Rhode Island Energy

The Narragansett Electric Company

FY 2023 Gas Infrastructure, Safety and Reliability Plan

Annual Reconciliation

August 1, 2023

Docket No. 5210

Submitted to:
Rhode Island Public Utilities Commission

Submitted by:

Rhode Island Energy™
a PPL company

Robinson+Cole

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Also admitted in Massachusetts

August 1, 2023

VIA ELECTRONIC MAIL

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

RE: Docket No. 5210 - Gas Infrastructure, Safety, and Reliability Plan Fiscal Year 2023 <u>Reconciliation Filing</u>

Dear Ms. Massaro:

I have enclosed Rhode Island Energy's[1] fiscal year (FY) 2023 Gas Infrastructure, Safety, and Reliability (ISR) Plan Reconciliation filing, which relates to the Company's FY 2023 Gas ISR Plan filing in the above-referenced docket. This filing provides an overview and description of the $171.09 million of actual capital investment spending by category and an explanation by category of major variances to the budget of $175.66 million, as approved by the Public Utilities Commission (PUC) in Docket No. 5210.

The pre-filed direct testimonies of Nathan Kocon and Jeffrey D. Oliveira, Stephanie A. Briggs, and Natalie Hawk are enclosed with this filing. Mr. Kocon presents the Company's FY 2023 Gas ISR Plan Annual Reconciliation filing, including the actual spending for the period April 1, 2022 to March 31, 2023. Mr. Kocon also provides details concerning the major spending variances by specific ISR Plan categories for this time period. Mr. Oliveira, Ms. Briggs and Ms. Hawk's testimony presents the updated FY 2023 ISR revenue requirement associated with actual capital spending levels for each of FY 2018 through FY 2021 and actual capital spending placed into service during FY 2022 and FY 2023, 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 2022 capital investment and updated estimated tax deductibility percentages for FY 2023 capital investment.

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

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As explained in Mr. Oliveira, Ms. Briggs and Ms. Hawk's testimony, the updated FY 2023 revenue requirement associated with the above-referenced items totals $44,292,572 which is comprised of (1) the FY 2023 revenue requirement on vintages FY 2018 through FY 2023 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, (3) a true-up to the FY 2022 ISR revenue requirement to reflect actual income tax deductibility as reported on the Company's FY 2022 federal income tax return and (4) a hold harmless adjustment related to the sale transaction.

Please note that the FY 2023 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. 23-23-NG, which is being filed with the PUC on August 1, 2023 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

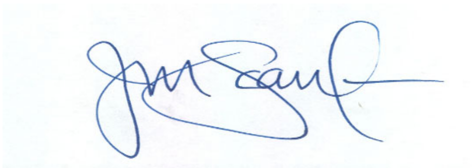
Enclosure

cc: Docket No. 5210 Service List

Certificate of Service

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

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



Joanne M. Scanlon

August 1, 2023
Date

Docket No. 5210- RI Energy's FY 2023 Gas Infrastructure, Safety and Reliability (ISR) Plan - Service List 8/1/2023

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PRE-FILED DIRECT TESTIMONY

OF

NATHAN KOCON

August 1, 2023

Table of Contents

I. Introduction

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") 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 Company's President, the Vice President – Gas, and staff on all local gas issues related to the Rhode Island natural gas distribution system. I am responsible for issues related to the natural gas distribution system, developing strategies to support Company objectives regarding investment in the natural gas distribution system, and supporting Rhode Island Energy's gas capital investments 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. I joined National Grid

USA ("National Grid") in 2013 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. From February 2019 until May 2022, I was a Principal Regulatory Analyst, within the Resource and Investment Planning group at National Grid. Prior to joining National Grid, 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. On May 25, 2022, PPL Rhode Island Holdings, LLC, a wholly owned indirect subsidiary of PPL Corporation, acquired 100 percent of the outstanding shares of common stock of the Company from National Grid, at which time I assumed my current position with Rhode Island Energy.

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

A. Yes, in 2021, 2022, and 2023, I testified before the Public Utilities Commission ("PUC") and filed testimony in support of the Company's FY 2022, 2023, 2024 Infrastructure, Safety, and Reliability ("ISR") Plans in Docket Nos. 5099, 5210, and 22-54-NG respectively.

II. Purpose of Testimony

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the Company's FY 2023 Annual Reconciliation filing for the Gas ISR Plan (the "Gas ISR Plan" or the "Plan"), including the actual spending for the period April 1, 2022 through March 31, 2023, and the capital additions placed in-service in FY 2023. As part of this filing, I also provide detailed information regarding the major spending variances by specific Plan categories for the period April 1, 2022 through March 31, 2023. As discussed in the pre-filed direct testimony of Company witnesses, Stephanie A. Briggs, Jeffrey D. Oliveira, and Natalie Hawk, the Company uses the FY 2023 capital additions placed in-service total to calculate the FY 2023 Plan revenue requirement, which is then reconciled with the Company's actual Plan revenues for FY 2023. The reconciliation balance is then included in the Company's annual Distribution Adjustment Charge ("DAC") filing, which will be reflected in rates proposed for effect November 1, 2023.

Q. Are you sponsoring any attachments with your testimony?

A. Yes. I am sponsoring Attachment NK-1 – FY 2023 Gas ISR Annual Report and Reconciliation

III. FY 2023 Gas ISR Plan Actual Spending

Q. Please summarize the results of the Company's Gas ISR Plan actual spending for FY 2023 to the approved FY 2023 budget.

A. Attachment NK-1 to my testimony is the Company's FY 2023 Gas ISR Plan Annual Report and Reconciliation of actual spending for the period April 1, 2022 to March 31, 2023. As set forth in Table A of Attachment NK-1, for FY 2023, the Company spent $171.09 million for capital investments under the Plan, which is comprised of $167.03 million for the Gas ISR Plan, excluding the Southern Rhode Island Gas Expansion Project (the "Southern RI Gas Expansion Project") and $4.06 million for the Southern RI. These amounts represent a variance of approximately $4.57 million (or -2.6%) less than the approved Plan annual budget of $175.66 million; the budget is comprised of $168.87 million for the Gas ISR and $6.79 million for the Southern RI Gas Expansion Project. The $4.57 million under-budget variance for the year is discussed below in more detail for each specific category of the Plan.

Q. What were the primary drivers for the $4.57 million under-budget variance in FY 2023?

A. The underspending variance was driven by underspending in the following categories: Public Works – Non-Reimbursable category (money shifted to Proactive Main Replacement) and higher than budgeted Public Works – Reimbursements (credits), underspending in Reactive Leaks, Maintenance, Low Pressure System Elimination, Transmission Station Integrity, Pressure Regulating Facilities, Valve Installation, Gas System Reliability, Exeter LNG projects, and Replace Pipe on Bridges. Those underspending variances were partially offset by spending greater than budgeted in the following categories: Proactive Main Replacement (money partially shifted in from Public Works), Large Diameter – Cast Iron Sealing Robot Joint ("CISBOT"), Atwells Avenue, Wampanoag Trail Heater Replacement and Asset Transfer, Tiverton Gate Station Ownership Transfer (Heater), Allens Avenue Multi Station Rebuild, I&R – Reactive, Portable LNG Equipment Purchase for Cumberland, and Tools & Equipment.

The Southern RI Gas Expansion Project categories were also underspent for FY 2023, which were primarily driven by underspending in the Other Upgrades/Investments and Regulator Station Investment categories.

