**62.7**	**52.1**

The number of miles of leak prone pipe abandoned for the fiscal year were impacted by the availability of internal main connection crews. Although abandonment mileage was behind target throughout the fiscal year and ultimately fell short of the annual target, the Company did have a strong finish to the fiscal year, which was aided by favorable weather conditions and willingness of municipalities to allow abandonment related work during the winter months. Along with leak prone pipe abandonments, the Company also prioritized Regulator Station work that was in progress to ensure that work is completed prior to cold weather to minimize risk on the gas system. Additionally, the Company's crew counts continued to be impacted by longer term absences, which increased since the start of the COVID-19 Pandemic.

Looking back at the history of the ISR program, the table below highlights a total of 605 miles of leak-prone pipe that has been abandoned through FY 2022 that has contributed to an estimated reduction of 1,658 leaks.

Description	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Total
Total ISR Abandonment Miles	46	47	53	55	59	63	62	60	62	30	68	605
Gas Leaks Eliminated	191	186	140	121	150	103	178	160	160	79	190	1,658

Q. Please summarize the Company's Proactive Service Replacement Program for FY 2022.

A. For FY 2022, the Company spent $0.40 million of a fiscal year budget of $0.35 million for the Proactive Service Replacement Program, resulting in an over-spending variance of $0.05 million. For FY 2022, the Company continued to focus on replacing the copper services located in Cumberland and replaced 56 services through the end of March. The Company forecasts the remaining 25 will be replaced in FY 2023, which will complete the Cumberland copper services list. All the remaining Cumberland copper services are located on two streets, 23 services on Sun Valley Drive and 2 services on Sleepy Hollow Drive. The project was over-budget due to the costs associated with final restoration patching for work completed in FY 2021 and some FY 2022 work.

Q. Please explain the $5.05 million under-budget variance for the Reliability programs in FY 2022.

A. For FY 2022, the Company spent $28.89 million of a fiscal year budget of $33.93 million for Reliability programs, resulting in an underspending variance of $5.05 million. There are several drivers of the underspending variance, most of which are due to timing delays for some of the planned work. At a category level, the first driver is project development delays with the Dey Street project within the Heater Installation Program. The Company's FY 2022 budget assumed the project would be constructed during the current fiscal year. However, development has been deferred until FY 2023, and construction has been deferred until FY 2024, as described in the FY 2023 ISR Proposal materials submitted to the Division on October 4, 2021. The second driver is timing delays associated with the East Providence De-rating (downrating) Project and permitting for two locations in Newport where the Company seeks to eliminate single feed systems as part of the Gas System Reliability category. These projects have been deferred and included within the FY 2023 ISR Proposal. The third driver is the LNG category, which experienced delays with the Emergency Shutdown (ESD) System Installation. However, the underspend on that project element is offset by costs related to the existing Old Mill Lane site, for which the Company incurred costs for site enhancements to reduce the noise impact to residential neighbors and costs associated with the Rhode Island Energy Facility Siting Board ("EFSB") filing. The fourth driver is the Replace Pipe on Bridges category, which was under-budget because the Goat Island Bridge project in Newport has not been advanced by RIDOT. The fifth driver is the Valve Installation/Replacement category, which encountered permitting issues and delays with the City of Newport, impacting four planned projects.

The under-budget variances were partially offset by over-budget variances in several Reliability categories. The Tools & Equipment category was over-budget as the Company needed to replace certain tools and equipment that experienced greater than expected wear and tear due to the type and volume of work being performed by Company crews. The Company also purchased certain specialty equipment that is no longer available to be borrowed from the Boston Gas Company now that the sale of the Company has been completed, such as Kleiss systems, Williamson equipment, and hole hogs. The Allens Avenue Multi Station Rebuild category was over-budget as the project incurred higher than anticipated costs associated with the abandonment work at the Allens Avenue site, which included environment protections due to the presence of lead and asbestos and disposal of above ground piping materials. The I&R Reactive category was over-budget as additional funds were used for reactive work, to increase the rate of regulator replacements, increase the rate of pilot replacements, and replace older style odorant systems. The FY 2022 spend also includes project down payment costs associated with the two locations (Tiverton and Wampanoag Trail) of the Enbridge Heaters Replacement and Asset Transfer projects, which are forecasted to be placed in-service in FY 2023.

Q. Please explain the under-budget variance of $1.38 million and overall project status for Pipeline on the Southern Rhode Island Gas Expansion Project in FY 2022.

A. For FY 2022, the Company spent $13.53 million of a fiscal year budget of $14.91 million for the Gas Expansion Project – Main Installation, resulting in an underspending variance of $1.38 million for this category. Through FY 2022, the Company has now gassed in all the Phase 2 and Phase 3 gas main through South Road and final restoration has been completed in those areas. The Company and its Contractor have completed fitting replacements and final restoration at all fifteen (15) locations along the project's main installation route. The Company may complete additional final restoration work, and incur costs, at the request of RIDOT in FY 2023.

Q. Please explain the under-budget variance of $1.42 million for Other Upgrades/Investments in FY 2022.

A. For FY 2022, the Company spent $0.16 million of a fiscal year budget of $1.58 million for the Other Upgrades/Investments category, resulting in an underspending variance of $1.42 million for this category. The Cranston Line MOP increase to 200 pounds psig was successfully completed at the end of August. The actual incurred costs to complete the FY 2022 work were less than originally budgeted and the construction phase of the Launcher/Receiver and Installation of ROV work was deferred until FY 2025 such that some costs associated preparation were also deferred.

Q. Please explain the under-budget variance of $1.69 million for Regulator Station Investments in FY 2022.

A. For FY 2022, the Company spent $1.26 million of a fiscal year budget of $2.95 million for the Regulator Station Investment category, resulting in an underspending variance of $1.69 million for this category. The Company is continuing preparation for updates at the existing Cowesett Regulator Station. Planning, engineering, and site planning, for a new regulator station near the existing Cowesett regulator station were deferred into FY 2023 and the associated costs are reflected in the FY 2023 budget. The Company is continuing preparation for updates at the existing Cranston Regulator Station, but procurement of the materials will now occur in FY 2023 (this was included in the FY 2023 budget), which contributed to the FY 2022 underspend. Project construction is now scheduled for FY 2024-2025.

IV. <u>Plant In-Service Method Implementation and Annual Reconciliation</u>

Q. What is the amount of Adjusted Capital Additions Placed In-Service for FY 2022 that the Company is seeking to reconcile in this filing?

A. The Company is seeking to reconcile its Adjusted Capital Additions of $156.69 million Placed In-Service for FY 2022 in this filing. The $156.69 million is $1.57 million less than the $158.26 million of Capital Additions in the FY 2022 Gas ISR Plan that was approved by the PUC's Order in Docket 5099, dated May 6, 2021. Also, in accordance with the PUC's Order in Docket 5099 (FY 2022 Gas ISR), effective as of April 1, 2021, the Company aligned "the calculation of its Gas ISR revenue requirement with the Electric ISR."[1] Thus, the Company used the plant-in-service method to calculate the FY 2022 Gas ISR revenue requirement.

V. Conclusion

Q. Does this conclude your testimony?

A. Yes.

[1] PUC Order 24042 in Docket No. 5099 dated May 6, 2021.

Attachment NK-1

FY 2022 Gas Infrastructure, Safety and Reliability Plan Annual Reconciliation Filing

Fiscal Year 2022 Gas Infrastructure, Safety and Reliability Plan

The Narragansett Electric Company

Fiscal Year 2022 Annual Reconciliation Filing

Period Ending March 31, 2022

Executive Summary

The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company") submits this Annual Reconciliation filing for the fiscal year (FY) 2022 Gas Infrastructure, Safety, and Reliability Plan ("Gas ISR Plan" or the "Plan"), which the Rhode Island Public Utilities Commission ("PUC") approved in Docket No. 5099. The filing provides an overview and description of the reconciled $161.42 million of actual capital investment spending by category and an explanation by category of major variances to the Plan budget of $173.25 million, which resulted in a fiscal year ("FY") underspending variance of $11.83 million or 6.8% under budget. The total spending of $161.42 million (see Tables A & B) is comprised of $146.46 million for the Gas ISR Plan, excluding the Southern Rhode Island Gas Expansion Project ("Gas ISR") and $14.95 million for the Southern Rhode Island Gas Expansion Project ("Gas Expansion Project"). The filing also reflects (see Table D) that the Company recorded Capital Additions In-Service of $156.69 million against a target of $158.26 million, resulting in an under-target variance of $1.57 million or a 1.0% variance below target.

For the Gas ISR, the spend through the fourth quarter includes actual spending of $40.42 million out of an annual budget of $41.66 million for Non-Discretionary work, resulting in a fiscal year underspending variance of $1.24 million. In addition, the spend through the fourth quarter includes actual spending of $106.05 million out of an annual budget of $112.15 million on Discretionary work, resulting in a fiscal year underspending variance of $6.10 million.

The $146.46 million of actual non-expansion spend represents approximately 95.2 percent of the total FY 2022 annual Gas ISR budget of $153.81 million (including incremental paving costs), resulting in an approximate 4.8 percent underspending variance for the fiscal year. A summary of budget to actual spending is provided in Table A. Additional details supporting the budget to actual spending are provided in Table B. In the sections below, the Company explains in more detail the fiscal year spending for each category.

For the Gas Expansion Project, the FY 2022 Gas ISR results through the fourth quarter (Table A) reflect that the Company spent $14.95 million of an annual budget of $19.44 million. This results in a fiscal year underspending variance of $4.49 million or approximately 23.1 percent. Fiscal year results (Table B) reflect that the Company spent approximately $13.53 million for Construction – Pipeline compared to an annual budget of $14.91 million, resulting in a fiscal year underspending variance of $1.38 million. For the Other Upgrades/Investments category, the Company completed the Maximum Operating Pressure ("MOP") increase from 150 pounds per square inch gauge ("psig") to 200 psig of the existing main in Cranston and West Warwick. The Company also continued preparation for updates at the existing Cowesett Regulator Station along with planning, engineering, and site planning, for a new regulator station near the existing Cowesett regulator station.

FY 2022 Capital Spending by Category

Non-Discretionary Work[1]

Public Works Program – $3.05 million variance over fiscal year budget

For FY 2022, the Company spent $22.26 million, net reimbursements, against an annual budget of $19.20 million for the Public Works program, resulting in a variance of $3.05 million more than budget. For FY 2022, the Company installed 9.5 miles of a planned 14.0 miles of new replacement gas main and abandoned 14.0 miles of leak-prone pipe through the Public Works program which was equal to the 14.0 miles of planned abandonment. The Company received requests for, and incurred higher than anticipated costs for, reimbursable work. The work included several bridge projects, which are typically higher in cost than other types of public works job and typically take two to three years to construct. Since Company reimbursements are not billed until the gas work associated with the projects are completed, reimbursement amounts were lower than budgeted. The Company anticipates receiving the allowable reimbursements in FY 2023.

Significant projects completed during the year include: the Rhode Island Department of Transportation ("RIDOT") Park Avenue Bridge 922 over the Amtrak railroad tracks in Cranston, which consisted of two bridge crossings and three gas main installations (installed total of 692 feet across bridges and 358 feet in roadways and abandoned 453 feet); Quonset Development Mill Creek Railyard in North Kingstown (installed total of 3,097 feet and abandoned 2,764 feet); RIDOT Division Street Bridge in East Greenwich (installed total of 815 feet and abandoned 485 feet); Esmond Mill Drive Bridge in Smithfield (installed 294 feet and abandoned 100 feet);

[1] Non-Discretionary programs include projects that are required by legal, regulatory code, and/or agreement, or are the result of damage or failure, with limited exceptions.

RIDOT Route 5 Greenwich Avenue Bridge in Warwick (nearing completion of installing 585 feet and abandoning 557 feet); work in the Providence Avenue area in East Providence (installed 1,719 feet and abandoned 1,294 feet); and ongoing work on Charles Street in Providence.

The FY 2022 cost details for Public Works are provided in the table below.

Public Works		
Category	**FY 22 Actuals**	**% of Total Spend**
Base Labor, Overtime, Employee Expenses	$2,404,168	11%
Benefits	$1,422,965	6%
Clearing Burdens	$4,596,516	20%
Contractor/Consultants	$11,101,310	49%
Restoration/Police/Permits	$1,181,282	5%
Materials	$2,420,515	11%
Other*	($275,030)	-1%
Subtotal	$22,851,726	100%
City State Construction Reimbursements	($595,152)	
Public Works Total	$22,256,574	

*A/P Cash Discounts Taken, Revenue Non-Utility Operations

Mandated Programs – $4.04 million underspending variance to budget

For FY 2022, the Company spent approximately $18.16 million, against a fiscal year budget of $22.20 million, for Mandated Programs, resulting in an underspending variance of $4.04 million. Please note that a total of $0.82 million for Incremental Paving – Patches was allocated to the annual budgets of three Mandated programs. Please see Table C for a breakdown of the budget allocations. The primary drivers of the underspend in the Mandated category are lower than anticipated costs accumulating in the categories of Reactive Leaks (CI Joint Encapsulation/Service Replacement) and Service Replacement (Reactive) – Non-Leaks/Other. The Transmission Station Integrity program was also underspent for the year as the records review process (OPEX – Non-ISR) has taken longer than expected due to COVID-19 related delays, which have in turn delayed the ISR/Capital related activities, such as materials purchasing. Underspending in the Mandated categories has been partially offset by higher than budgeted spending in the Corrosion category as the Company has been performing a higher volume of repair work than was originally budgeted.

In June 2021, the Company, in collaboration with the Rhode Island Division of Public Utilities and Carriers ("Division"), developed and implemented a plan to continuously improve the Company's tracking of its meter inventory and its purchasing strategies. This was implemented in compliance with the PUC's Order in the Company's FY 2022 Gas ISR Plan, Docket No. 5099. The first component of the plan is an enhanced process to track meter inventory. The Company is conducting a manual count of the meter lab inventory each month until the Company has validated that the Maximo system is accurately capturing inventory data. The Company conducted a physical inventory count on June 10, 2021 to establish the baseline count. The chart below provides a summary of the meter lab inventory counts on June 10, 2021, June 30, 2021, September 30, 2021, January 3, 2022, and March 31, 2022. The Company is currently reviewing any variances between the physical counts and the meter inventory tracked in Maximo and anticipates the variance between the physical count and Maximo will continue to be reduced to a minimal amount. The Company is reviewing and addressing factors that contribute to the variance, including the timing of when inventory is counted, when reports are run, and the timing of data cleanup in the Maximo system.

Meter Lab Inventory				
Measure	**Physical Count**	**Maximo**	**Variance**	**Variance %**
Inventory as of 6/10/2021	9,943	10,926	983	9%
Inventory as of 6/30/2021	9,156	9,988	823	8%
Inventory as of 9/30/2021	9,568	10,370	802	8%
Inventory as of 1/3/2022*	9,994	10,986	992	9%
Inventory as of 3/31/2022	11,724	12,605	881	7%

***Due to Vacations, the Meter Lab gathered inventory data the first Monday after New Years.**

Damage/Failure Reactive Program – $0.25 million variance to budget

For FY 2022, the Company spent $0 of a fiscal year budget of $0.25 million for the Damage/Failure Reactive program, resulting in an under-budget variance of $0.25 million. The Company did not experience any reactive projects that qualified for this program in FY 2022.

Discretionary Work[2]

Proactive Main Replacement Program – $1.11 million underspending variance to budget

For FY 2022, the Company spent approximately $76.77 million of a fiscal year budget of $77.87 million for the Proactive Main Replacement programs, resulting in an underspending variance of approximately $1.11 million. Please note that approximately $2.84 million for Incremental Paving – Main Installation was allocated to the Leak Prone Pipe annual budget, listed above. Please see Table C for a breakdown of the budget allocations. For FY 2022 in the Proactive Main Replacement (MRP) Program, the Company installed 41.1 miles of new main against a plan of 48.7 miles. Across all ISR programs, the Company installed a total of 52.1 miles of new main against a plan of 62.7 miles. For FY 2022, the Company abandoned 53.2 miles in the MRP Program against a plan of 55.3 miles. Across all ISR programs, the Company abandoned 67.9 miles against an overall plan of 70.3 miles. Of the 67.9 miles abandoned, 37.0 miles were associated with projects that were started prior to FY 2022.

The chart below lists the FY 2022 installed and abandoned mileage of leak prone pipe across each category.

[2] Discretionary programs are not required by legal, regulatory code, or agreement, or a result of damage or failure, with limited exceptions.

FY22	Abandonment		Installation	
Program	**Target**	**Actual**	**Target**	**Actual**
CSC	14.0	14.0	14.0	9.5
MRP	55.3	53.2	48.7	41.1
Reliability	-	0.4	-	1.5
Reinforcement (Non-ISR Spend)	1.0	0.3	-	-
Total	**70.3**	**67.9**	**62.7**	**52.1**

The number of leak prone pipe miles abandoned for the fiscal year were impacted by the availability of internal main connection crews. Although abandonment mileage was behind target throughout the fiscal year and ultimately fell short of the annual target, the Company did have a strong finish to the fiscal year, which was aided by favorable weather conditions and willingness of municipalities to allow abandonment related work during the winter months. Along with leak prone pipe abandonments, the Company also prioritized Regulator Station work that was in progress to ensure that work is completed prior to cold weather to minimize risk on the gas system. Additionally, the Company's crew counts continued to be impacted by longer term absences, which increased since the start of the COVID-19 Pandemic (the "Pandemic").

For the CI Lining program, the Company completed a lining project on Moore Street in Providence that was in-line with the budget. However, the CI Lining program was underspent by $0.47 million as the development of two jobs was deferred from FY 2022 and will be considered in future years. For the CISBOT program, the Company and its contractors completed two jobs in Cranston in FY 2022 at Beckwith Street and Commercial Street. The Company spent $0.15 million less than budget in this program as the original budget anticipated one project would be completed in Newport and a second project in Providence. However, those projects were deferred until FY 2023 and the two Cranston jobs were completed in their place at a slightly lower cost.

For the Atwells Avenue Project, the Company is continuing to work in conjunction with the City of Providence on the final restoration of Segments 1A and 1B. The Company is following a construction schedule that includes paving in segments as the City of Providence completes its sidewalk restoration; the first segment of paving began in August 2021. In terms of the prioritization of overall work in the City of Providence, the Company has been working in close conjunction with Providence Water (replacing pipe) and the City of Providence's Paving Plan (replacing leak prone main ahead of municipal paving). Based on that prioritization, construction for Segment 3 was deferred to FY 2023 as that segment has a high volume of associated service and meter work. The associated budget for Segment 3 was included in the FY 2023 ISR budget.

The Proactive Main Replacement cost detail for FY 2022 is provided in the table below.

Proactive Main Replacement		
Category	**FY 22 Actuals**	**% of Total Spend**
Base Labor, Overtime, Employee Expenses	$5,755,750	7%
Benefits	$3,296,186	4%
Clearing Burdens	$16,531,793	22%
Contractor/Consultants	$37,416,177	49%
Restoration/Police/Permits	$9,688,237	13%
Materials	$4,210,605	5%
Other*	($132,780)	0%
Total	$76,765,968	100%

*A/P Cash Discounts Taken

Proactive Service Replacement Program – $0.05 million overspending variance to budget

For FY 2022, the Company spent $0.40 million of a fiscal year budget of $0.35 million for the Proactive Service Replacement Program, resulting in an overspending variance of $0.05 million. For FY 2022, the Company continued to focus on replacing the copper services located in Cumberland and has replaced 56 services through the end of March. The Company forecasts that the remaining 25 will be replaced in FY 2023, which will complete the Cumberland copper services list. All the remaining Cumberland copper services are isolated to two streets, 23 services on Sun Valley Drive and 2 services on Sleepy Hollow Drive. The project was overbudget due to costs associated with final restoration patching for work completed in FY 2021 and some FY 2022 work.

Reliability Programs – $5.05 million underspending variance to budget

For FY 2022, the Company spent $28.89 million of a fiscal year budget of $33.93 million for Reliability programs, resulting in an underspending variance of $5.05 million. There are several drivers of the underspending variance, most of which are due to timing delays for some of the planned work. At a category level, the first driver is project development delays with the Dey Street project within the Heater Installation Program. The Company's FY 2022 budget assumed the project would be constructed during the current fiscal year. However, development has been deferred until FY 2023, and construction has been deferred until FY 2024, as described in the FY 2023 ISR Proposal materials submitted to the Division on October 4, 2021. The second driver is timing delays associated with the East Providence De-rating (downrating) Project and permitting for two locations in Newport where the Company seeks to eliminate single feed systems as part of the Gas System Reliability category. These projects have been deferred and included within the FY 2023 ISR Proposal. The third driver is the LNG category, which experienced delays with the Emergency Shutdown (ESD) System Installation. However, the underspend on that project element is offset by costs related to the existing Old Mill Lane site, for which the Company incurred costs for site enhancements to reduce the noise impact to residential neighbors and costs associated with the Rhode Island Energy Facility Siting Board ("EFSB") filing. The fourth driver is the Replace Pipe on Bridges category, which was underbudget because the Goat Island Bridge project in Newport has not been advanced by RIDOT. The fifth driver is the Valve Installation/ Replacement category, which encountered permitting issues and delays with the City of Newport, impacting four planned projects.

The underbudget variances were partially offset by over-budget variances in several Reliability categories. The Tools & Equipment category was overbudget as the Company needed to replace certain tools and equipment that experienced greater than expected wear and tear due to the type and volume of work being performed by Company crews. The Company also purchased certain specialty equipment that is no longer available to be borrowed from the Boston Gas Company now that the sale of the Company has been completed, such as Kleiss systems, Williamson equipment, and hole hogs. The Allens Avenue Multi Station Rebuild category was overbudget as the project incurred higher than anticipated costs associated with the abandonment work at the Allens Avenue site, which included environment protections due to the presence of lead and asbestos and disposal of above ground piping materials. The I&R Reactive category was overbudget as additional funds were used for reactive work, to increase the rate of regulator replacements, increase the rate of pilot replacements, and replace older style odorant systems. The FY 2022 spend also includes project down payment costs associated with the two locations (Tiverton and Wampanoag Trail) of the Enbridge Heaters Replacement and Asset Transfer projects, which are forecasted to be placed in-service in FY 2023.

FY 2022 Southern Rhode Island Gas Expansion Project Spending by Category

Construction

Pipeline – $1.38 million underspending variance to budget

For FY 2022, the Company spent $13.53 million of a fiscal year budget of $14.91 million for the Gas Expansion Project – Main Installation, resulting in an underspending variance of $1.38 million for this category. Through FY 2022, the Company has now gassed in all the Phase 2 and Phase 3 gas main through South Road and final restoration has been completed in those areas. The Company and its Contractor have completed fitting replacements and final restoration at all fifteen (15) locations along the project's main installation route. The Company may complete additional final restoration work, and incur costs, at the request of RIDOT in FY 2023.

Pipeline cost detail for FY 2022 is provided in the table below.

Pipeline		
Category	**FY 22 Actuals**	**% of Total Spend**
Base Labor, Overtime, Employee Expenses	$727,275	5%
Benefits	$406,569	3%
Clearing Burdens	$2,862,045	21%
Contractor/Consultants	$9,777,938	72%
Materials*	($241,476)	-2%
Other**	($1,563)	0%
Total	$13,530,788	100%

*Credit for excess pipe material that was transferred to another project.

**A/P Cash Discounts Taken

Other Upgrades/Investments

Maximum Operating Pressure (MOP) Project, Launcher/Receiver, Installation of Remote Operating Valve (ROV) – $1.42 million underspending variance to budget

For FY 2022, the Company spent $0.16 million of a fiscal year budget of $1.58 million for the Other Upgrades/Investments category, resulting in an underspending variance of $1.42 million for this category. The Cranston Line MOP increase to 200 psig was successfully completed at the end of August. The actual incurred costs to complete the FY 2022 work were less than originally budgeted and the construction phase of the Launcher/Receiver and Installation of ROV work was deferred until FY 2025 such that some costs associated preparation were also deferred.

Other Upgrade/Investments cost detail for FY 2022 is provided in the table below.

Other Upgrades/Investments		
Category	**FY 22 Actuals**	**% of Total Spend**
Base Labor, Overtime, Employee Expenses	$32,995	20%
Benefits	$19,595	12%
Clearing Burdens	$104,031	65%
Contractor/Consultants	$4,376	3%
Materials	$0	0%
Other	($20)	0%
Total	$160,977	100%

*A/P Cash Discounts Taken

Regulator Station Investment

Updates to Cranston Take Station, Cowesett Regulator Station, and New Regulator Station – $1.69 million underspending variance to budget

For FY 2022, the Company spent $1.26 million of a fiscal year budget of $2.95 million for the Regulator Station Investment category, resulting in an underspending variance of $1.69 million for this category. The Company is continuing preparation for updates at the existing Cowesett

Regulator Station. Planning, engineering, and site planning, for a new regulator station near the existing Cowesett regulator station were deferred into FY 2023 and the associated costs are reflected in the FY 2023 budget. The Company is continuing preparation for updates at the existing Cranston Regulator Station, but procurement of the materials will now occur in FY 2023 (this was included in the FY 2023 budget), which contributed to the FY 2022 underspend. Project construction is now scheduled for FY 2024-2025.

Regulator Station Investment cost detail for FY 2022 is provided in the table below.

Regulator Station Investment		
Category	**FY 22 Actuals**	**% of Total Spend**
Base Labor, Overtime, Employee Expenses	$103,702	8%
Benefits	$56,169	4%
Clearing Burdens	$339,500	27%
Contractor/Consultants	$374,123	30%
Materials	$388,492	31%
Other*	($1,685)	0%
Total	$1,260,301	100%

*A/P Cash Discounts Taken

Table A - Summary

The Narragansett Electric Company
d/b/a RI Energy - Gas
Capital Spending by Investment Categories - Summary
FY 2022 Reconciled Actuals vs ISR Approved Budget
($000)

Categories	FYTD Budget	FYTD Actual	FYTD Variance
NON-DISCRETIONARY			
Public Works [1]	$19,202	$22,257	$3,055
Mandated Programs	$22,203	$18,160	($4,043)
Damage / Failure (Reactive)	$250	$0	($250)
NON-DISCRETIONARY TOTAL	**$41,655**	**$40,417**	**($1,238)**
DISCRETIONARY			
Proactive Main Replacement	$77,871	$76,766	($1,105)
Proactive Service Replacement	$350	$396	$46
Reliability	$33,932	$28,886	($5,046)
SUBTOTAL DISCRETIONARY (Without Gas Expansion)	**$112,153**	**$106,048**	**($6,105)**
Southern RI Gas Expansion Project	$19,438	$14,952	($4,486)
DISCRETIONARY TOTAL (With Gas Expansion)	**$131,591**	**$121,000**	**($10,591)**
CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)	**$153,808**	**$146,464**	**($7,344)**
CAPITAL ISR TOTAL (With Gas Expansion) Includes incremental paving associated with new RI Paving Law [2]	**$173,246**	**$161,416**	**($11,830)**
Additional Capital Investments (Not currently included in the ISR)	$6,900	$602	($6,298)

( ) in Variance column denotes an underspend

1. Public Works Program includes reimbursements which were credited as received throughout the year.

2. Budgets for Incremental Paving (Main Installation - $3.019M; Patches - $0.823M) were allocated to ISR categories that were forecasted to incur the incremental paving costs. See Table C - Incremental Paving Budget Allocations.