Q. Please summarize the actual Capital Additions the Company placed In-Service vs. the Target for FY 2023.

A. As set forth in Table C of Attachment NK-1, for FY 2023, the Company recorded capital additions in-service of $151.65 million against an original target of $162.92 million, resulting in an under-forecast variance of $11.27 million or 6.9%.

A. Non-Discretionary Work

Q. Please explain the under-budget variance of $7.19 million for the Public Works program in FY 2023.

A. For FY 2023, the Company spent $13.41 million, net of reimbursements, against a fiscal year budget of $20.60 million for the Public Works program, resulting in an underbudget variance of $7.19 million. The Company spent $15.28 million in the Non-Reimbursable sub-category against a fiscal year budget of $20.60 million, resulting in an under-budget variance of $5.32 million. The anticipated volume of workable projects did not fully materialize earlier in the fiscal year in time to execute the budgeted volume of Public Works projects in FY 2023, mainly due to the timing of when project requests were submitted into the Company. When the project requests were received, later in the year, the Company began executing that work in the third and fourth quarters of FY 2023 and will be continuing throughout FY 2024. In FY 2023, the Company was able to shift the resources (crews and dollars) from Public Works into the Proactive Main Replacement program. This was a main driver of the Public Works underbudget variance and the Proactive Main Replacement overbudget variance. For FY 2023, the Company installed 5.9 miles of a plan of 14.0 miles of new replacement gas main and abandoned 8.5 miles of a plan of 14.0 miles of leak-prone pipe through the Public Works program. Additionally, the FY 2023 Reimbursements (credits) for Public Works projects totaled $3.94 million, which was $2.50 million higher than budget, as some multi-year and FY 2022 carryover projects were completed, billed (at completion), and reimbursements were received in FY 2023. As a result, the Public Works Program category was underbudget by $7.19 million at fiscal year-end.

Q. Please describe the significant Public Works projects completed during FY 2023.

A. These projects include: the Rhode Island Department of Transportation ("RIDOT") West Natick Road bridge rebuild in Warwick (installed 56 feet of 4-inch steel main and 70 feet of 4-inch plastic main and abandoned 116 feet of 3-inch steel main); RIDOT Cottrell Bridge rebuild in Westerly (installed 52 feet of 6-inch steel main and 131 feet of 6-inch plastic main and abandoned 28 feet of 6-inch steel main and 155 feet of 6-inch plastic main); replaced gas main ahead of North Providence Paving on Highland Avenue and surrounding streets (abandoned 1,774 feet of 6-inch steel main and installed 2,090 feet of 2-inch plastic main at 35 pounds per square inch gauge ("psig")); Replaced gas main ahead of Woonsocket Paving on Oregon Avenue (abandoned 1,272 feet of 4-inch cast iron low pressure ("LP") and installed 1,361 feet of 2-inch plastic 60 psig); Replaced gas main ahead of Woonsocket Paving on Division Street and Washington Street (abandoned 1,415 feet of 4-inch cast iron LP and installed 1,477 feet of 6-inch plastic LP); Working in conjunction with Narragansett Bay Commission on Livingston Street in Providence (replaced 120 feet of 12-inch steel with 12-inch plastic due to utility conflicts); Ahead of sidewalk and road work on Purgatory Road in Middletown (installed 2,600 feet of high pressure main, which will abandon low pressure main once the remaining main and services are completed); To remediate multiple cast iron main encroachments cause by ongoing water work at Cranston Street in Cranston (installed 3,270 feet of low pressure main, services ongoing); Installed gas main ahead of Warwick paving on Diamond Hill Road (installed 4,100 feet and abandoned 3,825 feet).

Q. Please explain the under-budget variance of $10.43 million for the Mandated Programs category in FY 2023.

A. For FY 2023, the Company spent $17.93 million against a fiscal year budget of $28.36 million for Mandated Programs, resulting in an underspending variance of $10.43 million. The primary drivers of the underspend in the Mandated category were lower than anticipated costs in the Reactive Leaks, Reactive Main Replacement – Maintenance, Low Pressure System Elimination, Transmission Station Integrity, and Pipeline Integrity – IVP – Wampanoag Trail Pipeline Replacement categories. The Reactive Leaks category was underbudget by $2.79 million at fiscal year-end as the Company experienced fewer leaks than forecasted and, therefore, repaired fewer leaks than anticipated. The Reactive Main Replacement – Maintenance category was underbudget by $1.57 million because the Oxbow Farms project in Middletown, Rhode Island has not yet started (main and service replacements were budgeted for FY 2023). The Company is continuing to evaluate the project scope with the housing development owner. The Low Pressure System Elimination category was underbudget by $1.91 million at fiscal year-end as the construction for Phase 2 of the Tuckerman Avenue project was deferred into FY 2024, due in part to limited construction windows in that higher tourism area.

The Transmission Station Integrity program was underbudget by $4.25 million partially because the records review process (OPEX – Non-ISR) has taken longer than expected, due initially to COVID-19 related delays, which in turn delayed the ISR/Capital related activities. Additionally, the Scott Road project, which is a full station and heater replacement, was underbudget for FY 2023 (included within the $4.25 million underspend) as additional time has been required to coordinate the site and station design, which shifted some spending into the FY 2024 Gas ISR approved budget. The Pipeline Integrity – IVP – Wampanoag Trail Pipeline Replacement category was underbudget by $0.38 million at fiscal year-end as the project surveying and engineering work started later than originally anticipated.

Q. Please provide an update to 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, which is used to track meter inventory, 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, and the closet date to the close of each quarter that followed, which were June 30, 2021, September 30, 2021, January 3, 2022, March 31, 2022, June 30, 2022, September 30, 2022, January 3, 2023, and March 31, 2023. The Company is continuing to review the variances between physical counts and the meter inventory tracked in Maximo and working to address factors that contribute to the variance, including 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%
Inventory as of 6/30/2022	7,354	8,164	810	10%
Inventory as of 9/30/2022	6,513	7,452	939	13%
Inventory as of 1/3/2023	5,043	5,963	940	16%
Inventory as of 3/31/2023	8,647	9,716	1,069	11%

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

Q. Please explain the under-budget variance of $0.025 million for the Damage/Failure program in FY 2023.

A. For FY 2023, the Company spent $0 of a fiscal year budget of $0.025 million for the Damage/Failure Reactive program, resulting in an under-budget variance of $0.025 million. The Company did not experience any reactive projects that qualified for this program in FY 2023.

B. <u>Discretionary Work</u>

Q. Please explain the over-budget variance of $13.31 million for the Proactive Main Replacement & Rehabilitation programs in FY 2023.

A. For FY 2023, the Company spent approximately $92.23 million of a fiscal year budget of $78.92 million for the Proactive Main Replacement & Rehabilitation programs, resulting in an over-budget variance of approximately $13.31 million. For FY 2023 in the Proactive Main Replacement ("MRP") Program, the Company installed 44.4 miles of new replacement gas main against a plan of 39.4 miles. Across all ISR programs, the Company installed a total of 50.7 miles of new replacement gas main against a plan of 57.5 miles. For FY 2023, the Company abandoned 55.8 miles in the MRP Program against a plan of 49.4 miles. Across all programs, the Company abandoned 65.5 miles against an overall plan of 64.5 miles. To start the year, the Company made good progress on planned projects and construction work, in mandated and reliability categories, which draw from the same resources required to abandon main. During the second half of the year, the Company's resources were more heavily focused on abandonment, which enabled the Company to abandon a number of main replacement jobs that had been ongoing for several years, thereby enabling the Company to exceed its abandonment target for FY 2023. Additionally, as mentioned above in the Public Works categories and Maintenance category, the volume of FY 2023 work that was budgeted for those categories did not materialize to be fully executable during FY 2023; however, the Company was able to shift resources (crews and dollars) from Public Works and Maintenance to the Proactive Main Replacement programs, which is the primary driver of the overbudget variance in the Proactive Main Replacement programs. The additional work that was performed under the Proactive Main Replacement programs was primarily comprised of high priority walk-in/emergent work and developed projects that were field ready and would have been included within the FY 2024 workplan. An additional factor in the overbudget variance was that costs for this and all other main replacement programs are seeing a moderate increase due to inflationary pressures on materials, fuel, and asphalt.