Table B - Breakout

The Narragansett Electric Company
d/b/a RI Energy - Gas
Capital Spending by Investment Categories - Detail
FY 2022 Reconciled Actuals vs ISR Approved Budget
($000)

Categories	Budget	FYTD Actual	Variance
NON-DISCRETIONARY			
Public Works			
CSC/Public Works - Non-Reimbursable	$19,152	$18,948	($204)
CSC/Public Works - Reimbursable	$1,455	$3,903	$2,448
CSC/Public Works - Reimbursements	($1,405)	($595)	$810
Public Works Total	**$19,202**	**$22,257**	**$3,055**
Mandated Programs			
Corrosion	$1,250	$2,284	$1,034
Purchase Meter (Replacement)	$2,880	$3,265	$385
Reactive Leaks (CI Joint Encapsulation/Service Replacement)	$12,629	$9,006	($3,623)
Service Replacement (Reactive) - Non-Leaks/Other	$2,364	$1,145	($1,219)
Main Replacement (Reactive) - Maintenance (incl Water Intrusion)	$840	$1,550	$710
Low Pressure System Elimination (Proactive)	$500	$652	$152
Transmission Station Integrity	$1,740	$257	($1,483)
Mandated Total	**$22,203**	**$18,160**	**($4,043)**
Damage / Failure (Reactive)			
Damage / Failure (Reactive)	**$250**	**$0**	**($250)**
NON-DISCRETIONARY TOTAL	**$41,655**	**$40,417**	**($1,238)**
DISCRETIONARY			
Proactive Main Replacement			
Main Replacement (Proactive) - Leak Prone Pipe	$70,019	$72,261	$2,242
Main Replacement (Proactive) - Large Diameter LPCI Program	$3,852	$3,265	($587)
Atwells Avenue	$4,000	$1,240	($2,760)
Proactive Main Replacement Total	**$77,871**	**$76,766**	**($1,105)**
Proactive Service Replacement			
Proactive Service Replacement Total	**$350**	**$396**	**$46**
Reliability			
System Automation	$1,321	$1,058	($263)
Heater Installation Program	$3,557	$869	($2,688)
Wampanoag Trail & Tiverton GS - Heaters Replacement and Ownership Transfer	$0	$1,281	$1,281
Pressure Regulating Facilities	$7,462	$7,510	$48
Allens Ave Multi Station Rebuild	$2,500	$4,522	$2,022
Take Station Refurbishment	$1,300	$722	($578)
Valve Installation/Replacement - Primary Valve Program & Aquidneck Island Low Pressure Valves	$1,233	$47	($1,186)
Gas System Reliability	$3,244	$413	($2,831)
I&R - Reactive	$1,348	$2,099	$751
Distribution Station Over Pressure Protection	$3,301	$2,644	($657)
LNG	$5,738	$4,920	($818)
Replace Pipe on Bridges	$2,006	$155	($1,851)
Access Protection Remediation	$310	$189	($121)
Tools & Equipment	$612	$2,456	$1,844
Reliability Total	**$33,932**	**$28,886**	**($5,046)**
SUBTOTAL DISCRETIONARY (Without Gas Expansion)	**$112,153**	**$106,048**	**($6,105)**
Southern RI Gas Expansion Project			
Pipeline	$14,908	$13,531	($1,377)
Other Upgrades/Investments	$1,580	$161	($1,419)
Regulator Station Investment	$2,950	$1,260	($1,690)
Southern RI Gas Expansion Project Total	**$19,438**	**$14,952**	**($4,486)**
DISCRETIONARY TOTAL (With Gas Expansion)	**$131,591**	**$121,000**	**($10,591)**
CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)	**$153,808**	**$146,464**	**($7,344)**
CAPITAL ISR TOTAL (With Gas Expansion) Includes incremental paving associated with new RI Paving Law[1]	**$173,246**	**$161,416**	**($11,830)**
Additional Capital Investments (Not currently included in the ISR)			
Aquidneck Island Long Term Capacity Options	$4,900	$461	($4,439)
LNG - Cumberland Tank Replacement	$2,000	$141	($1,859)

1) Budgets for Incremental Paving (Main Installation - $3.019M; Patches - $0.823M) were allocated to ISR categories that were forecasted to incur the incremental paving costs. See Table C - Incremental Paving Budget Allocations.

Table C - Incremental Paving Budget Allocations

The Narragansett Electric Company
d/b/a RI Energy - Gas
Incremental Paving Budget Allocations - Detail
($000)

Incremental Paving Budget	ISR Category	Subcategory	Category Budget ISR Approved	Incremental Paving Budget Allocation	Updated Budget with Paving Allocation
Incremental Paving - Main Installation	Main Replacement (Proactive) - Leak Prone Pipe	Main Replacement (Proactive) - Leak Prone Pipe	$ 67,176	$ 2,843	$ 70,019
Incremental Paving - Main Installation	Gas System Reliability	Gas Planning	$ 3,068	$ 176	$ 3,244
		Incremental Paving - Main Installation - Total Budget		**$ 3,019**	
Incremental Paving - Patches	Reactive Leaks (CI Joint Encapsulation/ Service Replacement)	Main Replacement (Reactive) - CI Joint Encapsulation	$ 7,571	$ 415	$ 7,986
Incremental Paving - Patches	Reactive Leaks (CI Joint Encapsulation/ Service Replacement)	Service Replacements (Reactive) - Leaks	$ 4,402	$ 241	$ 4,643
Incremental Paving - Patches	Reactive Leaks (CI Joint Encapsulation/ Service Replacement)		$ 11,973	$ 656	$ 12,629
Incremental Paving - Patches	Service Replacements (Reactive) - Non-Leaks/Other	Service Replacements (Reactive) - Non-Leaks/Other	$ 1,911	$ 105	$ 2,016
Incremental Paving - Patches	Main Replacement (Reactive) - Maintenance (incl Water Intrusion)		$ 1,126	$ 62	$ 1,188
		Incremental Paving - Patches - Total Budget		**$ 823**	

Table D - Summary

The Narragansett Electric Company
d/b/a RI Energy - Gas
FY 2022 Actual Capital Additions vs Target in FY 2022 Revenue Requirement by Investment Categories - Summary
FY 2022 through March 31, 2022
($000)

Categories	FYTD FY22 Target	FYTD FY22 Actual	Variance	% of Target Placed In-Service
NON-DISCRETIONARY				
Public Works	$18,703	$21,590	$2,887	115%
Mandated Programs	$19,931	$16,011	($3,920)	80%
Damage / Failure (Reactive)	$244	$0	($244)	0%
NON-DISCRETIONARY TOTAL	**$38,878**	**$37,600**	**($1,278)**	97%
DISCRETIONARY				
Proactive Main Replacement	$75,846	$73,560	($2,286)	97%
Proactive Service Replacement	$341	$251	($90)	74%
Reliability	$27,772	$17,411	($10,361)	63%
SUBTOTAL DISCRETIONARY (Without Gas Expansion)	**$103,959**	**$91,223**	**($12,737)**	88%
Southern RI Gas Expansion Project	$15,426	$27,871	$12,445	181%
DISCRETIONARY TOTAL (With Gas Expansion)	**$119,385**	**$119,094**	**($291)**	100%
CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)	**$142,837**	**$128,823**	**($14,014)**	90%
CAPITAL ISR TOTAL (With Gas Expansion) Includes incremental paving associated with new RI Paving Law[1]	**$158,263**	**$156,694**	**($1,569)**	99%

( ) in Variance column denotes capital additions were below target.
* Data in this table excludes Cost of Removal, which will be included in the FY 2022 Reconciliation as a separate factor.
1. Targets for Incremental Paving were allocated to the ISR categories that were forecasted to incur the incremental paving costs
(Mandated - $0.8M, Proactive Main Replacement - $2.8M, Reliability - $0.2M)

JOINT PRE-FILED DIRECT TESTIMONY

OF

STEPHANIE A. BRIGGS AND JEFFREY D. OLIVEIRA

August 1, 2022

Table of Contents

I. Introduction 1

II. Gas ISR Plan FY 2022 Revenue Requirement 5

III. Conclusion 17

I. Introduction

Stephanie Briggs

Q. Please state your full name and business address.

A. My name is Stephanie A. Briggs, and my business address is 280 Melrose Street, Providence, Rhode Island 02907.

Q. Please state your position.

A. I am employed by PPL Services Corporation ("Service Corporation") as a Senior Manager Revenue. The Services Corporation provides administrative, management and support services to PPL Corporation ("PPL") and its subsidiary companies, including The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company"). My current duties include responsibility for revenue requirement and rate calculations for the Company.

Q. Please describe your educational and professional experience.

A. In 2000, I received a Bachelor of Arts degree in Accounting from Bryant College. In 2004, I was hired by National Grid USA Service Company, Inc. ("National Grid Service Company") as a Senior Analyst in the Accounting Department. In this position, I was responsible for supporting the books and records of National Grid USA's ("National Grid") New York affiiate. In 2009, I was promoted to Senior Analyst in National Grid's Regulatory Accounting Group. In this capacity, I supported the accounting of regulatory assets and deferrals in accordance with the rate plans and agreements applicable to National Grid's affiliated distribution operating companies. In 2011, I was promoted to Lead Specialist for Revenue Requirements responsible for supporting New York revenue requirements. In 2017, I was promoted to Director of Revenue Requirements for New York. In July 2020, I became Director of Revenue Requirements for New England. On May 25, 2022, PPL Rhode Island Holdings, LLC, a wholly owned indirect subsidiary of PPL, acquired 100% of the outstanding shares of common stock of the Company from National Grid (the "Acquisition"), at which time I began working in my current position.

Q. Have you previously testified before the Rhode Island Public Utilities Commission (PUC) or other regulatory bodies?

A. Yes. I provided pre-filed direct testimony in the Company's Annual Retail Rate Filing for 2022, Docket No. 5234 and the Company's 2021 Performance Incentive Mechanism Factor Filing, Docket No. 4770. I have also submitted pre-filed testimony to the Massachusetts Department of Public Utilities on behalf of the Company's former affiliates, Massachusetts Electric Company and Nantucket Electric Company, as a revenue requirement witness in various proceedings.

Jeffrey D. Oliveira

Q. By whom are you employed and in what position?

A. I am employed by the Services Corporation as a Regulatory Programs Specialist. My current duties include leading the revenue requirement analyses and modeling that support regulatory filings, regulatory strategies, and rate cases for the Company.

Q. Please describe your education and professional experience.

A. In 2000, I earned an associate degree in Business Administration from Bristol Community College in Fall River, Massachusetts. I was employed by the National Grid Service Company and its predecessor companies from 1999-2022. From 1999 through 2000, I was employed by Fall River Gas Company as a Staff Accountant. In 2001, after Fall River Gas Company merged with Southern Union Company, I continued as a Staff Accountant with increased responsibilities. In August of 2006, National Grid acquired the Rhode Island operations of Southern Union d/b/a New England Gas Company at which time I joined the National Grid Service Company as a Senior Accounting Analyst. In January 2009, I became a Senior Revenue Requirement Analyst in the National Grid's Strategy and Regulation Department. In July 2011, I was promoted to Lead Revenue Requirement Analyst in the New England Revenue Requirements group of the New England Regulatory Department. Upon closing of the Acquisition, I began working in my current position.

Q. Have you previously testified before the PUC or any other regulatory commission?

A. Yes. I testified before the PUC in support of the Company's filings in Docket Nos. 22-04-REG (Renewable Energy Growth Factor Filing); Docket No. 5234 (Annual Retail Rate Filing); Docket No. 4686 (Joint Petition between National Grid and the Rhode Island Division of Public Utilities and Carriers ("Division") filed February 23, 2022); Docket No. 5165 (Distribution Adjustment Charge Filing, 2021); Docket No. 5179 (Pension Adjustment Factor Filing, 2021); Docket No. 5040 (Distribution Adjustment Charge Filing, 2020); Docket No. 5054 (Pension Adjustment Factor Filing, 2020); Docket No. 4955 (Distribution Adjustment Charge Filing, 2019); Docket No. 4958 (Pension Adjustment Factor Filing, 2019); Docket No. 4846 (Distribution Adjustment Charge Filing, 2018); Docket No. 4855 (Pension Adjustment Factor Filing, 2018); and again in Docket No. 4686, in support of the Joint Proposal and Settlement submitted by the Company and the Division dated September 25, 2017 ("2017 Joint Proposal and Settlement") pertaining to the operation of the Storm Contingency Fund. I have also submitted pre-filed testimony to the Massachusetts Department of Public Utilities on behalf of the Company's former affiliates, Massachusetts Electric Company and Nantucket Electric Company, as a revenue requirement witness in annual pension adjustment mechanism proceedings.

Q. What is the purpose of your testimony?

A. In this docket, the PUC approved a Gas ISR factor for effect April 1, 2021. The ISR factor was based on a projected FY 2022 Gas ISR revenue requirement of $38,241,887 associated with the Company's estimated ISR capital investment for FY 2022 and FY 2021, and actual ISR capital investment in FY 2018, FY 2019, and 2020[1] that was incremental to the levels reflected in rate base in the Company's recent base rate case (Docket No. 4770). On September 1, 2018, new distribution base rates approved in Docket No. 4770 became effective. The revenue requirements on actual ISR additions made from FY 2012 through FY 2017 plus forecasted ISR additions for FY 2018, FY 2019 and a portion of FY 2020 were included in these new base rates. Thus, the purpose of our testimony is to present an updated FY 2022 Gas ISR revenue requirement associated with the actual capital investment levels for each of FY 2018 through FY 2022 incremental to the level of investment assumed in Docket No. 4770, and actual tax deductibility percentages for FY 2021 capital additions.

The updated FY 2022 revenue requirement also includes an adjustment associated with the ISR property tax recovery formula that was approved in Docket No. 4323 and Docket No. 4770. As the vintage years FY 2012 through FY 2017 were rolled into the base rates approved in Docket No. 4770 that became effective on September 1, 2018, the

[1] The Company's fiscal year is the 12 months ending on March 31 of each year.

ISR property tax recovery adjustment covers only the months of September 2018 through March 31, 2022.

As shown in Attachment SAB/JDO-1 on Page 1, Line 11, the updated FY 2022 Gas ISR revenue requirement collectible through the Company's ISR factor for the FY 2022 period is $30,279,322. This is a decrease of $7,962,565 from the projected FY 2022 ISR revenue requirement of $38,241,887 previously approved by the PUC in this docket. This revenue requirement includes updated tax deductibility percentages for FY 21. The decrease in the projected to actual FY 2022 revenue requirement is mainly attributable to: (1) the FY 2022 revenue requirement on FY 2021 capital investment related to actual income tax deductibility update; (2) a decrease in the actual effective FY 2022 property tax rate compared with the projected effective FY 2022 property tax rate in FY 2022 ISR Plan. This decrease is partially offset by: (1) an increase in FY 2022 net capital plant; and (2) the FY 2021 revenue requirement income tax true up.

Q. Does the updated FY 2022 revenue requirement in this filing include an updated FY 2022 NOL utilization?

A. At this time, it is forecast that the Company will earn taxable income and will utilize prior years' tax net operating losses ("NOL") in FY 2022. In Docket No. 4770, the accumulated deferred income taxes included in rate base assumed estimated NOL utilization. Therefore, the difference between the newly estimated NOL utilization and the NOL utilization assumed in base rates was included in the vintage year FY 2022 ISR Plan revenue requirement based on the most recent estimate of FY 2022 tax deductibility. Actual tax deductibility percentages for FY 2022 plant additions will not be known until the Company files its FY 2022 income tax return in December of this calendar year. Consequently, the actual tax deductibility percentages for FY 2022 plant additions have not been updated in this reconciliation and will be reflected in the Company's FY 2023 Gas ISR Reconciliation filing and will generate a true-up adjustment in that filing.

Q. Are there any schedules attached to your testimony?

A. Yes, we are sponsoring the following attachment:

- Attachment SAB/JDO-1: FY 2022 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement Calculation

II. <u>Gas ISR Plan FY 2022 Revenue Requirement</u>

Q. Did the Company calculate the updated FY 2022 Gas ISR Plan revenue requirement in the same fashion as calculated in the previous ISR factor submissions and the FY 2021 ISR factor reconciliation?

A. Yes. The Company calculated the updated FY 2022 Gas ISR Plan revenue requirement in the same fashion as the revenue requirements calculations in the FY 2021 Gas ISR reconciliation filing and the FY 2022 and FY 2023 Gas ISR plan proposal filings. . Similar to the FY 2021 filing, the calculation incorporates the approved weighted average cost of capital and depreciation rates from Docket No. 4770 and known tax deductibility percentages for FY 2021. The updated FY 2022 ISR revenue requirement presented in this reconciliation is nearly identical to the calculated revenue requirement used to develop the ISR factors that became effective April 1, 2021, but incorporate updated ISR investment amounts and known tax deductibility percentages. A detailed description of the revenue requirement calculation employed can be found in the revenue requirements testimony included in the Company's FY 2022 ISR Plan Proposal filing in this docket. For brevity, we limit this testimony to the following: (1) a description of the impact of Docket No. 4770 to the Gas ISR revenue requirement; (2) a summary of the revenue requirement update shown on Page 1 of Attachment SAB/JDO-1; and (3) a summary of FY 2021 revenue requirement income tax true-up shown on Page 1 of Attachment SAB/JDO-1 and the update for the tax deductibility percentages.

Q. Please summarize the change in the FY 2022 ISR revenue requirement proposed in this reconciliation filing as compared to the FY 2022 revenue requirement effective April 1, 2021, which was based on projected capital spending approved in the FY 2021 and FY 2022 ISR Plans.

A. As shown in Attachment SAB/JDO-1, Page 1, Line 10 (c), the FY 2022 ISR reconciliation results in a reduction to the FY 2022 ISR Plan revenue requirement of $7,962,565, which is the net impact of the following: (1) a $6,236,402 decrease in the FY 2022 revenue requirement on vintage FY 2021 ISR capital spending caused by the actual income tax deductibility update, particularly the capital repairs deduction rate;

(2) a $341,917 increase in the FY 2022 ISR revenue requirement on vintage 2022 ISR capital investment due to higher FY 2022 net plant amount compared to the Plan; (3) a $2,566,024 reduction in the FY 2022 property tax recovery adjustment as the actual FY 2022 effective property tax rate was lower than the estimated effective rate assumed in the FY 2022 plan; and (4) a $497,945 increase to the FY 2021 revenue requirement on vintage FY 2021 capital spending to reflect actual FY 2021 tax deductibility as described in detail later in this testimony.

Q. Please describe the impact of the implementation of new base distribution rates that were approved by the PUC in Docket No. 4770 and put into effect on September 1, 2018 on the FY 2022 ISR revenue requirement recoverable through the FY 2022 ISR factor.

A. The ISR mechanism was established to allow the Company to recover, outside of base rates, the costs of capital investment in gas distribution system infrastructure, safety and reliability. When new base rates are implemented, as was the case in Docket No. 4770, the costs that are recovered and associated with pre-rate case ISR capital investment cease to be recovered through a separate ISR factor. Instead, these costs are recovered through base rates, and the underlying ISR capital investment becomes a component of base distribution rate base from that point forward. In November 2017, the Company filed an application with the PUC seeking a change in base rates for its gas and electric distribution businesses. The proceeding culminated with the PUC's approval of a settlement agreement with the Division and numerous intervenors establishing new base rates for the Company. The Company's proposed rate base reflected projected capital investments through August 31, 2019. In its base rate request, the Company proposed to maintain consistency with the existing ISR mechanism for the FY 2019, FY 2020, and FY 2021 periods. Consequently, the forecast used to develop rate base in the first year of the distribution rate case included actual capital investment through the test year ending June 30, 2017, nine months of the approved ISR capital investment levels for vintage FY 2018, 12 months of vintage FY 2019 investment, and five months of vintage FY 2020 investment (using the FY 2018 ISR approved capital spending level as a proxy for FY 2018, FY 2019 and FY 2020). As a result of the implementation of new base rates pursuant to Docket No. 4770 effective September 1, 2018, the cumulative amount of forecasted ISR capital investments was rolled into base rates effective at that date. Consequently, the FY 2022 revenue requirement for incremental FY 2018 through FY 2022 ISR investments that are incremental to the estimated level of investment assumed in base rates reflects a full year of revenue requirement as none of these incremental investments are included in the Company's rate base. These incremental FY vintage amounts are to remain in the ISR recovery mechanism as provided for in the terms of the Docket No. 4770 approved Settlement Agreement until a future proceeding that rolls these amounts into base rates.

Q. Please explain how the federal income tax is calculated as a result of the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act").

A. The decrease in the federal income tax rate from 35 percent to 21 percent as a result of the 2017 Tax Act reduced the amount of income tax to be recovered from customers on the return on equity component of each Gas ISR vintage year revenue requirement. The return on rate base in each revenue requirement is calculated by multiplying the Gas ISR rate base by the weighted average cost of capital (WACC). The equity component of the return on rate base is the taxable component of the Gas ISR revenue requirement. The federal income taxes that the Company recovers from customers are derived by grossing up the WACC to a pre-tax rate of return. Consequently, the Company revised the pre-tax WACC to reflect the change in the federal income tax rate. The calculation of the revised pre-tax WACC in Docket No. 4323 is shown on Page 25 of Attachment SAB/JDO-1. The pre-tax WACC approved in Docket No. 4770 is 8.41 percent effective September 1, 2018.

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

A. The excess deferred income taxes represent the net benefit as of December 31, 2017 that will eventually be earned by the Company through reduced future income taxes as a result of the 2017 Tax Act and must ultimately be passed back to customers. The pass back of excess deferred income taxes to customers is fully reflected in base distribution rates under Docket No. 4770 per the Company's Excess Deferred Income Tax True-Up

Second Compliance filing dated May 30, 2019, which the PUC approved on June 17, 2019. As a result of the implementation of new base rates pursuant to Docket No. 4770 effective September 1, 2018, the cumulative amount of forecasted ISR capital investments was rolled into base rates effective at that date. Consequently, the ISR revenue requirements after FY 2019 reflect the revenue requirement of incremental ISR investments of FY 2018 and after. Among the vintage years, only FY 2018 incremental ISR investment created excess deferred tax. The excess deferred income taxes are calculated on Line 18, Page 2 of Attachment SAB/JDO-1. The Company derived the excess deferred income tax amounts by multiplying the cumulative balance of ISR book to tax depreciation differences as of March 31, 2018 by the 10.55 percent change in the tax rate (31.55 percent average rate for FY 2018 minus 21 percent).

Q. How was the Gas ISR revenue requirement revised for the change in the bonus depreciation rules resulting from the 2017 Tax Act?

A. Bonus depreciation, sometimes known as first year bonus depreciation, is an accelerated tax depreciation method that was first established in 2002 as an economic stimulus to incent United States corporations to increase capital investments. Bonus depreciation allows companies to take an immediate tax deduction for some portion of certain qualified capital investments based on the bonus depreciation rates in effect for that year of investment. Bonus depreciation rates have ranged from a high of 100 percent in some years to as low as 30 percent for calendar year 2019, as specified in the tax laws prior to the passage of the 2017 Tax Act. Pursuant to those prior tax laws, bonus depreciation was set to expire at the end of calendar year 2019. However, the 2017 Tax Act changed the rules for bonus depreciation for certain capital investments, including ISR-eligible investments, effective September 28, 2017. Based on the 2017 Tax Act, property acquired prior to September 28, 2017 and placed in service during tax years beginning after December 31, 2017 are allowed bonus depreciation. As indicated in the Company's FY 2022 ISR Plan Section 3, the Company's original interpretation of the 2017 Tax Act was that no deduction for bonus depreciation would be allowed in FY 2019 and FY 2020. However, based on current industry practice, the Company has included actual FY 2019 and FY 2020 bonus depreciation in its calculation of accumulated deferred income taxes in the respective vintage year's rate base. The Company's FY 2022 revenue requirement includes the impact of the 2017 Tax Act on vintage FY 2018 through FY 2022 investments.

Q. Are there any updates to the FY 2021 revenue requirement reflected in the FY 2022 Gas ISR Reconciliation?

A. Yes. The Company filed its FY 2021 Gas ISR Reconciliation on August 2, 2021. However, the Company had not filed its FY 2021 income tax return until later that year in December. Consequently, the Company used certain tax assumptions at the time of its FY 2021 ISR Reconciliation filing. The Company has revised its vintage FY 2021 revenue requirement to reflect the following updates in Attachment SAB/JDO-1, Pages 13 and 18: (1) actual capital repairs deduction rate of 46.79 percent, as shown on Attachment SAB/JDO-1 at Page 13, Line 2; (2) actual tax loss on retirements of $925,925, as shown on Attachment SAB/JDO-1 at Page 13, Line 19; (3) actual NOL utilization of $2,072,387, as shown on Attachment SAB/JDO-1 at Page 18, Line 10 (c). The net result of these tax deductibility updates is an increase to the FY 2021 ISR revenue requirement of $497,945, as shown on Attachment SAB/JDO-1, Page 1 at Line 9.

Q. Please summarize the updated FY 2022 ISR revenue requirement.

A. As shown in Attachment SAB/JDO-1 at Page 1, Line 11(b), the updated FY 2022 ISR revenue requirement amounts to $30,279,322 which is comprised of (1) the FY 2022 revenue requirement on vintages FY 2018, FY 2019, FY 2020, FY 2021 and FY 2022 ISR capital investments above or below the level of capital investment reflected in base distribution rates in Docket No. 4770, (2) the property tax recovery mechanism component, and (3) a true-up to the FY 2021 ISR revenue requirement to reflect actual income tax deductibility as reported on the Company's FY 2021 federal income tax return.

Q. Please describe how the attachment to your testimony is structured.

A. Page 1 of Attachment SAB/JDO-1 summarizes the individual components of the updated FY 2022 Gas ISR revenue requirement as compared to the approved FY 2022 Gas ISR

Plan revenue requirement effective April 1, 2021. Page 1, Column (a) reflects the approved FY 2022 Gas ISR Plan revenue requirement on projected incremental ISR capital spending and the projected FY 2022 property tax recovery adjustment. Page 1, Column (b) represents: (1) the FY 2022 ISR revenue requirements on actual incremental FY 2018, FY 2019, FY 2020, FY 2021 and FY 2022 ISR capital investments not included in the Company's base rates in Docket No. 4770 and as supported with detailed calculations on Attachment NECO-1, Pages 2, 5, 8, 12, and 15 respectively; (2) the FY 2022 property tax adjustment on incremental capital not included in the Company's base rates in Docket No. 4770 and the change in the effective property rate applied to embedded net plant in Docket No. 4770; and (3) the reconciliation of the approved FY 2021 Gas ISR revenue requirement for vintage FY 2021 plant investment with the actual vintage FY 2021 revenue requirement on those investments. This reconciliation is necessary because the actual level of tax deductibility on FY 2021 investments was not known when the Company filed the FY 2021 ISR reconciliation and FY 2022 ISR Plan proposals. Detailed calculations of the updated FY 2021 revenue requirements reflecting actual FY 2021 tax depreciation on vintage FY 2021 ISR investments are presented on Column (a), Page 12 of Attachment SAB/JDO-1.

Q. Has the Company provided support for the actual level of FY 2022 ISR-eligible plant investments?

A. Yes. The description of the FY 2022 Gas ISR program and the amount of the incremental non-growth capital investment eligible for inclusion in the ISR mechanism are supported by the pre-filed direct testimony and supporting attachment of Mr. Kocon. The ultimate revenue requirement on the incremental non-growth capital investment equals the return on the investment (i.e., average rate base at the WACC), plus depreciation expense and property taxes associated with the investment. Incremental non-growth capital investment for this purpose is intended to represent the net change in rate base for non-growth infrastructure investments since the establishment of the Company's ISR mechanism effective April 1, 2011 and is defined as capital additions plus cost of removal, less annual depreciation expense embedded in the Company's rates, net of depreciation expense attributable to general plant. In accordance with the PUC's Order in Docket No. 5099 (FY 2022 Gas ISR), effective as of April 1, 2021, the Company has aligned "the calculation of its Gas ISR revenue requirement with the Electric ISR" and implemented the plant-in-service method to calculate the FY 2022 Gas ISR revenue requirement.

Q. What is the updated revenue requirement associated with actual capital investment?

A. The updated FY 2022 revenue requirement associated with the Company's actual incremental FY 2018 through FY 2022 eligible plant investments is $30,279,322. This amount includes the updated FY 2022 revenue requirement of $24,539,231 on actual FY 2018 through FY 2022 incremental investment, the FY 2022 property tax recovery adjustment of $5,242,146, and the reconciliation of the approved FY 2021 ISR revenue requirement for vintage FY 2021 investment with the actual FY 2021 revenue requirement of $497,945.