For FY 2023, the Proactive Main Replacement – Large Diameter LPCI Program was overbudget by $2.55 million. The original budget called for two CISBOT jobs, but based on Contractor availability, project readiness, moderate Company resources requirements for this type of work, and budget availability (offset by Public Works – Reimbursements), the Company completed four CISBOT jobs in FY 2023 and started a fifth job towards the end of the fiscal year. The Company, working in conjunction with the City of Newport, felt it was important to start the Thames Street, Newport projects as soon as possible in order to complete Sections 2 and 3 prior to the busy tourism season in that area.

For the Atwells Avenue Project, the Company has completed its final restoration activities for Segments 1A and 1B. The Company is awaiting the final vendor invoice for the line striping work (center lines and parking/valet lines), so the costs associated with that work will carry over into the FY 2024 spending; such costs were not included in the approved FY 2024 Gas ISR budget as the Company anticipated these costs would be incurred during FY 2023. The final restoration work for DePasquale Square was started in October 2022 and was completed in November 2022; this work was completed ahead of schedule, so the $0.40 million that was originally budgeted for this work was removed from the FY 2024 budget prior to the Company's proposal and PUC's approval of the FY 2024 Gas ISR budget. Segment 3 of the project was budgeted to be completed in FY 2023, but the project has been deferred into FY 2024, as the Company is continuing to work in close conjunction with Providence Water (replacing water pipe) and the City of Providence (Company replacing leak prone pipe ahead of municipal paving) to address the highest priority work, with the majority of the FY 2023 work being completed on the East Side of Providence. The $1.10 million associated with the Atwells Avenue Segment 3 work was removed from the FY 2023 forecast and is reflected in the approved FY 2024 Gas ISR budget.

Q. Please provide a summary of the Company's leak prone pipe installation and abandonment for FY 2023.

A. The chart below lists the FY 2023 installed and abandoned miles of leak prone pipe across each category.

FY23	Abandonment		Installation	
Program	**Target**	**Actual**	**Target**	**Actual**
CSC	14.0	8.5	14.0	5.9
Mandated	0.1	-	1.6	-
MRP	49.4	55.8	39.4	44.4
Reliability	0.1	0.2	2.6	0.4
Reinforcement/ Growth (Non-ISR Spend)	1.0	1.0	-	-
Total	**64.5**	**65.5**	**57.5**	**50.7**

Looking back at the history of the ISR program, the table below highlights a total of 671 miles of leak-prone pipe that has been abandoned through FY 2023 that has contributed to an estimated reduction of 1,873 leaks.

Description	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total
Total ISR Abandonment Miles	46	47	53	55	59	63	62	60	62	30	68	65.5	671
Gas Leaks Eliminated	191	186	140	121	150	103	178	160	160	79	190	215	1,873

Q. Please summarize the Company's Proactive Service Replacement Program for FY 2023.

A. For FY 2023, the Company spent $0.16 million of a fiscal year budget of $0.60 million for the Proactive Service Replacement Program ("SRP"), resulting in an underspending variance of $0.44 million. For FY 2023, the Company has continued focusing on replacing the remaining copper services located in Cumberland. To start the fiscal year, there were 25 copper services remaining in Cumberland; however, during an engineering review, another 2 copper services were found on Abbot Run Valley Road in Cumberland, which brought the count of remaining Cumberland copper services to 27. For FY 2023, 24 of 27 copper services were replaced and the remaining 3 services were replaced in FY 2024. The Company also replaced 12 steel services on plastic main in the Lincoln area in FY 2023 (an additional 2 services have been relayed and the service transfers and abandonment will occur in FY 2024). The Company also completed 3 proactive service replacements in the Providence area. In total, the Company completed 39 proactive service replacements in FY 2023. The Company is also continuing to review the population of services that were originally included on the Proactive Service Replacement list and has been conducting written customer outreach as the Company identifies leak-prone services on main that is not leak-prone.

Q. Please explain the $2.94 million overspending variance to budget for the Reliability programs in FY 2023.

A. For FY 2023, the Company spent $43.30 million of a fiscal year budget of $40.36 million for Reliability programs, resulting in an overspending variance of $2.94 million. Several reliability categories were underbudget at fiscal year-end, however, those underbudget variances were offset by greater than budget spending on the Wampanoag Trail and Tiverton Heater Replacement projects, I&R Reactive, Tools & Equipment, Allens Avenue Multi Station Rebuild, and the purchase of Portable LNG Equipment for Cumberland. The Wampanoag Trail Heaters Replacement and Ownership Transfer project was placed in-service in FY 2023, as planned; however, the FY 2023 spending was $0.64 million more than budget as contractor bid prices came in higher than anticipated and the site's parking lot required a redesign from the original project plan. The Pressure Regulating Facilities category was underbudget by $2.61 million at fiscal year-end as the construction phase of one station and the initial engineering and design phase of a second station were deferred into FY 2024. Both of those pressure regulation station projects are reflected in the approved FY 2024 Gas ISR budget. Though it was forecasted to be completed in FY 2022, the Allens Avenue Multi Station Rebuild project incurred closeout costs in FY 2023 as approximately $0.23 million of additional work was required for the Chromatograph building and approximately $0.72 million was incurred related to the abandonment and disposal of above ground piping and site restoration, resulting in project spending of $0.95 million that was not reflected in the FY

2023 budget. The Tiverton Gate Station Ownership Transfer (Heater) project was overbudget by \$0.92 million as contractor bid prices were higher than anticipated and additional work was required for the boiler controls. The project is now expected to go in-service in FY 2024 instead of FY 2023 based on the timing of acceptance testing and execution of the asset transfer; the Company included the forecasted plant additions to reflect this shift in the in-service year in the FY 2024 Gas ISR in Docket No. 22-54-NG. The Valve Installation/Replacement program was underbudget by \$0.96 million as the four remaining isolation valves in Newport were deferred into the FY 2024 budget as the Company continues to work through project permitting. Additionally, following critical valve inspections it was determined that no reactionary valve work was required earlier in FY 2023.

The Gas System Reliability category was underbudget by \$2.96 million for fiscal year-end as the Company needed to assign resources towards Reinforcement projects (non-ISR). The Company deferred three projects (including phase 1 of a two-phase Newport project) into FY 2024, which are reflected in the approved FY 2024 Gas ISR budget, and a fourth project, which was a proposed downrating project in East Providence, is currently being reevaluated by the Company. The I&R – Reactive category was overbudget by \$0.68 million as additional work related to regulator replacements and upgrades needed to be completed in the fiscal year. The Distribution Station Over Pressure Protection category was underspent by \$0.25 million as several header projects were deferred into FY 2024 and are reflected in the approved FY 2024 Gas ISR budget. Those deferrals occurred because the associated main replacement projects had not been completed.