III. Conclusion

Q. Does this conclude your testimony?

A. Yes.

Index of Attachments

Attachment SAB/JDO-1	FY 2022 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement Calculation

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Annual Revenue Requirement Summary

Line No.		Approved Fiscal Year 2022 (a)	Actual Fiscal Year 2022 (b)	Variance Fiscal Year 2022 (c)
	Operation and Maintenance Expenses			
1	FY 2022 Operation and Maintenance Expense	$0	$0	$0
	Capital Investment:			
2	Actual 2022 Revenue Requirement on FY 2018 Incremental Capital Included in ISR Rate Base	$690,881	$690,881	$0
3	Actual 2022 Revenue Requirement on FY 2019 Incremental Capital Included in ISR Rate Base	$291,583	$291,583	$0
4	Actual 2022 Revenue Requirement on FY 2020 Incremental Capital Included in ISR Rate Base	$8,718,700	$8,718,700	$0
5	Actual 2022 Revenue Requirement on FY 2021 Incremental Capital Included in ISR Rate Base	$15,098,354	$8,861,951	($6,236,402)
6	Actual 2022 Revenue Requirement on FY 2022 Incremental Capital Included in ISR Rate Base	$5,634,198	$5,976,115	$341,917
7	Total Capital Investment Revenue Requirement	$30,433,716	$24,539,231	($5,894,485)
8	FY 2022 Property Tax Recovery Adjustment	$7,808,171	$5,242,146	($2,566,024)
9	True-Up for FY 2021 Income Tax		$497,945	$497,945
10	**Total Capital Investment Component of Revenue Requirement**	**$38,241,887**	**$30,279,322**	**($7,962,565)**
11	**Total Fiscal Year Revenue Requirement**	**$38,241,887**	**$30,279,322**	**($7,962,565)**
12	**Incremental Fiscal Year Rate Adjustment**		**($7,962,565)**	

Column Notes:
(a) RIPUC Docket No. 5099, Section 3, Attachment 1 (C), Page 1 of 25, Column (b)

Line Notes for Columns (b) only:
2 Page 2 of 25, Line 30, Col. (f)
3 Page 5 of 25, Line 29, Col. (e)
4 Page 8 of 25, Line 29, Col. (d)
5 Page 12 of 25, Line 29, Col. (c)
6 Page 15 of 25, Line 29, Col. (b)
7 Sum of Lines 2 through 6
9 Page 12 of 25, Line , Column 2021
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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
FY 2022 Revenue Requirement on FY 2018 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year 2018 (a)	Fiscal Year 2019 (b)	Fiscal Year 2020 (c)	Fiscal Year 2021 (d)	Fiscal Year 2022 (e)
	Depreciable Net Capital Included in ISR Rate Base							
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 18 of 25 , Line 3 ,Col (a)		$4,632,718	$0	$0	$0	$0
2	Retirements	Page 18 of 25 , Line 9 ,Col (a)		$12,059,428	$0	$0	$0	$0
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		($7,426,710)	($7,426,710)	($7,426,710)	($7,426,710)	($7,426,710)
	Change in Net Capital Included in ISR Rate Base							
4	Capital Included in ISR Rate Base	Line 1		$4,632,718	$0	$0	$0	$0
5	Depreciation Expense			$0	$0	$0	$0	$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		$4,632,718	$4,632,718	$4,632,718	$4,632,718	$4,632,718
7	Cost of Removal	Page 18 of 25 , Line 6 ,Col (a)		$1,941,168				
8	**Net Plant Amount**	Year 1 = Line 6 + Line 7, Then = Prior Year		**$6,573,886**	**$6,573,886**	**$6,573,886**	**$6,573,886**	**$6,573,886**
	Deferred Tax Calculation:							
9	Composite Book Depreciation Rate		1/	3.38%	3.15%	2.99%	2.99%	2.99%
10	Tax Depreciation	Year 1=Page 3 of 25, Line 24, Col (a); then = Page 3 of 25, Col (d)		$7,820,728	$21,720	$20,089	$18,585	$17,189
11	Cumulative Tax Depreciation	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10		$7,820,728	$7,842,448	$7,862,538	$7,881,123	$7,898,312
12	Book Depreciation	Year 1= Line 3 × Line 9 × 50%; then = Line 3 × Line 9		($125,511)	($234,127)	($222,059)	($222,059)	($222,059)
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12		($125,511)	($359,638)	($581,697)	($803,756)	($1,025,814)
14	Cumulative Book / Tax Timer	Line 11 - Line 13		$7,946,239	$8,202,087	$8,444,235	$8,684,878	$8,924,126
15	Effective Tax Rate		2/	21.00%	21.00%	21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15		$1,668,710	$1,722,438	$1,773,289	$1,823,824	$1,874,066
17	Less: FY 2018 Federal NOL	-Page 19 of 25, Line 12, Col (e)		($6,051,855)	($6,051,855)	($6,051,855)	($6,051,855)	($6,051,855)
18	Excess Deferred Tax	(Line 14 × 31.55% blended FY18 tax rate) - Line 16; then = Prior Year Line 18		$838,328	$838,328	$838,328	$838,328	$838,328
19	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17 + Line 18		($3,544,817)	($3,491,089)	($3,440,238)	($3,389,703)	($3,339,461)
	ISR Rate Base Calculation:							
20	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$6,573,886	$6,573,886	$6,573,886	$6,573,886	$6,573,886
21	Accumulated Depreciation	- Line 13		$125,511	$359,638	$581,697	$803,756	$1,025,814
22	Deferred Tax Reserve	- Line 19		$3,544,817	$3,491,089	$3,440,238	$3,389,703	$3,339,461
23	Year End Rate Base before Deferred Tax Proration	Sum of Lines 20 through 22		$10,244,214	$10,424,613	$10,595,821	$10,767,344	$10,939,161
	Revenue Requirement Calculation:							
24	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = 0; then Average of (Prior + Current Year Line 23)						$10,853,253
25	Proration Adjustment	Columns (f) and (g) :Page 4 of 25, Line 41, Col (g) and Col. (h)						$2,157
26	Average ISR Rate Base after Deferred Tax Proration	Line 24 + Line 25						$10,855,409
27	Pre-Tax ROR	Page 25 of 25, Line 30, Column (e)						8.41%
28	Return and Taxes	Line 26 × Line 27						$912,940
29	Book Depreciation	Year 1 = N/A; then = Line 12						($222,059)
30	**Annual Revenue Requirement**	Sum of Lines 28 through 29		**N/A**	**N/A**	**N/A**	**N/A**	**$690,881**

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
2/ The Federal Income Tax rate changed from 35% to 21% on Janurary 1, 2018 per the Tax Cuts and Jobs Act of 2017

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
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	Page 2 of 25, Line 1		$4,632,718	20 Year MACRS Depreciation			
2	Capital Repairs Deduction Rate	Per Tax Department	1/	85.43%				
3	Capital Repairs Deduction	Line 1 × Line 2		$3,957,731	MACRS basis:		$300,875	
							Annual	Cumulative
					Fiscal Year			
4	Bonus Depreciation				2018	3.75%	$11,283	$7,820,728
5	Plant Additions	Line 1		$4,632,718	2019	7.22%	$21,720	$7,842,448
6	Less Capital Repairs Deduction	Line 3		$3,957,731	2020	6.68%	$20,089	$7,862,538
7	Plant Additions Net of Capital Repairs Deduction	Line 5 - Line 6		$674,987	2021	6.18%	$18,585	$7,881,123
8	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	2022	5.71%	$17,189	$7,898,312
9	Plant Eligible for Bonus Depreciation	Line 7 × Line 8		$674,987	2023	5.29%	$15,901	$7,914,213
10	Bonus depreciation 100% category	100% × 15.86%	2/	15.86%	2024	4.89%	$14,707	$7,928,920
11	Bonus depreciation 50% category	50% × 58.05%	2/	29.03%	2025	4.52%	$13,606	$7,942,525
12	Bonus depreciation 40% category	40% × 26.35%	2/	10.54%	2026	4.46%	$13,425	$7,955,950
13	Bonus Depreciation Rate (October 2017 - March 2018)	1 × 50% × 0%	2/	0.00%	2027	4.46%	$13,422	$7,969,372
14	Total Bonus Depreciation Rate	Line 10 + Line 11 + Line 12 + Line 13		55.43%	2028	4.46%	$13,425	$7,982,797
15	Bonus Depreciation	Line 9 × Line 14		$374,112	2029	4.46%	$13,422	$7,996,219
					2030	4.46%	$13,425	$8,009,644
	Remaining Tax Depreciation				2031	4.46%	$13,422	$8,023,066
16	Plant Additions	Line 1		$4,632,718	2032	4.46%	$13,425	$8,036,491
17	Less Capital Repairs Deduction	Line 3		$3,957,731	2033	4.46%	$13,422	$8,049,913
18	Less Bonus Depreciation	Line 15		$374,112	2034	4.46%	$13,425	$8,063,338
19	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 16 - Line 17 - Line 18		$300,875	2035	4.46%	$13,422	$8,076,761
20	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	2036	4.46%	$13,425	$8,090,186
21	Remaining Tax Depreciation	Line 19 × Line 20		$11,283	2037	4.46%	$13,422	$8,103,608
					2038	2.23%	$6,713	$8,110,320
22	FY18 tax (gain)/loss on retirements	Per Tax Department	3/	$1,536,434		100.00%	$300,875	
23	Cost of Removal	Page 2 of 25, Line 7		$1,941,168				
24	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 21, 22 & 23		$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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2018 Incremental Capital Investment

Line No.	**Deferred Tax Subject to Proration**			(a) FY22
1	Book Depreciation	Page 2 of 25 , Line 12		($222,059)
2	Bonus Depreciation			$0
3	Remaining MACRS Tax Depreciation	Page 3 of 25 , Col (d)		($17,189)
4	FY18 tax (gain)/loss on retirements			$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4		($239,248)
6	Effective Tax Rate			21%
7	Deferred Tax Reserve	Line 5 × Line 6		($50,242)
	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)
15	Net Operating Loss			$0
16	Net Deferred Tax Reserve	Line 14 + Line 15		($50,242)
	Allocation of FY 2018 Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5		($239,248)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11		$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18		($239,248)
20	Total FY 2018 Federal NOL			$0
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20		$0
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20		$0
23	Effective Tax Rate			21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23		$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24		($50,242)
	Proration Calculation	(d) Number of Days in Month	(e) Proration Percentage	(f) 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)
40	Average Deferred Tax without Proration	Line 39 × 50%		($25,121)
41	Proration Adjustment	Line 38 - Line 40		$2,157

Column Notes:

(e)	Sum of remaining days in the year (Col (d)) ÷ 365
(g) & (h)	Current Year Line 25 ÷ 12 × Current Month Col (e)

7
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
FY 2022 Revenue Requirement on 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)
	Depreciable Net Capital Included in ISR Rate Base						
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 18 of 25 , Line 3 ,Col (b)		($914,000)	$0	$0	$0
2	Retirements	Page 18 of 25 , Line 9 ,Col (b)		($1,368,021)	$0	$0	$0
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		$454,021	$454,021	$454,021	$454,021
	Change in Net Capital Included in ISR Rate Base						
4	Capital Included in ISR Rate Base	Line 1		($914,000)	$0	$0	$0
5	Depreciation Expense			$0	$0	$0	$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		($914,000)	($914,000)	($914,000)	($914,000)
7	Cost of Removal	Page 18 of 25 , Line 6 ,Col (b)		$5,626,564			
8	**Net Plant Amount**	**Line 1 = Line 6+7; Then = Prior Year**		**$4,712,564**	**$4,712,564**	**$4,712,564**	**$4,712,564**
	Deferred Tax Calculation:						
9	Composite Book Depreciation Rate	As Approved in RIPUC Docket No. 4323 & 4770	1/	3.15%	2.99%	2.99%	2.99%
10	Tax Depreciation	Year 1 = Page 6 of 25, Line 21, Col (a); then = Page 6 of 25, Col (d)		$5,200,130	($8,390)	($7,760)	($7,179)
11	Cumulative Tax Depreciation	Line 10		$5,200,130	$5,191,739	$5,183,979	$5,176,799
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9		$7,157	$13,575	$13,575	$13,575
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12		$7,157	$20,732	$34,307	$47,883
14	Cumulative Book / Tax Timer	Line 11 - Line 13		$5,192,973	$5,171,007	$5,149,671	$5,128,917
15	Effective Tax Rate			21.00%	21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15		$1,090,524	$1,085,911	$1,081,431	$1,077,072
17	Add: FY 2019 Federal NOL incremental utilization	Page 18 of 25, Line 12, Col (b)		$286,350	$286,350	$286,350	$286,350
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17		$1,376,874	$1,372,261	$1,367,781	$1,363,422
	ISR Rate Base Calculation:						
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$4,712,564	$4,712,564	$4,712,564	$4,712,564
20	Accumulated Depreciation	- Line 13		($7,157)	($20,732)	($34,307)	($47,883)
21	Deferred Tax Reserve	- Line 18		($1,376,874)	($1,372,261)	($1,367,781)	($1,363,422)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21		$3,328,533	$3,319,570	$3,310,475	$3,301,259
	Revenue Requirement Calculation:						
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					$3,305,867
24	Proration Adjustment	Columns (e) and (f) :Page 7 of 25, Line 41, Col (g) and Col. (h)					($187)
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24					$3,305,680
26	Pre-Tax ROR	Page 25 of 25, Line 30, Column (e)					8.41%
27	Return and Taxes	Line 25 × Line 26					$278,008
28	Book Depreciation	Line 12					$13,575
29	**Annual Revenue Requirement**	**Sum of Lines 27 through 28**		**N/A**	**N/A**	**N/A**	**$291,583**

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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Incremental Capital Investment

Line No.				Fiscal Year 2019 (a)	(b)	(c)	(d)	(e)
	Capital Repairs Deduction							
1	Plant Additions	Page 5 of 25, Line 1		($914,000)				
2	Capital Repairs Deduction Rate	Per Tax Department	1/	85.18%				
3	Capital Repairs Deduction	Line 1 × Line 2		($778,545)	MACRS basis:		($116,227)	
							Annual	Cumulative
					Fiscal Year			
	Bonus Depreciation				2019	3.75%	($4,359)	$5,200,130
4	Plant Additions	Line 1		($914,000)	2020	7.22%	($8,390)	$5,191,739
5	Less Capital Repairs Deduction	Line 3		($778,545)	2021	6.68%	($7,760)	$5,183,979
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5		($135,455)	2022	6.18%	($7,179)	$5,176,799
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	2023	5.71%	($6,640)	$5,170,159
8	Plant Eligible for Bonus Depreciation	Line 6 × Line 7		($135,455)	2024	5.29%	($6,143)	$5,164,017
9	Bonus Depreciation Rate (30% Eligible)	1 × 30% × 11.65%	2/	3.50%	2025	4.89%	($5,681)	$5,158,335
10	Bonus Depreciation Rate (40% Eligible)	1 × 40% × 26.75%	2/	10.70%	2026	4.52%	($5,256)	$5,153,080
11	Total Bonus Depreciation Rate	Line 9 + Line 10		14.20%	2027	4.46%	($5,186)	$5,147,894
12	Bonus Depreciation	Line 8 × Line 11		($19,228)	2028	4.46%	($5,185)	$5,142,709
					2029	4.46%	($5,186)	$5,137,523
	Remaining Tax Depreciation				2030	4.46%	($5,185)	$5,132,338
13	Plant Additions	Line 1		($914,000)	2031	4.46%	($5,186)	$5,127,152
14	Less Capital Repairs Deduction	Line 3		($778,545)	2032	4.46%	($5,185)	$5,121,967
15	Less Bonus Depreciation	Line 12		($19,228)	2033	4.46%	($5,186)	$5,116,781
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15		($116,227)	2034	4.46%	($5,185)	$5,111,596
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	2035	4.46%	($5,186)	$5,106,410
18	Remaining Tax Depreciation	Line 16 × Line 17		($4,359)	2036	4.46%	($5,185)	$5,101,225
					2037	4.46%	($5,186)	$5,096,039
19	FY19 tax (gain)/loss on retirements	Per Tax Department	3/	$375,698	2038	4.46%	($5,185)	$5,090,854
20	Cost of Removal	Page 5 of 25, Line 7		$5,626,564	2039	2.23%	($2,593)	$5,088,261
						100.00%	($116,227)	$0
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20		$5,200,130				

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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2019 Incremental Capital Investment

Line No.			(a) FY22
	Deferred Tax Subject to Proration		
1	Book Depreciation	Page 5 of 25 , Line 12	$13,575
2	Bonus Depreciation		$0
3	Remaining MACRS Tax Depreciation	Page 6 of 25 , Col (d)	$7,179
4	FY19 tax (gain)/loss on retirements		$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	$20,755
6	Effective Tax Rate		21%
7	Deferred Tax Reserve	Line 5 × Line 6	$4,358
	Deferred Tax Not Subject to Proration		
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
12	Effective Tax Rate		21%
13	Deferred Tax Reserve	Line 11 × Line 12	$0
14	Total Deferred Tax Reserve	Line 7 + Line 13	$4,358
15	Net Operating Loss		$0
16	Net Deferred Tax Reserve	Line 14 + Line 15	$4,358
	Allocation of FY 2019 Estimated Federal NOL		
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	$20,755
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	$20,755
20	Total FY 2019 Federal NOL		$0
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	$0
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	$0
23	Effective Tax Rate		21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	$4,358

Line No.	Proration Calculation	(d) Number of Days in Month	(e) Proration Percentage	(f) FY22
26	April	30	91.78%	$333
27	May	31	83.29%	$303
28	June	30	75.07%	$273
29	July	31	66.58%	$242
30	August	31	58.08%	$211
31	September	30	49.86%	$181
32	October	31	41.37%	$150
33	November	30	33.15%	$120
34	December	31	24.66%	$90
35	January	31	16.16%	$59
36	February	28	8.49%	$31
37	March	31	0.00%	$0
38	Total	365		$1,992

Line No.			
39	Deferred Tax Without Proration	Line 25	$4,358
40	Average Deferred Tax without Proration	Line 39 × 50%	$2,179
41	Proration Adjustment	Line 38 - Line 40	($187)

Column Notes:

(e)	Sum of remaining days in the year (Col (d)) ÷ 365
(g) & (h)	Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
FY 2022 Revenue Requirement on FY 2020 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year 2020 (a)	Fiscal Year 2021 (b)	Fiscal Year 2022 (c)
	Depreciable Net Capital Included in ISR Rate Base					
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
2	Retirements	Page 18 of 25 , Line 9 ,Col (c)		$4,276,135	$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
	Change in Net Capital Included in ISR Rate Base					
4	Capital Included in ISR Rate Base	Line 1		$105,296,046	$0	$0
5	Depreciation Expense	Page 22 of 25, Line 72(c)		$23,534,853	$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
7	Cost of Removal	Page 18 of 25 , Line 6 ,Col (c)		$7,055,630		
8	**Net Plant Amount**	Line 1 = Line 6+7; Then = Prior Year		**$88,816,823**	**$88,816,823**	**$88,816,823**
	Deferred Tax Calculation:					
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 9 of 25, Line 21, Col (a); then =Page 9 of 25, Col (d)		$89,531,414	$1,753,362	$1,621,720
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
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9		$1,510,248	$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
14	Cumulative Book / Tax Timer	Line 11 - Line 13		$88,021,166	$86,754,032	$85,355,257
15	Effective Tax Rate			21.00%	21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15		$18,484,445	$18,218,347	$17,924,604
17	Add: FY 2020 Federal NOL utilization	Page 18 of 25, Line 12, Col (c)		($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
	ISR Rate Base Calculation:					
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$88,816,823	$88,816,823	$88,816,823
20	Accumulated Depreciation	- Line 13		($1,510,248)	($4,530,743)	($7,551,238)
21	Deferred Tax Reserve	- Line 18		($15,421,386)	($15,155,288)	($14,861,545)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21		$71,885,189	$69,130,792	$66,404,039
	Revenue Requirement Calculation:					
23	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Line 22 × Page 11 of 25, Line 16; then = Average of (Prior Year Line 22 + Current Year Line 22/2)				$67,767,415
24	Proration Adjustment	Year 1 and 2 =0; then = Page 10 of 25, Line 41, Col (g) and Col. (h)				($12,306)
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24				$67,755,109
26	Pre-Tax ROR	Page 25 of 25, Line 30, Column (e)				8.41%
27	Return and Taxes	Line 25 × Line 26				$5,698,205
28	Book Depreciation	Line 12				$3,020,495
29	**Annual Revenue Requirement**	Sum of Lines 27 through 28		**N/A**	**N/A**	**$8,718,700**

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

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
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	Page 8 of 25, Line 1		$105,296,046	20 Year MACRS Depreciation			
2	Capital Repairs Deduction Rate	Per Tax Department	1/	76.14%				
3	Capital Repairs Deduction	Line 1 × Line 2		$80,172,409	MACRS basis:		$24,288,150	
							Annual	Cumulative
					Fiscal Year			
	Bonus Depreciation				2020	3.75%	$910,806	$89,531,414
4	Plant Additions	Line 1		$105,296,046	2021	7.22%	$1,753,362	$91,284,775
5	Less Capital Repairs Deduction	Line 3		$80,172,409	2022	6.68%	$1,621,720	$92,906,495
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5		$25,123,637	2023	6.18%	$1,500,279	$94,406,774
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	2024	5.71%	$1,387,582	$95,794,356
8	Plant Eligible for Bonus Depreciation	Line 6 × Line 7		$25,123,637	2025	5.29%	$1,283,629	$97,077,985
9	Bonus Depreciation Rate 30%, up to December 31, 2019	14.78% × 30% × 75%	2/	3.33%	2026	4.89%	$1,187,205	$98,265,189
10	Bonus Depreciation Rate 0%, after December 31, 2019			0.00%	2027	4.52%	$1,098,310	$99,363,499
11	Total Bonus Depreciation Rate	Line 9 + Line 10		3.33%	2028	4.46%	$1,083,737	$100,447,237
12	Bonus Depreciation	Line 8 × Line 11		$835,487	2029	4.46%	$1,083,494	$101,530,731
					2030	4.46%	$1,083,737	$102,614,468
	Remaining Tax Depreciation				2031	4.46%	$1,083,494	$103,697,963
13	Plant Additions	Line 1		$105,296,046	2032	4.46%	$1,083,737	$104,781,700
14	Less Capital Repairs Deduction	Line 3		$80,172,409	2033	4.46%	$1,083,494	$105,865,194
15	Less Bonus Depreciation	Line 12		$835,487	2034	4.46%	$1,083,737	$106,948,932
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15		$24,288,150	2035	4.46%	$1,083,494	$108,032,426
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	2036	4.46%	$1,083,737	$109,116,163
18	Remaining Tax Depreciation	Line 16 × Line 17		$910,806	2037	4.46%	$1,083,494	$110,199,658
					2038	4.46%	$1,083,737	$111,283,395
19	FY20 tax (gain)/loss on retirements	Per Tax Department	3/	$557,081	2039	4.46%	$1,083,494	$112,366,889
20	Cost of Removal	Page 8 of 25, Line 7		$7,055,630	2040	2.23%	$541,869	$112,908,758
						100.00%	$24,288,150	
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20		$89,531,414				

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
3/ Actual Loss based on FY2020 tax return

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2020 Incremental Capital Investments

Line No.	Deferred Tax Subject to Proration		(a) FY22
1	Book Depreciation	Page 8 of 25 , Line 12	$3,020,495
2	Bonus Depreciation		$0
3	Remaining MACRS Tax Depreciation	Page 9 of 25 , Col (d)	($1,621,720)
4	FY20 tax (gain)/loss on retirements	Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0	$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	$1,398,776
6	Effective Tax Rate		21%
7	Deferred Tax Reserve	Line 5 × Line 6	$293,743
	Deferred Tax Not Subject to Proration		
8	Capital Repairs Deduction	Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0	
9	Cost of Removal	Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0	
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
15	Net Operating Loss		
16	Net Deferred Tax Reserve	Line 14 + Line 15	$293,743
	Allocation of FY 2018 Estimated Federal NOL		
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	$1,398,776
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	$1,398,776
20	Total FY 2020 Federal NOL	Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0	
21	Allocated FY 2020 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	
22	Allocated FY 2020 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	
23	Effective Tax Rate		
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	$293,743

Line No.	Proration Calculation	(d) Number of Days in Month	(e) Proration Percentage	(f) 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

39	Deferred Tax Without Proration	Line 25	$293,743
40	Average Deferred Tax without Proration	Line 39 × 50%	$146,871
41	Proration Adjustment	Line 38 - Line 40	($12,306)

Column Notes:

(e) Sum of remaining days in the year (Col (h)) divided by 365

(g) & (h) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
ISR Additions April 2019 through March 2020

Line No.	Month No.	Month	FY 2020 ISR Additions	In Rates	Not In Rates	Weight for Days	Weighted Average	Weight for Investment
1			(a)	(b)	(c) = (a) - (b)	(d)	(e) = (d) × (c)	(f)=(c)÷Total(c)
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	**Total Additions September 2019 through March 2020**				**$84,069,881**			
16	**FY 2020 Weighted Average Incremental Rate Base Percentage**						**39.25%**	

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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
FY 2022 Revenue Requirement on FY 2021 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year 2021 (a)	Fiscal Year 2022 (b)
	Depreciable Net Capital Included in ISR Rate Base				
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 21 of 28 , Line 3 ,Col (d)		$110,177,659	$0
2	Retirements	Page 21 of 28 , Line 9 ,Col (d)		$3,860,987	$0
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		$106,316,672	$106,316,672
	Change in Net Capital Included in ISR Rate Base				
4	Capital Included in ISR Rate Base	Line 1		$110,177,659	$0
5	Depreciation Expense	Page 18 of 22, Line 78(c)		$40,700,586	$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		$69,477,072	$69,477,072
7	Cost of Removal	Page 21 of 28 , Line 6 ,Col (d)		$8,861,636	$8,861,636
8	**Net Plant Amount**	**Line 6 + Line 7**		**$78,338,709**	**$78,338,709**
	Deferred Tax Calculation:				
9	Composite Book Depreciation Rate	Page 21 of 28, Line 86(e)	1/	2.99%	2.99%
10	Tax Depreciation	Year 1 =Page 13 of 25, Line 21, Col (a); then = Page 13 of 25, Col (d)		$63,538,144	$4,232,177
11	Cumulative Tax Depreciation	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10		$63,538,144	$67,770,322
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9		$1,589,434	$3,178,868
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12		$1,589,434	$4,768,303
14	Cumulative Book / Tax Timer	Line 11 - Line 13		$61,948,710	$63,002,019
15	Effective Tax Rate			21.00%	21.00%
16	Deferred Tax Reserve	Line 14 × Line 15		$13,009,229	$13,230,424
17	Add: FY 2021 Federal NOL utilization	Page 15 of 22 , Line 12 ,Col (d)		($5,525,796)	($5,525,796)
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17		$7,483,434	$7,704,628
	ISR Rate Base Calculation:				
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$78,338,709	$78,338,709
20	Accumulated Depreciation	- Line 13		($1,589,434)	($4,768,303)
21	Deferred Tax Reserve	- Line 18		($7,483,434)	($7,704,628)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21		$69,265,841	$65,865,777
	Revenue Requirement Calculation:				
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		$34,632,920	$67,565,809
24	Proration Adjustment	Year 1 =0; then = Page 14 of 25, Line , Col (i) and Col. (j)		$5,490	$9,494
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24		$34,638,410	$67,575,303
26	Pre-Tax ROR	Page 22 of 22, Line 30, Column (e)		8.41%	8.41%
27	Return and Taxes	Line 25 × Line 26		$2,913,090	$5,683,083
28	Book Depreciation	Line 12		$1,589,434	$3,178,868
29	**Annual Revenue Requirement**	**Sum of Lines 27 through 28**		**$4,502,525**	**$8,861,951**
30	Docket No. 5165 FY 2021 Gas ISR Reconciliation, Page 1, Line 5(b)			$4,004,580	
31	2021 Tax True-Up			$497,945	

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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
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	Page 12 of 25, Line 1		$110,177,659	20 Year MACRS Depreciation			
2	Capital Repairs Deduction Rate	Per Tax Department	1/	46.79%				
3	Capital Repairs Deduction	Line 1 × Line 2		$51,552,126	MACRS basis:		$58,625,533	
							Annual	Cumulative
					Fiscal Year			
	Bonus Depreciation				2021	3.75%	$2,198,457	$63,538,144
4	Plant Additions	Line 1		$110,177,659	2022	7.22%	$4,232,177	$67,770,322
5	Less Capital Repairs Deduction	Line 3		$51,552,126	2023	6.68%	$3,914,427	$71,684,748
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5		$58,625,533	2024	6.18%	$3,621,299	$75,306,048
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	2025	5.71%	$3,349,277	$78,655,324
8	Plant Eligible for Bonus Depreciation	Line 6 × Line 7		$0	2026	5.29%	$3,098,359	$81,753,684
9	Bonus Depreciation Rate ()	Per Tax Department		0.00%	2027	4.89%	$2,865,616	$84,619,300
10	Bonus Depreciation Rate ()	Per Tax Department		0.00%	2028	4.52%	$2,651,047	$87,270,346
11	Total Bonus Depreciation Rate	Line 9 + Line 10		0.00%	2029	4.46%	$2,615,871	$89,886,218
12	Bonus Depreciation	Line 8 × Line 11		$0	2030	4.46%	$2,615,285	$92,501,503
					2031	4.46%	$2,615,871	$95,117,374
	Remaining Tax Depreciation				2032	4.46%	$2,615,285	$97,732,659
13	Plant Additions	Line 1		$110,177,659	2033	4.46%	$2,615,871	$100,348,530
14	Less Capital Repairs Deduction	Line 3		$51,552,126	2034	4.46%	$2,615,285	$102,963,815
15	Less Bonus Depreciation	Line 12		$0	2035	4.46%	$2,615,871	$105,579,686
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15		$58,625,533	2036	4.46%	$2,615,285	$108,194,971
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	2037	4.46%	$2,615,871	$110,810,843
18	Remaining Tax Depreciation	Line 16 × Line 17		$2,198,457	2038	4.46%	$2,615,285	$113,426,128
					2039	4.46%	$2,615,871	$116,041,999
19	FY21 tax (gain)/loss on retirements	Per Tax Department	2/	925,925	2040	4.46%	$2,615,285	$118,657,284
20	Cost of Removal	Page 12 of 25, Line 7		$8,861,636	2041	2.23%	$1,307,936	$119,965,219
						100.00%	$58,625,533	
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20		$63,538,144				