The LNG category was underbudget by $1.00 million as 1) the timing of some materials purchasing and early stages of the construction schedule for the Exeter Boiloff Compressors Upgrade was shifted into FY 2024 and reflected in the approved FY 2024 Gas ISR budget; 2) the costs to finish the Exeter Hi Ex Foam System project have come in lower than originally anticipated; 3) those underspending variances were partially offset by site improvements at the existing Old Mill Lane site that were not in the original FY 2023 Gas ISR budget. Regarding Portable LNG Equipment for the Cumberland facility, the Company performed as cost-benefit and operational analysis and determined that purchasing equipment, instead of renewing the existing lease, was in the best interest of Rhode Island gas customers in terms of costs, system reliability, and operational benefits. Additional information regarding the analysis was provided in the FY 2024 Gas ISR Docket 22-54-NG, within data requests Division 1-39, PUC 4-21, and PUC 6-1. Therefore, in FY 2023, the Company incurred costs of $7.14 million to purchase Portable LNG Equipment for the Cumberland facility and that equipment will be placed in-service during FY 2024, as reflected in the forecast of Capital Additions Placed In-Service in the FY 2024 Gas ISR in Docket No. 22-54-NG.

The Replace Pipe on Bridges category was underbudget by $0.69 million at fiscal year-end, primarily due to construction on the Lonsdale Avenue Bridge in Pawtucket being deferred from FY 2023 into the approved FY 2024 Gas ISR budget. The Access Protection Remediation category was underbudget by $0.12 million at fiscal year-end as two scheduled projects were deferred into FY 2024 and reflected in the approved FY 2024 Gas ISR budget. The Tools & Equipment category was overbudget by $1.42 million at fiscal year-end for several reasons. First, certain specialty equipment that was ordered, but not delivered in FY 2022, was received in FY 2023. Second, a review of the Company's tools and equipment was conducted as part of the separation from National Grid. The Company determined that wear and tear on the Company's existing tool stock has increased over the last few years because the Company's internal labor force is performing more live gas work as the result of the Company's Field Operations labor union having declined to extend a voluntary agreement in late FY 2019 that allowed non-Company contractors to perform many kinds of live gas operations related to the Leak Prone Pipe replacement programs. Lastly, the Company pre-ordered certain tools and equipment that were not expected to be available or delivered until FY 2024; however, the Company received some of the tools and equipment in FY 2023, i.e., February 2023. These tools and equipment include the T.D. Williamson ProStopp equipment and a specialty saw. Combined, these tools and equipment purchases increased the FY 2023 spending by $0.58 million.

Q. Please explain why the Company pre-ordered Tools and Equipment, that were expected to arrive in FY 2024, prior to the PUC's approval of the FY 2024 Gas ISR Plan. Please also explain why the Company ended up purchasing and receiving those tools and equipment in FY 2023.

A. When the Company originally placed the order for the T.D. Williamson ProStopp, the equipment had a 23-week lead time, which would have resulted in a delivery date of two or three months into FY 2024. Given the long lead time, the Company did not want to risk the availability of the equipment by waiting until FY 2024 to place the order. However, as mentioned above, the T.D. Williamson Equipment was delivered to the Company in February 2023, which was earlier than expected, so the costs were incurred in FY 2023, rather than FY 2024.

Additionally, the Company had plans to purchase a specialty saw that had an eight-month delivery lead time and was expected to arrive in FY 2024; however, in February 2023, the saw became available for purchase because another utility provider cancelled their order with the supplier. Because of the immediate need, the Company proceeded with the purchase of the new saw, which the Company began to use in FY 2023.

Q. Please provide an explanation for the functions and benefits of the T.D. Williamson ProStopp equipment.

A. As explained in the FY 2024 Gas ISR Docket 22-54-NG, in data request PUC 1-11, the purchase of the T.D. Williamson ProStopp equipment includes everything the Company needs to stop two separate locations simultaneously for all pipe sizes from 4-inch to 12-inch. The T.D. Williamson ProStopp performs/provides the following functions and benefits: 1) Achieves a double stop through one fitting to safely work in a gas free environment; 2) Using only a single fitting allows for smaller excavations (which can mean the difference between shutting down one lane of traffic versus an entire street), which benefits the public and also helps keep labor and material costs down; 3) Using only a single fitting minimizes the fittings needed, which could be a potential leak point in the future; 4) drilling half the amount of holes into existing piping saves time and is a significant reduction in the amount of noise on the jobsite; 5) When used on low pressure pipe, the ProStopp stoppers are more durable than using canvas bags for stops as the canvas bags can pop or deflate which could possibly cause a situation of blowing gas or a potential gas outage.

Q. Please explain the under-budget variance of $0.08 million and overall project status for Pipeline on the Southern RI Gas Expansion Project in FY 2023.

A. For FY 2023, the Company spent $0.52 million of a fiscal year budget of $0.60 million for the Gas Expansion Project – Main Installation, resulting in an underspending variance of $0.08 million for this category. The FY 2023 spending in this category was for closeout costs related to the Main Installation final restoration and those activities have now been completed.

Q. Please explain the under-budget variance of $0.394 million for Other Upgrades/Investments in FY 2023.

A. For FY 2023, the Company spent $0.002 million of a fiscal year budget of $0.396 million for the Other Upgrades/Investments category, resulting in an underspending variance of $0.394 million for this category. For FY 2023, the Company closed out the Maximum Operating Pressure project and did not incur any charges against the budget of $0.046 million. The Company budgeted $0.35 million for the Launcher-Receiver/ Install Remove Operated Valve portion of this budget for investigation and design work but did not proceed with most of the work and was under budget by $0.348 million at fiscal year-end. The Company is conducting additional analysis to determine the viability of the Launcher-Receiver and/or Remote Operated Valve within Rhode Island Energy's operating system and is not planning to progress this work during FY 2024.

Q. Please explain the under-budget variance of $2.25 million for Regulator Station Investments in FY 2023.

A. For FY 2023, the Company spent $3.54 million of a fiscal year budget of $5.79 million for the Regulator Station Investment category, resulting in an underspending variance of

$2.25 million for this category. The two main focuses of this category in FY 2023 were Cowesett Regulator Station Upgrades and Cranston Regulator Station Upgrades. For the Cowesett Regulator Station Upgrades project, the new regulator pit was installed and gassed-in/ placed in-service in FY 2023; this project was underbudget by $0.27 million for FY 2023 and no additional charges are expected in FY 2024. The Cranston Regulator Station Upgrades project was underbudget by $1.28 million as some elements of the project scope/construction plan required re-design to accommodate stop gas work on Rhode Island Energy's system versus the transmission company's system; ongoing work for this project is reflected in the approved FY 2024 Gas ISR budget. Finally, the New Regulator Station near the Cowesett Regulator Station project was underbudget by $0.70 million. The Company is continuing the process of identifying a desired location(s) and then survey and design work will follow, so the project materials purchasing was deferred into FY 2024 and reflected in the approved FY 2024 Gas ISR budget to align with future project construction.

Q. What are the total costs incurred for the Southern RI Gas Expansion project from its inception through FY 2023.

A. The total costs incurred for the Southern RI Gas Expansion project from its inception through FY 2023 are approximately $105.88 million. Please see the summary table, below, for a year-by-year breakdown of actual costs incurred for the overall project.

($millions)	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	Total
Southern RI Gas Expansion	$2.39	$42.73	$41.76	$14.95	$4.06	$105.88

IV. Plant In-Service Method Implementation and Annual Reconciliation

Q. What is the amount of Adjusted Capital Additions Placed In-Service for FY 2023 that the Company is seeking to reconcile in this filing?