1/ Capital Repairs percentage is the actual result of FY2021 tax return
2/ Actual Loss based on FY2021 tax return

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2021 Incremental Capital Investments

Line No.				FY21 (a)	FY22 (b)
	Deferred Tax Subject to Proration				
1	Book Depreciation	Page 12 of 25 , Line 12		$1,589,434	$3,178,868
2	Bonus Depreciation				
3	Remaining MACRS Tax Depreciation	Page 13 of 25 , Col (d)		($2,198,457)	($4,232,177)
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		($609,023)	($1,053,309)
6	Effective Tax Rate			21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6		($127,895)	($221,195)
	Deferred Tax Not Subject to Proration				
8	Capital Repairs Deduction	Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 Col (a)			
9	Cost of Removal	Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 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		($127,895)	($221,195)
15	Net Operating Loss	Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 Col (a)			
16	Net Deferred Tax Reserve	Line 14 + Line 15		($127,895)	($221,195)
	Allocation of FY 2021 Estimated Federal NOL				
17	Cumulative Book/Tax Timer Subject to Proration	Line 5		($609,023)	($1,053,309)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11		$0	$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18		($609,023)	($1,053,309)
20	Total FY 2021 Federal NOL	Col (a): Docket 4996, R.S. 3, Att. 1R, page 14 Col (a)			
21	Allocated FY 2021 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20			
22	Allocated FY 2021 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20			
23	Effective Tax Rate				
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23			
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24		($127,895)	($221,195)
		(e)	(f)	(g)	(h)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY21	FY22
26	April	30	91.78%	($9,782)	($16,918)
27	May	31	83.29%	($8,877)	($15,352)
28	June	30	75.07%	($8,001)	($13,837)
29	July	31	66.58%	($7,096)	($12,272)
30	August	31	58.08%	($6,190)	($10,706)
31	September	30	49.86%	($5,314)	($9,191)
32	October	31	41.37%	($4,409)	($7,626)
33	November	30	33.15%	($3,533)	($6,111)
34	December	31	24.66%	($2,628)	($4,545)
35	January	31	16.16%	($1,723)	($2,980)
36	February	28	8.49%	($905)	($1,566)
37	March	31	0.00%	$0	$0
38	Total	365		($58,458)	($101,103)
39	Deferred Tax Without Proration	Line 25		($127,895)	($221,195)
40	Average Deferred Tax without Proration	Line 39 × 0.5		($63,947)	($110,597)
41	Proration Adjustment	Line 38 - Line 40		$5,490	$9,494

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

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
FY 2022 Revenue Requirement on FY 2022 Forecasted Incremental Gas Capital Investment

Line No.				Fiscal Year 2022 (a)
	Depreciable Net Capital Included in ISR Rate Base			
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 18 of 25 , Line 3 ,Col (e)		$156,694,227
2	Retirements	Page 18 of 25 , Line 9 ,Col (e)		$6,258,509
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		$150,435,718
	Change in Net Capital Included in ISR Rate Base			
4	Capital Included in ISR Rate Base	Line 1		$156,694,227
5	Depreciation Expense	Page 22 of 25, Line 77(c)		$40,954,246
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		$115,739,981
7	Cost of Removal	Page 18 of 25 , Line 6 ,Col (e)		$10,773,005
8	**Net Plant Amount**	**Line 6 + Line 7**		**$126,512,985**
	Deferred Tax Calculation:			
9	Composite Book Depreciation Rate	Page 20 of 25, Line 86(e)	1/	2.99%
10	Tax Depreciation	Year 1 =Page 16 of 25, Line 21, Col (a); then = Page 16 of 25, Col (d)		$140,549,763
11	Cumulative Tax Depreciation	Year 1 = Line 10; then = Prior Year Line 11 + Current Year Line 10		$140,549,763
12	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9		$2,249,014
13	Cumulative Book Depreciation	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12		$2,249,014
14	Cumulative Book / Tax Timer	Line 11 - Line 13		$138,300,749
15	Effective Tax Rate			21.00%
16	Deferred Tax Reserve	Line 14 × Line 15		$29,043,157
17	Add: FY 2022 Federal NOL utilization	Page 18 of 25 , Line 12 ,Col (e)		$6,564,587
18	Net Deferred Tax Reserve before Proration Adjustment	Line 16 + Line 17		$35,607,744
	ISR Rate Base Calculation:			
19	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$126,512,985
20	Accumulated Depreciation	- Line 13		($2,249,014)
21	Deferred Tax Reserve	- Line 18		($35,607,744)
22	Year End Rate Base before Deferred Tax Proration	Sum of Lines 19 through 21		$88,656,227
	Revenue Requirement Calculation:			
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		$44,328,114
24	Proration Adjustment	Page 17 of 25, Line 41, Col (g) and Col. (h)		($10,623)
25	Average ISR Rate Base after Deferred Tax Proration	Line 23 + Line 24		$44,317,491
26	Pre-Tax ROR	Page 25 of 25, Line 30, Column (e)		8.41%
27	Return and Taxes	Line 25 × Line 26		$3,727,101
28	Book Depreciation	Line 12		$2,249,014
29	**Annual Revenue Requirement**	**Sum of Lines 27 through 28**		**$5,976,115**

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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2022 Incremental Capital Investments

Line No.				Fiscal Year 2022 (a)
	Capital Repairs Deduction			
1	Plant Additions	Page 15 of 25, Line 1		$156,694,227
2	Capital Repairs Deduction Rate	Per Tax Department	1/	81.78%
3	Capital Repairs Deduction	Line 1 × Line 2		$128,149,240
	Bonus Depreciation			
4	Plant Additions	Line 1		$156,694,227
5	Less Capital Repairs Deduction	Line 3		$128,149,240
6	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5		$28,544,987
7	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%
8	Plant Eligible for Bonus Depreciation	Line 6 × Line 7		$0
9	Bonus Depreciation Rate 30%	Per Tax Department		0.00%
10	Bonus Depreciation Rate 0%	Per Tax Department		0.00%
11	Total Bonus Depreciation Rate	Line 9 + Line 10		0.00%
12	Bonus Depreciation	Line 8 × Line 11		$0
	Remaining Tax Depreciation			
13	Plant Additions	Line 1		$156,694,227
14	Less Capital Repairs Deduction	Line 3		$128,149,240
15	Less Bonus Depreciation	Line 12		$0
16	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 13 - Line 14 - Line 15		$28,544,987
17	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%
18	Remaining Tax Depreciation	Line 16 × Line 17		$1,070,437
19	FY22 tax (gain)/loss on retirements	Per Tax Department	2/	557,081
20	Cost of Removal	Page 15 of 25, Line 7		$10,773,005
21	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 12, 18, 19 & 20		$140,549,763

20 Year MACRS Depreciation

(b)	(c)	(d)	(e)
MACRS basis:		$28,544,987	
		Annual	Cumulative
Fiscal Year			
2022	3.75%	$1,070,437	$140,549,763
2023	7.22%	$2,060,663	$142,610,426
2024	6.68%	$1,905,949	$144,516,375
2025	6.18%	$1,763,224	$146,279,599
2026	5.71%	$1,630,775	$147,910,374
2027	5.29%	$1,508,603	$149,418,976
2028	4.89%	$1,395,279	$150,814,255
2029	4.52%	$1,290,804	$152,105,059
2030	4.46%	$1,273,677	$153,378,737
2031	4.46%	$1,273,392	$154,652,129
2032	4.46%	$1,273,677	$155,925,806
2033	4.46%	$1,273,392	$157,199,198
2034	4.46%	$1,273,677	$158,472,875
2035	4.46%	$1,273,392	$159,746,267
2036	4.46%	$1,273,677	$161,019,944
2037	4.46%	$1,273,392	$162,293,336
2038	4.46%	$1,273,677	$163,567,014
2039	4.46%	$1,273,392	$164,840,405
2040	4.46%	$1,273,677	$166,114,083
2041	4.46%	$1,273,392	$167,387,475
2042	2.23%	$636,839	$168,024,313
	100.00%	$28,544,987	

1/ Capital Repairs percentage is based on a three-year average of FYs 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 Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2022 Incremental Capital Investments

Line No.	**Deferred Tax Subject to Proration**			(a) FY22
1	Book Depreciation	Page 15 of 25 , Line 12 ,Col (b) and Col (c)		$2,249,014
2	Bonus Depreciation	- Page 16 of 25 , Line 12 ,Col (a)		
3	Remaining MACRS Tax Depreciation	- Page 16 of 25 , Col (d)		($1,070,437)
4	FY22 tax (gain)/loss on retirements	- Page 16 of 25 , Line 19 ,Col (a)		$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4		$1,178,577
6	Effective Tax Rate			21%
7	Deferred Tax Reserve	Line 5 × Line 6		$247,501
	Deferred Tax Not Subject to Proration			
8	Capital Repairs Deduction			
9	Cost of Removal			
10	Book/Tax Depreciation Timing Difference at 3/31/2022			
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		$247,501
15	Net Operating Loss	- Page 15 of 25 , Line 17 ,Col (a)		
16	Net Deferred Tax Reserve	Line 14 + Line 15		$247,501
	Allocation of FY 2022 Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5		
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11		
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18		
20	Total FY 2022 Federal NOL	- Page 15 of 25 , Line 17 ,Col (a)÷21%		
21	Allocated FY 2022 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20		
22	Allocated FY 2022 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20		
23	Effective Tax Rate			
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23		
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24		$247,501
		(d)	(e)	(f)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY22
26	April	30	91.78%	$18,930
27	May	31	83.29%	$17,178
28	June	30	75.07%	$15,483
29	July	31	66.58%	$13,731
30	August	31	58.08%	$11,980
31	September	30	49.86%	$10,284
32	October	31	41.37%	$8,533
33	November	30	33.15%	$6,837
34	December	31	24.66%	$5,086
35	January	31	16.16%	$3,334
36	February	28	8.49%	$1,752
37	March	31	0.00%	$0
38	Total	365		$113,127
39	Deferred Tax Without Proration	Line 25		$247,501
40	Average Deferred Tax without Proration	Line 39 × 0.5		$123,751
41	Proration Adjustment	Line 38 - Line 40		($10,623)

Column Notes:
(e) Sum of remaining days in the year (Col (h)) divided by 365
(g) & (h) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
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)	Actual Fiscal Year 2021 (d)	Plan Fiscal Year 2022 (e)
	Capital Investment						
1	ISR-eligible Capital Investment	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Reconciliation Filing	$97,809,718	$92,263,000	$144,119,796	$110,177,659	$156,694,227
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); Col(d) = Line 1(h) + 1(j)	$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	$110,177,659	$156,694,227
	Cost of Removal						
4	ISR-eligible Cost of Removal	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Reconciliation Filing	$8,603,224	$11,583,085	$10,161,508	$9,975,152	$11,244,351
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	$8,861,636	$10,773,005
	Retirements						
7	ISR-eligible Retirements	Col (a)=Docket No. 4678 FY18 ISR Reconciliation Filing; Col (b)=Docket No. 4781 FY19 ISR Reconciliation Filing; Col (c)=Docket No. 4916 FY20 ISR Reconciliation Filing; Col (d)=Docket No. 4996 FY21 ISR Reconciliation Filing; Col (e)=Docket No. 5099 FY22 ISR Reconciliation Filing;	$24,056,661	$6,531,844	$8,395,321	$5,337,792	$6,883,634
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	$3,860,987	$6,258,509
	(NOL)/ NOL Utilitization						
10	ISR (NOL)/NOL Utilization Per ISR	Page 19 of 25, Line 12	($6,051,855)	$1,091,119	$0	$2,072,387	$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)	($5,525,796)	$6,564,587

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Deferred Income Tax ("DIT") Provisions and Net Operating Losses ("NOL")

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
			Test Year July 2016 - June 2017					Jul & Aug 2017	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		$29,439,421					$5,223,437	$20,453,237	$16,078,372	$5,085,206	$7,746,916
2	Excess DIT amortization							$0	$0	($1,470,238)	($1,470,238)	($1,470,238)
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
3	Total Base Rate Plant DIT Provision							$24,514,347.17	$17,043,594	$8,195,453.84	$5,167,632	$2,615,282.52
4	Incremental FY 18	$2,507,039	$2,560,766	$2,611,618	$2,662,153	$2,712,395	$2,762,366	$2,507,039	$53,728	$50,851	$50,535	$50,242
5	Incremental FY 19	$0	$1,090,524	$1,085,911	$1,081,431	$1,077,072	$1,072,827	$0	$1,090,524	($4,613)	($4,480)	($4,358)
6	Incremental FY 20	$0	$0	$18,484,445	$18,218,347	$17,924,604	$17,605,358	$0	$0	$18,484,445	($266,098)	($293,743)
7	Incremental FY 21				$13,009,229	$13,230,424	$13,384,891			$0	$13,009,229	$221,195
8	Incremental FY 22					$29,043,157	$28,531,311					$29,043,157
9	Incremental FY 23						$25,440,967					
10	TOTAL Plant DIT Provision	$2,507,039	$3,651,291	$22,181,974	$34,971,160	$63,987,652	$88,797,721	$27,021,386	$18,187,846	$26,726,137	$17,956,818	$31,631,775
11	NOL (Utilization)							$6,051,855	($1,091,119)	$0	($2,072,387)	($10,722,358)
12	Lesser of NOL or DIT Provision							$6,051,855	($1,091,119)	$0	($2,072,387)	($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(g) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 3 plus Line 4
1(h) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 7
1(i) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 11 of 23, Line 50
1(j) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 41
1(k) RIPUC Docket Nos. 4770/4780, Compliance, Revised Rebuttal Attachment 1, Schedule 11-GAS, Page 12 of 23, Line 51
1(l) 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) × 25% + Line 1(f) + Line 1(g) × 7/12; Col (g) = Line 1(g) × 5/12 + Line 1(h) × 7/12 + Line (2(g) x 5/12 + Line 2(h) × 7/12; Col (h) = Line 1(h) × 5/12 + Line 1(i) × 7/12 + Line (2(h) x 5/12 + Line 2(i) ×
4(a)-9(f) 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(g)-9(m) Year over year change in cumulative DIT shown in Cols (a) through (f)
10 Sum of Lines 3 through 9
11 Col (f)~(g) = Docket no. 4916 FY 20 ISR Rec, Att. MAL-1, p.19, L. 8; Col (h) ~Col (j) Per Tax Department
12 Lesser of Line 9 or Line 10
12 Lesser of Line 9 or Line 10