A. The Company is seeking to reconcile its Adjusted Capital Additions of $151.65 million Placed In-Service for FY 2023 in this filing. The $151.65 million is $11.27 million less than the $162.92 million of Capital Additions in the FY 2023 Gas ISR Plan that was approved by the PUC's Order in Docket 5210, dated July 27, 2022. 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 2023 Gas ISR revenue requirement.

Q. Please explain the under-target variance of $11.27 million for capital additions placed in-service in FY 2023.

A. Please see Attachment NK-1, Table C for a summary of actual versus target Capital Additions placed In-Service for FY 2023. One of the primary drivers of the under-target variance is that the Take Station Enhancement Program – Tiverton Gate Station

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

Ownership Transfer was not placed in-service in FY 2023 as planned (originally forecasted to result in capital additions in-service of $4.81 million in FY 2023). Winter operational restrictions impacted the timing of the acceptance testing and execution of the asset transfer, so those assets will be placed in-service in FY 2024, and this capital addition was incorporated into the approved FY 2024 Gas ISR Plan. The other general factor was the net underspending variances across the Gas ISR portfolio for FY 2023 that were explained above.

V. Conclusion

Q. Does this conclude your testimony?

A. Yes.

Gas Infrastructure, Safety, and Reliability Plan

The Narragansett Electric Company

Fiscal Year 2023 Annual Report and Reconciliation Filing

Period Ending March 31, 2023

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") 2023 Gas Infrastructure, Safety and Reliability ("Gas ISR Plan" or the "Plan"), which the Rhode Island Public Utilities Commission ("PUC") approved in Docket 5210. The filing provides an overview and description of the reconciled $171.09 million of actual capital investment spending by category and an explanation by category of notable variances to the Plan budget of $175.66 million. For FY 2023 there was an underspending variance of $4.57 million or -2.6% to the Plan budget. The total spending of $171.09 million (see Attachments A & B) is comprised of $167.03 million for the Gas ISR Plan, excluding the Southern Rhode Island Gas Expansion Project ("Gas ISR") and $4.06 million for the Southern Rhode Island Gas Expansion Project ("Gas Expansion Project"). The filing also reflects (see Table C) that the Company recorded Capital Additions In-Service of $151.65 million against a target of $162.92 million, resulting in an under-target variance of $11.27 million or -6.9%.

The Gas ISR (excluding Gas Expansion Project) spend through the end of the fourth quarter was $167.03 million and includes actual spending of $31.34 million out of a fiscal year budget of $48.99 million for Non-Discretionary work, resulting in a fiscal year underspending variance of $17.65 million. In addition, the spend through the fourth quarter includes actual spending of $135.69 million of a fiscal year budget of $119.88 million on Discretionary work, resulting in a fiscal year overspending variance of $15.81 million. The FY 2023 Gas ISR underspending variance was driven by underspending in the following categories: Public Works – Non-Reimbursable category (money shifted to Proactive Main Replacement) and higher than budgeted Public Works – Reimbursements (credits), underspending in Reactive Leaks, Maintenance, Low Pressure System Elimination, Transmission Station Integrity, Pressure Regulating Facilities, Valve Installation, Gas System Reliability, Exeter LNG projects, and Replace Pipe on Bridges. The underspending variances were partially offset by spending greater than budgeted in the following categories: Proactive Main Replacement (money partially shifted in from Public Works), Large Diameter – Cast Iron Sealing Robot Joint ("CISBOT"), Atwells Avenue, Wampanoag Trail Heater Replacement and Asset Transfer, Tiverton Gate Station Ownership Transfer (Heater), Allens Avenue Multi Station Rebuild, I&R – Reactive, Portable LNG Equipment Purchase for Cumberland, and Tools & Equipment.

The Gas Expansion Project spending through the end of the fourth quarter was $4.06 million out of a fiscal year budget of $6.79 million, resulting in a fiscal year underspending variance of $2.73 million. Underspending in the Other Upgrades/Investments and Regulator Station Investment categories were the primary drivers of the underspending variances.

Regarding the actual recorded Capital Additions In-Service of $151.65 million against the target of $162.92 million, the two primary drivers of the under-target variance were: (1) the net underspending variances across the Gas ISR portfolio for FY 2023; and (2) the Tiverton Gate Station Ownership Transfer (Heater) project which was originally forecasted to go in-service in FY 2023, but will now go in-service in FY 2024 based on the timing of the acceptance testing and execution of the asset transfer. The Tiverton Gate Station Ownership Transfer (Heater) project was originally forecasted to result in Capital Additions In-Service of $4.81 million in FY 2023; the Company included the forecasted plant additions to reflect this shift in the in-service year in the FY 2024 Gas ISR in Docket No. 22-54-NG.

<u>FY 2023 Capital Spending by Category</u>

Non-Discretionary Work[1]

Public Works Program – $7.19 million variance under fiscal year budget

For FY 2023, the Company spent $13.41 million, net reimbursements, against a fiscal year budget of $20.60 million for the Public Works program, resulting in an underbudget variance of $7.19 million. For FY 2023, the Company installed 5.9 miles of a plan of 14.0 miles of new replacement gas main and abandoned 8.5 miles of a plan of 14.0 miles of leak-prone pipe through the Public Works program. The anticipated volume of workable projects did not fully materialize earlier in the fiscal year in time to execute the budgeted volume of Public Works projects in FY 2023, mainly due to the timing of when the project requests were submitted to the Company. However, project requests were received later in the year and the Company began executing that work in the third and fourth quarters of FY 2023 and will be continuing throughout FY 2024. In FY 2023, the Company was able to shift the resources (crews and dollars) from Public Works into the Proactive Main Replacement program. This was the main driver of the Public Works underbudget variance and the Proactive Main Replacement overbudget variance. Additionally, the FY 2023 Reimbursements (credits) for Public Works projects totaled $3.94 million, which was $2.50 million higher than budget. As a result, the Public Works Program category was underbudget by $7.19 million at fiscal year-end.

Mandated Programs – $10.43 million underspending variance to fiscal year budget

For FY 2023, the Company spent approximately $17.93 million of a fiscal year budget of $28.36 million for Mandated Programs, resulting in an underspending variance of $10.43 million. The primary drivers of the underspend in the Mandated category were lower than anticipated costs in

[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.

the Reactive Leaks, Reactive Main Replacement – Maintenance, Low Pressure System Elimination, Transmission Station Integrity, and Pipeline Integrity – IVP – Wampanoag Trail Pipeline Replacement categories. The Reactive Leaks category was underbudget by $2.79 million at fiscal year-end as the Company experienced fewer leaks than forecasted and, therefore, repaired fewer leaks than anticipated. The Reactive Main Replacement – Maintenance category was underbudget by $1.57 million because the Oxbow Farms project in Middletown, Rhode Island has not yet started (main and service replacements were budgeted for FY 2023). The Company is continuing to evaluate the project scope with the housing development owner. The Low Pressure System Elimination category was underbudget by $1.91 million at fiscal year-end as the construction for Phase 2 of the Tuckerman Avenue project was deferred into FY 2024, due in part to limited construction windows in that higher volume tourism area. The Transmission Station Integrity program was underbudget by $4.25 million partially because the records review process (OPEX – Non-ISR) has taken longer than expected, due initially to COVID-19 related delays, which in turn delayed the ISR/Capital related activities. Additionally, the Scott Road project, which is a full station and heater replacement, was underbudget for FY 2023 (included within the $4.25 million underspend) as additional time has been required to coordinate the site and station design, which shifted some spending into the FY 2024 Gas ISR approved budget. The Pipeline Integrity – IVP – Wampanoag Trail Pipeline Replacement category was underbudget by $0.38 million at fiscal year-end as the project surveying and engineering work started later than originally anticipated. As a result of the factors detailed above, the Mandated category was underbudget by $10.43 million at fiscal year-end.

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, which is used to track meter inventory, 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, and the closest date to the close of each quarter that followed, which were June 30, 2021, September 30, 2021, January 3, 2022, March 31, 2022, June 30, 2022, September 30, 2022, January 3, 2023, and March 31, 2023. The Company is continuing to review the variances between the physical counts and the meter inventory tracked in Maximo and working to address 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%
Inventory as of 6/30/2022	7,354	8,164	810	10%
Inventory as of 9/30/2022	6,513	7,452	939	13%
Inventory as of 1/3/2023	5,043	5,963	940	16%
Inventory as of 3/31/2023	8,647	9,716	1,069	11%

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

Damage/Failure Reactive Program – $0.025 million variance to budget

For FY 2023, the Company spent $0 of a fiscal year budget of $0.025 million for the Damage/Failure Reactive program, resulting in an under-budget variance of $0.025 million. The Company did not experience any reactive projects that qualified for this program in FY 2023.

Discretionary Work[2]

Proactive Main Replacement & Rehabilitation Programs – $13.31 million over-budget variance

For FY 2023, the Company spent approximately $92.23 million of a fiscal year budget of $78.92 million for the Proactive Main Replacement & Rehabilitation programs, resulting in an over-budget variance of approximately $13.31 million. For FY 2023 in the Proactive Main Replacement ("MRP") Program, the Company installed 44.4 miles of new replacement gas main against a plan of 39.4 miles. Across all ISR programs, the Company installed a total of 50.7 miles of new replacement gas main against a plan of 57.5 miles. For FY 2023, the Company abandoned 55.8 miles in the MRP Program against a plan of 49.4 miles. Across all programs, the Company abandoned 65.5 miles against an overall plan of 64.5 miles. To start the year, the Company made good progress on planned projects and construction work, in the mandated and reliability categories, which draw from the same resources required to abandon main. During the second half of the year, the Company's resources were more heavily focused on abandonment, which enabled the Company to abandon a number of main replacement jobs that had been ongoing for several years, thereby enabling the Company to exceed its abandonment target for FY 2023. Additionally, as mentioned above in the Public Works categories and Maintenance category, the volume of FY 2023 work that was budgeted for those categories did not materialize to be fully executable during FY 2023; however, the Company was able to shift resources (crews and dollars) from Public Works and Maintenance to the Proactive Main Replacement programs, which is the primary driver of the overbudget variance in the Proactive Main Replacement programs. Additionally, costs for this and all other main replacement programs are seeing a moderate increase due to inflationary pressure on materials, fuel, and asphalt.

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

For FY 2023, the Proactive Main Replacement – Large Diameter LPCI Program was overbudget by $2.55 million. The original budget called for two CISBOT jobs, but based on Contractor availability, project readiness, moderate Company resource requirements for this type of work, and budget availability (offset by Public Works – Reimbursements), the Company completed four CISBOT jobs in FY 2023 and started a fifth job towards the end of the fiscal year.

For the Atwells Avenue Project, the Company has completed its final restoration activities for Segments 1A and 1B. The Company is awaiting the final vendor invoice for the line striping work (center lines and parking/valet lines), so the costs associated with that work will carry over into FY 2024 spending; such costs were not included in the approved FY 2024 Gas ISR budget as the Company anticipated these costs to be incurred during FY 2023. The final restoration work for DePasquale Square was started in October 2022 and was completed in November 2022; this work was completed ahead of schedule, so the $0.40 million that was originally budgeted for this work was removed from the FY 2024 budget prior to the Company's proposal and PUC's approval of the FY 2024 Gas ISR budget. Segment 3 of the project was budgeted to be completed in FY 2023, but the project has been deferred into FY 2024, as the Company is continuing to work in close conjunction with Providence Water (replacing water pipe) and the City of Providence (to coordinate the Company's replacement of leak prone pipe with municipal paving) to address the highest priority work, with the majority of the FY 2023 work being completed on the East Side of Providence. The $1.10 million associated with the Atwells Avenue Segment 3 work was removed from the FY 2023 forecast and is reflected in the approved FY 2024 Gas ISR budget.

Proactive Service Replacement Program – $0.44 million underspending variance to budget

For FY 2023, the Company spent $0.16 million of a fiscal year budget of $0.60 million for the Proactive Service Replacement Program ("SRP"), resulting in an underspending variance of $0.44 million. In FY 2023, the Company has continued focusing on replacing the remaining copper services located in Cumberland. To start the fiscal year, there were 25 copper services remaining in Cumberland; however, during an engineering review, another 2 copper services were found on Abbot Run Valley Road in Cumberland, which brought the count of remaining Cumberland copper services to 27. For FY 2023, 24 of 27 copper services were replaced and the remaining 3 services were replaced in FY 2024. The Company also replaced 12 steel services on plastic main in the Lincoln area in FY 2023 (an additional 2 services have been relayed and the service transfers and abandonment will occur in FY 2024). The Company also completed 3 proactive service replacements in the Providence area. In total, the Company completed 39 proactive service replacements in FY 2023. The Company is also continuing to review the population of services that were originally included on the Proactive Service Replacement list and has been conducting written customer outreach as the Company identifies leak-prone services on main that is not leak-prone.

Reliability Programs – $2.94 million overspending variance to budget

For FY 2023, the Company spent $43.30 million of a fiscal year budget of $40.36 million for Reliability programs, resulting in an overspending variance of $2.94 million. Several reliability categories were underbudget at fiscal year-end, however, those underbudget variances were offset by greater than budget spending on the Wampanoag Trail and Tiverton Heater Replacement projects, I&R Reactive, Tools & Equipment, Allens Avenue Multi Station Rebuild, and the purchase of Portable LNG Equipment for Cumberland. The Wampanoag Trail Heaters Replacement and Ownership Transfer project was placed in-service in FY 2023, as planned; however, the FY 2023 spending was $0.64 million more than budget as contractor bid prices came in higher than anticipated and the site's parking lot required a redesign from the original project plan. The Pressure Regulating Facilities category was underbudget by $2.61 million at fiscal year-end as the construction phase of one station and the initial engineering and design phase of a second station were deferred into FY 2024. Both of those pressure regulation station projects are reflected in the approved FY 2024 Gas ISR budget. Though it was forecasted to be completed in FY 2022, the Allens Avenue Multi Station Rebuild project incurred closeout costs in FY 2023 as approximately $0.23 million of additional work was required for the Chromatograph building and approximately $0.72 million was incurred related to the abandonment and disposal of above ground piping and site restoration, resulting in project spending of $0.95 million that was not reflected in the FY 2023 budget. The Tiverton Gate Station Ownership Transfer (Heater) project was overbudget by $0.92 million as contractor bid prices were higher than anticipated and additional work was required for the boiler controls. The project is now expected to go in-service in FY 2024 instead of FY 2023 based on the timing of the acceptance testing and execution of the asset transfer. The Valve Installation/Replacement program was underbudget by $0.96 million as the four remaining isolation valves in Newport were deferred into the FY 2024 budget as the Company continues to work through project permitting. Additionally, following critical valve inspections it was determined that no reactionary valve work was required earlier in FY 2023.