The Narragansett Electric Company
d/b/a Rhode Island Energy
ISR Depreciation Expense per Rate Case RIPUC Docket No. 4770

	Account No.	Account Title	Test Year 1/ June 30, 2017 (a)	ARO Adjustment (b)	Adjustments June 30, 2017 (c)	Adjusted Balance (d) = (a) + (b) + (c)	Proposed Rate (e)	Depreciation Expense (f) = (d) x (e)
		Intangible Plant						
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								
7		Production Plant						
8								
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 Equipme	$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								
17		Storage Plant						
18								
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								
26		Distribution Plant						
27								
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 - Sl	$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 Measur & 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. Measur. 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								
65		General Plant						
66								
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%	
83		Other Utility Plant Assets						
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		

Lines 1 through 81 - per RIPUC Docket No. 4770 Compliance filing dated August 16, 2018 , Compliance Attachment 2, Schedule 6-GAS, Pages 3 & 4

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 Rhode Island Energy
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 Rhode Island Energy
Gas ISR Depreciation Expense

Line No	Description		Reference	Amount	Less non-ISR eligible Plant	ISR Amount
				(a)	(b)	(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				Per Book		
8	Test Year Depreciation Expense 12 Months Ended 06/30/17:			Amount		
9	Total Gas Utility Plant 06/30/17		Page 4, Line 27, Col (d)	$1,405,994,678	($77,133,057)	$1,328,861,622
10	Less Non Depreciable Plant		Sum of Page 3, Line 5, Col (d) and Page 4, Line 25, 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 2
Schedule 6-GAS
Page 2 of 5

The Narragansett Electric Company d/b/a Rhode Island Energy
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 Rhode Island Energy
Gas ISR Depreciation Expense

Line No	Description		Reference	Amount	Less non-ISR eligible Plant	ISR Amount
				(a)	(b)	(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 08/31/19		Sum of Line 15 through Line 19	$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(l)	$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 Rhode Island Energy
FY 2022 ISR Property Tax Recovery Adjustment
(000s)

Line		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		End of FY 2018	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2019
1	Plant In Service	$1,195,705	$92,263	$24,845	$117,108		($6,844)		$0	$1,305,969
2	Accumulated Depr	$414,713				$40,858	($6,844)	($6,123)		$442,604
3	Net Plant	$780,992								$863,364
4	Property Tax Expense	$22,678								$23,283
5	Effective Prop tax Rate	2.90%								2.70%
		End of FY 2019	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2020
6	Plant In Service	$1,305,969	$144,120	$22,074	$166,193		($8,567)		$0	$1,463,595
7	Accumulated Depr	$442,604				$41,588	($8,567)	($10,162)		$465,463
8	Net Plant	$863,364								$998,132
9	Property Tax Expense	$23,283								$25,959
10	Effective Prop tax Rate	2.70%								2.60%
		End of FY 2020	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr (1)	Retirements	COR	Adjustment	End of FY 2021
11	Plant In Service	$1,463,595	$110,178	$97,667	$207,844		($5,766)		($26,386)	$1,639,288
12	Accumulated Depr	$465,463				$45,652	($5,766)	($11,566)	($32,599)	$461,185
13	Net Plant	$998,132								$1,178,103
14	Property Tax Expense	$25,959								$28,846
15	Effective Prop tax Rate	2.60%								2.45%
		End of FY 2021	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2022
16	Plant In Service	$1,639,288	$156,694	$29,406	$186,100		($7,443)			$1,817,945
17	Accumulated Depr	$461,185				$51,439	($7,443)	($11,244)		$493,937
18	Net Plant	$1,178,103								$1,324,008
19	Property Tax Expense	$28,846								$33,631
20	Effective Prop tax Rate	2.45%								2.54%

Line			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
			Cumulative Increm. ISR Prop. Tax for FY2018				Cumulative Increm. ISR Prop. Tax for FY2019 1st 5 month				Cumulative Increm. ISR Prop. Tax for FY2019 7 months		
21	Incremental ISR Additions			$97,810				$92,263				($914)	
22	Book Depreciation: base allowance on ISR eligible plant			($24,356)				($24,356)				$0	
23	Book Depreciation: current year ISR additions			($1,246)				($1,449)				($7)	
24	COR			$8,603				$11,583				$5,627	
25	Net Plant Additions			$80,811				$78,041				$4,705	
26	RY Effective Tax Rate			3.06%				3.06%				2.92%	
										7 mos		1.70%	
27	ISR Year Effective Tax Rate		2.90%				2.70%						
28	RY Effective Tax Rate		3.06%	-0.15%			3.06%	-0.36%			2.70%		
29	RY Effective Tax Rate 5 mos for FY 2019					5 month		-0.15%			2.92%	-0.22%	
30	RY Net Plant times 5 mo rate	7 month	$458,057	-0.15%	($694)		$458,057	-0.15%	($684)			-0.13% 7 mos	
31	FY 2014 Net Adds times ISR Year Effective Tax rate	7 month	$6,343	2.90%	$184		$5,950	1.12%	$67		$919,892	* -0.13%	($1,203)
32	FY 2015 Net Adds times ISR Year Effective Tax rate	7 month	$42,913	2.90%	$1,246		$39,920	1.12%	$449				$0
33	FY 2016 Net Adds times ISR Year Effective Tax rate		$59,527	2.90%	$1,729		$55,693	1.12%	$626		$6,934	1.57%	$109
34	FY 2017 Net Adds times ISR Year Effective Tax rate		$58,883	2.90%	$1,710		$56,076	1.12%	$630		$4,705	1.57%	$74
35	FY 2018 Net Adds times ISR Year Effective Tax rate		$80,810	2.90%	$2,347		$77,664	1.12%	$873				
36	FY 2019 Net Adds times ISR Year Effective Tax rate						$78,041	1.12%	$877				
37	Total ISR Property Tax Recovery				$6,521				$2,837				($1,020)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 ISR Property Tax Recovery Adjustment
FY 2022 ISR Property Tax Recovery Adjustment (Continued) 1

			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
			Cumulative Increm. ISR Prop. Tax for FY2020				Cumulative Increm. ISR Prop. Tax for FY2021				Cumulative Increm. ISR Prop. Tax for FY2022		
38	Incremental ISR Additions			$105,296				$110,178				$156,694	
39	Book Depreciation: base allowance on ISR eligible plant			$0				$0				($23,890)	
40	Book Depreciation: current year ISR additions			($1,510)				($1,589)				($2,249)	
41	COR			$7,056				$8,862				$10,773	
42	Net Plant Additions			$110,841		9056980		$117,450				$141,328	
43						11121216							
44	RY Effective Tax Rate			2.96%		312500		3.02%				3.05%	
45	Property Tax Recovery on Growth and non-ISR					$437,500.00							
46	ISR Year Effective Tax Rate		2.60%				2.45%				2.54%		
47	RY Effective Tax Rate		2.96%	-0.36%			3.02%	-0.57%			3.05%	-0.51%	
48	RY Effective Tax Rate 7 mos for FY 2019			-0.36%				-0.57%				-0.51%	
49	RY Net Plant times Rate Difference	7 month	$908,586	* -0.36%	($3,246)		$889,353	* -0.57%	($5,080)		$881,383	* -0.51%	($4,486)
50	Growth and non-ISR Incremental times rate difference		($20,407)	* -0.36%	$73		($41,336)	* -0.57%	$236		($51,615)	* -0.51%	$263
51	FY 2018 Net Incremental times rate difference		$7,156	* 2.6%	$186		$7,378	* 2.45%	$181		$7,600	* 2.54%	$193
52	FY 2019 Net Incremental times rate difference		$4,692	* 2.6%	$122		$4,678	* 2.45%	$115		$4,665	* 2.54%	$118
53	FY 2020 Net Incremental times rate difference		$110,841	* 2.6%	$2,882		$107,821	* 2.45%	$2,642		$104,800	* 2.54%	$2,662
54	FY 2021 Net Incremental times rate difference						$117,450	* 2.45%	$2,878		$114,271	* 2.54%	$2,902
55	FY 2022 Net Adds times rate difference										$141,328	* 2.54%	$3,590
56	Total ISR Property Tax Recovery				$17				$970				$5,242

Line Notes

1(a) - 5(i)	Docket No. 4781 Attachment MAL-2, Page 10 of 13, 1(a) to 5(h)
6(i) - 10(i)	Docket No. 4916 Attachment MAL-1, Page 17 of 20, 6(a) to 10(h)
11(a) - 15(i)	Docket No. 4996 Attachment MAL-1, Page 20 of 22, 11(a) to 15(i)
16(a) - 20(a)	11(i) - 15(i)
16(b)	Page 18 of 25 , Line 1 ,Col (e)÷1000
16(c)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (c)
16(d)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (d)
16(f)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 16 (f)
16(i)	Line 16(a) + (d) + (f)
17(e)	P25, (L58+L59)+(P2, L3 (a)+P5, L3 (a)+P8, L3 (a)+P12, L3 (a))÷1000×3.05%+Inc (L1(c)+L6(c)+L11(c))×0.0416+ P15, L3 (a)×0.5×3.05%÷1000+ L16(c)×0.5×0.0416
17(f)	=16(f)
17(g)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 17 (g)
17(i)	Line 17(a) + (e) + (f) + (g)
18(i)	Line 16(i) - 17(i)
19(i)	Line 18(h) × 20(h)
20(i)	Docket No. 5099, Section 3, Att. 1 (C), Page 23, 20 (h)
21(a) - 37(h)	Docket No. 4781 Rec, Attachment MAL-1, Page 29 of 35, 82(e) to 107(k)
38(a)-56 (c)	Docket No. 4781 Rec, Attachment MAL-2, Page 10 of 13, 31(a) to 50 (c)
38(e) -56(g)	Docket No. 4916 Rec, Attachment MAL-1, Page 18 of 20, 28(e) to 48 (g)
38(j)	Page 15 of 25, Line 4(a)÷1000
39(j)	- (Page 22 of 25, Line 77(c) ×7÷12)÷1000
40(j)	- Page 15 of 25, Line 12(a)÷1000
41(j)	Page 15 of 25, Line 7(a)÷1000
42(j)	Sum of Lines 38(j) through 41(j)

Line Notes

44(j)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1, Sch 1-G, P3, L15, Col (e) ÷ 49(j)
46(i)	=20(i)
47(i)	=44(j)
47(j)	46(i)-47(i)
48(j)	=47(j)
49(i)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1: 49(a) × 5÷12 + (Sch 6-G, P2, L30 - L41 + P3, L5(d) - P5, L4(d) - Sch 5-G, P1, L1(e) - L1(g)) × 7÷12000
49(k)	49(i)×48(j)
50(i)	= - Rate Case, Docket 4770, Compliance, Revised Rebuttal Att. 1: Sch 11-G, P5, L3(e)+L3(i)+L7(e)+L7(i)+L3(l)+L7(l)")
50(k)	50(i)×48(j)
51(i)	(Line 51(e) - Page 2 of 25, Line 12(e))÷1000
51(k)	=51(i)×46(i)
52(i)	(Line 52(e) - Page 5 of 25, Line 12(d))÷1000
52(k)	=52(i)×46(i)
53(i)	(Line 53(e) - Page 8 of 25, Line 12(c))÷1000
53(k)	=53(i)×46(i)
54(i)	(Line 54(e) - Page 12 of 25, Line 12(c))÷1000
54(k)	=54(i)×46(i)
55(i)	42(j)
55(k)	=55(i)×46(i)
56(k)	sum of 49(k) through 55(k)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2022 Gas ISR Revenue Requirement Reconciliation
Calculation of Weighted Average Cost of Capital

Line No.						
1	Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 35% income tax rate effective April 1, 2013					
2		(a)	(b)	(c)	(d)	(e)
3		Ratio	Rate	Weighted Rate	Taxes	Return
4	Long Term Debt	49.95%	5.70%	2.85%		2.85%
5	Short Term Debt	0.76%	0.80%	0.01%		0.01%
6	Preferred Stock	0.15%	4.50%	0.01%		0.01%
7	Common Equity	49.14%	9.50%	4.67%	2.51%	7.18%
8		100.00%		7.54%	2.51%	10.05%
9						
10	(d) - Column (c) x 35% divided by (1 - 35%)					
11						
12						
13	Weighted Average Cost of Capital as approved in RIPUC Docket No. 4323 at 21% income tax rate effective January 1, 2018					
14		(a)	(b)	(c)	(d)	(e)
15		Ratio	Rate	Weighted Rate	Taxes	Return
16	Long Term Debt	49.95%	5.70%	2.85%		2.85%
17	Short Term Debt	0.76%	0.80%	0.01%		0.01%
18	Preferred Stock	0.15%	4.50%	0.01%		0.01%
19	Common Equity	49.14%	9.50%	4.67%	1.24%	5.91%
20		100.00%		7.54%	1.24%	8.78%
21	(d) - Column (c) x 21% divided by (1 - 21%)					
22						
23	Weighted Average Cost of Capital as approved in RIPUC Docket No. 4770 effective September 1, 2018					
24		(a)	(b)	(c)	(d)	(e)
25		Ratio	Rate	Weighted Rate	Taxes	Return
26	Long Term Debt	48.35%	4.98%	2.41%		2.41%
27	Short Term Debt	0.60%	1.76%	0.01%		0.01%
28	Preferred Stock	0.10%	4.50%	0.00%		0.00%
29	Common Equity	50.95%	9.28%	4.73%	1.26%	5.99%
30		100.00%		7.15%	1.26%	8.41%
31	(d) - Column (c) x 21% divided by (1 - 21%)					
32						
33	FY18 Blended Rate		Line 8(e) × 75% + Line 20(e) × 25%			9.73%
34						
35	FY19 Blended Rate		Line 20 x 5 ÷ 12 + Line 30 x 7 ÷ 12			8.56%