The Gas System Reliability category was underbudget by $2.96 million at fiscal year-end as the Company needed to assign resources towards Reinforcement projects (non-ISR). The Company deferred three projects (including phase 1 of a two-phase Newport project) into FY 2024, which are reflected in the approved FY 2024 Gas ISR budget, and a fourth project, which was a proposed downrating project in East Providence, is currently being reevaluated by the Company. The I&R – Reactive category was overbudget by $0.68 million as additional work related to regulator replacements and upgrades needed to be completed in the fiscal year. The Distribution Station Over Pressure Protection category was underspent by $0.25 million as several header projects were deferred into FY 2024 and are reflected in the approved FY 2024 Gas ISR budget. These deferrals occurred because the associated main replacement projects had not been completed.

The LNG category was underbudget by $1.00 million as 1) the timing of some materials purchasing and early stages of the construction schedule for the Exeter Boiloff Compressors Upgrade was shifted into FY 2024 and reflected in the approved FY 2024 Gas ISR budget; 2) the costs to finish the Exeter Hi Ex Foam System project have come in lower than originally anticipated; 3) those underspending variances were partially offset by site improvements for the existing Old Mill Lane site that were not in the original FY 2023 Gas ISR budget. Regarding Portable LNG Equipment for the Cumberland facility, the Company performed a cost-benefit and operational analysis and determined that purchasing equipment, instead of renewing the existing lease, was in the best interest of Rhode Island gas customers in terms of costs, system reliability, and operational benefits. Therefore, in FY 2023, the Company incurred costs of $7.14 million to purchase Portable LNG Equipment for the Cumberland facility and that equipment will be placed in-service during FY 2024, as reflected in the forecast of Capital Additions Placed In-Service in the FY 2024 Gas ISR in Docket No. 22-54-NG.

The Replace Pipe on Bridges category was underbudget by $0.69 million at fiscal year-end, primarily due to construction on the Lonsdale Avenue bridge in Pawtucket being deferred from FY 2023 into the approved FY 2024 Gas ISR budget. The Access Protection Remediation category was underbudget by $0.12 million at fiscal year-end as two scheduled projects were deferred into FY 2024 and reflected in the approved FY 2024 Gas ISR budget. The Tools and Equipment category was overbudget by $1.42 million at fiscal year-end for several reasons. First, certain specialty equipment that was ordered, but not delivered in FY 2022, was received in FY 2023. Second, a review of the Company's tools and equipment was conducted as part of the separation from National Grid. The Company determined that wear and tear on the Company's existing tool stock has increased over the last few years because the Company's internal labor force is performing more live gas work as the result of the Company's Field Operations labor union having declined to extend a voluntary agreement in late FY 2019 that allowed non-Company contractors to perform many kinds of live gas operations related to the Leak Prone Pipe replacement programs. Lastly, the Company pre-ordered certain tools and equipment that were not expected to be available or delivered until FY 2024; however, the Company received some of the tools and equipment in FY 2023, i.e., February 2023. These tools and equipment include the T.D. Williamson ProStopp equipment and a specialty saw. Combined, these tools and equipment purchases increased the FY 2023 spending by $0.58 million. When the Company originally placed the order for the T.D. Williamson ProStopp, the equipment had a 23-week lead time, which would have resulted in a delivery date of two or three months into FY 2024. Given the long lead time, the Company did not want to risk the availability of the equipment by waiting until FY 2024 to place the order; as stated above, this equipment was delivered to the Company in February 2023, which was earlier than expected. Additionally, the Company had plans to purchase a specialty saw that had an eight-month delivery lead time and was expected to arrive in FY 2024. However, in February 2023, the saw became available for purchase because another utility provider cancelled their order with the supplier. Because of the immediate need, the Company proceeded with the purchase of the new saw, which the Company began to use in FY 2023.

<u>FY 2023 Southern Rhode Island Gas Expansion Project Spending by Category</u>

Construction

Pipeline – $0.08 million underspending variance

For FY 2023, the Company spent $0.52 million of a fiscal year budget of $0.60 million for the Gas Expansion Project – Main Installation, resulting in an underspending variance of $0.08 million for this category. The FY 2023 spending in this category was for closeout costs related to the Main Installation final restoration and those activities have now been completed.

Other Upgrades/Investments

Maximum Operating Pressure (MOP) Project, Launcher/Receiver, Installation of Remote Operating Valve (ROV) – $0.394 million underspending variance to budget

For FY 2023, the Company spent $0.002 million of a fiscal year budget of $0.396 million for the Other Upgrades/Investments category, resulting in an underspending variance of $0.394 million for this category. In FY 2023, the Company closed out the Maximum Operating Pressure project and did not incur any charges against the budget of $0.046 million. The Company budgeted $0.35 million for the Launcher-Receiver/ Install Remote Operated Valve portion of this budget for investigation and design work but did not proceed with most of the work and was under budget by $0.348 million at fiscal year-end. The Company is conducting additional analysis to determine the viability of the Launcher-Receiver and/or Remote Operated Valve within Rhode Island Energy's operating system and is not planning to progress this work during FY 2024.

Regulator Station Investment

Updates to Cranston Regulator Station, Cowesett Regulator Station, and New Regulator Station – $2.25 million underspending variance to budget

For FY 2023, the Company spent $3.54 million of a fiscal year budget of $5.79 million for the Regulator Station Investment category, resulting in an underspending variance of $2.25 million for this category. The two main focuses of this category in FY 2023 were Cowesett Regulator Station Upgrades and Cranston Regulator Station Upgrades. For the Cowesett Regulator Station Upgrades project, the new regulator pit was installed and gassed-in/placed in-service in FY 2023; this project was underbudget by $0.27 million for FY 2023 and no additional charges are expected in FY 2024. The Cranston Regulator Station Upgrades project was underbudget by $1.28 million as some elements of the project scope/construction plan required re-design to accommodate stop gas work on Rhode Island Energy's system versus the transmission company's system; ongoing work for this project is reflected in the approved FY 2024 Gas ISR budget. Finally, the New Regulator Station near the Cowesett Regulator Station project was underbudget by $0.70 million. The Company is continuing the process of identifying a desired location(s) and then survey and design work will follow, so the project materials purchasing was deferred into FY 2024 and reflected in the approved FY 2024 Gas ISR budget to align with future project construction.

Plant-in-Service Forecast

For FY 2023, the Company placed Capital Additions In-Service totaling $151.65 million versus a target of $162.92 million, resulting in an under-target variance of $11.27 million. See Table C for a summary of actual versus target Capital Additions placed In-Service for FY 2023. One of the primary drivers of the under-target variance is that the Take Station Enhancement Program – Tiverton Gate Station Ownership Transfer was not placed in-service in FY 2023 as planned (originally forecasted to result in capital additions in-service of $4.81 million in FY 2023). Winter operational restrictions impacted the timing of the acceptance testing and execution of the asset transfer, so those assets will be placed in-service in FY 2024, and this capital addition was incorporated into the approved FY 2024 Gas ISR Plan. The other general factor was the net underspending variances across the Gas ISR portfolio for FY 2023 that are explained above.

Table A - Summary

The Narragansett Electric Company
d/b/a Rhode Island Energy - RI Gas
Capital Spending by Investment Categories - Summary
FY 2023 Reconciled Actuals vs ISR Approved Budget
($000)

	FY 2023 - Total		
Categories	**Budget**	**Actual**	**Variance**
NON-DISCRETIONARY			
Public Works [1]	$20,600	$13,410	($7,190)
Mandated Programs	$28,360	$17,927	($10,433)
Damage / Failure (Reactive)	$25	$0	($25)
NON-DISCRETIONARY TOTAL	**$48,985**	**$31,337**	**($17,648)**
DISCRETIONARY			
Proactive Main Replacement & Rehabilitation	$78,918	$92,230	$13,312
Proactive Service Replacement	$600	$158	($442)
Reliability	$40,363	$43,302	$2,939
SUBTOTAL DISCRETIONARY (Without Gas Expansion)	**$119,881**	**$135,691**	**$15,810**
Southern RI Gas Expansion Project	$6,789	$4,058	($2,731)
DISCRETIONARY TOTAL (With Gas Expansion)	**$126,670**	**$139,749**	**$13,079**
CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)	**$168,866**	**$167,028**	**($1,838)**
CAPITAL ISR TOTAL (With Gas Expansion)	**$175,655**	**$171,086**	**($4,569)**
Additional Capital Investments (Not currently included in the ISR)	$3,500	$61	($3,439)

( ) in Variance column denotes an underspend
1. Public Works Program includes reimbursements which were credited as received throughout the year.

Table B - Breakout

The Narragansett Electric Company
d/b/a Rhode Island Energy - RI Gas
Capital Spending by Investment Categories - Detail
FY 2023 Reconciled Actuals vs ISR Approved Budget
($000)

Categories	FY 2023 - Total Budget	Actual	Variance
NON-DISCRETIONARY			
Public Works			
CSC/Public Works - Non-Reimbursable	$20,596	$15,277	($5,319)
CSC/Public Works - Reimbursable	$1,437	$2,068	$631
CSC/Public Works - Reimbursements	($1,433)	($3,936)	($2,503)
Public Works Total	**$20,600**	**$13,410**	**($7,190)**
Mandated Programs			
Corrosion	$1,305	$1,295	($10)
Purchase Meter (Replacement)	$5,248	$5,466	$218
Reactive Leaks (CI Joint Encapsulation/Service Replacement)	$10,100	$7,311	($2,789)
Service Replacement (Reactive) - Non-Leaks/Other	$1,697	$1,952	$255
Main Replacement (Reactive) - Maintenance (incl Water Intrusion)	$3,000	$1,427	($1,573)
Low Pressure System Elimination (Proactive)	$2,000	$91	($1,909)
Transmission Station Integrity	$4,510	$262	($4,248)
Pipeline Integrity - IVP - Wampanoag Trail Pipeline Replacement	$500	$124	($376)
Mandated Total	**$28,360**	**$17,927**	**($10,433)**
Damage / Failure (Reactive)			
Damage / Failure (Reactive)	**$25**	**$0**	**($25)**
NON-DISCRETIONARY TOTAL	**$48,985**	**$31,337**	**($17,648)**
DISCRETIONARY			
Proactive Main Replacement			
Main Replacement (Proactive) - Leak Prone Pipe	$75,204	$84,673	$9,469
Main Replacement (Proactive) - Large Diameter LPCI Program	$2,250	$4,803	$2,553
Atwells Avenue	$1,464	$2,754	$1,290
Proactive Main Replacement Total	**$78,918**	**$92,230**	**$13,312**
Proactive Service Replacement			
Proactive Service Replacement Total	**$600**	**$158**	**($442)**
Reliability			
System Automation	$800	$830	$30
Heater Installation Program	$1,242	$1,094	($148)
Heater Installation Program - Wampanoag Trail Heaters Replacement and Ownership Transfer	$4,349	$4,993	$644
Pressure Regulating Facilities	$7,585	$4,972	($2,613)
Allens Ave Multi Station Rebuild	$0	$951	$951
Take Station Refurbishment	$1,150	$1,063	($87)
Take Station Enhancement Program -Tiverton GS Ownership Transfer	$4,529	$5,444	$915
Valve Installation/Replacement (incl Storm Hardening & Middletown/Newport)	$988	$31	($957)
Gas System Reliability	$3,260	$296	($2,964)
I&R - Reactive	$1,375	$2,052	$677
Distribution Station Over Pressure Protection	$3,000	$2,745	($255)
LNG	$10,089	$9,091	($998)
LNG - Portable Equipment Purchase	$0	$7,138	$7,138
Replace Pipe on Bridges	$900	$206	($694)
Access Protection Remediation	$272	$154	($118)
Tools & Equipment	$824	$2,241	$1,417
Reliability Total	**$40,363**	**$43,302**	**$2,939**
SUBTOTAL DISCRETIONARY (Without Gas Expansion)	**$119,881**	**$135,691**	**$15,810**
Southern RI Gas Expansion Project			
Pipeline	$600	$516	($84)
Other Upgrades/Investments	$396	$2	($394)
Regulator Station Investment	$5,793	$3,541	($2,252)
Southern RI Gas Expansion Project Total	**$6,789**	**$4,058**	**($2,731)**
DISCRETIONARY TOTAL (With Gas Expansion)	**$126,670**	**$139,749**	**$13,079**
CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)	**$168,866**	**$167,028**	**($1,838)**
CAPITAL ISR TOTAL (With Gas Expansion)	**$175,655**	**$171,086**	**($4,569)**
Additional Capital Investments (Not currently included in the ISR)			
Aquidneck Island Long Term Capacity Options	$1,000	$8	($992)
LNG - Cumberland Tank Replacement	$2,500	$53	($2,447)

Table C - Plant In-Service Summary

The Narragansett Electric Company
d/b/a Rhode Island Energy - RI Gas
Capital Additions Placed In-Service by Investment Categories - Summary
FY 2023 Reconciled Actuals vs ISR Approved Target
($000)

	FY 2023 - Total		
Categories	**Target**	**Actual**	**Variance**
NON-DISCRETIONARY			
Public Works	$20,179	$14,145	($6,034)
Mandated Programs	$22,678	$15,336	($7,342)
Damage / Failure (Reactive)	$24	$0	($24)
NON-DISCRETIONARY TOTAL	**$42,881**	**$29,481**	**($13,400)**
DISCRETIONARY			
Proactive Main Replacement & Rehabilitation	$74,856	$86,694	$11,838
Proactive Service Replacement	$544	$480	($64)
Reliability	$39,943	$30,841	($9,101)
SUBTOTAL DISCRETIONARY (Without Gas Expansion)	**$115,342**	**$118,015**	**$2,672**
Southern RI Gas Expansion Project	$4,700	$4,156	($545)
DISCRETIONARY TOTAL (With Gas Expansion)	**$120,043**	**$122,170**	**$2,128**
CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion)	**$158,223**	**$147,496**	**($10,728)**
CAPITAL ISR TOTAL (With Gas Expansion)	**$162,924**	**$151,651**	**($11,273)**

( ) in Variance column denotes under target

JOINT PRE-FILED DIRECT TESTIMONY

OF

STEPHANIE A. BRIGGS

JEFFREY D. OLIVEIRA

AND

NATALIE HAWK

August 1, 2023

Table of Contents

I. <u>Introduction</u>

<u>Stephanie A. Briggs</u>

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 affiliate. 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 percent 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 numerous dockets including the Company's 2022 Annual Retail Rate Filing, Docket No. 5234, the Company's 2021 Performance Incentive Mechanism Factor Filing, as part of Docket No. 4770, the Fiscal Year 2022 Electric Infrastructure, Safety and Reliability Plan Annual Reconciliation Filing, Docket No. 5098, the Company's 2022 Distribution Adjustment Charge Filing, Docket No. 22-13-NG, the Company's Advanced Metering Functionality Business Case, Docket No. 22-49-EL, the Company's Fiscal Year 2024 Electric Infrastructure, Safety, and Reliability Plan, Docket No. 22-53-EL, Fiscal Year 2024 Gas Infrastructure, Safety, and Reliability Plan, Docket No. 22-54-NG, the Company's 2023 Electric Revenue Decoupling Mechanism Reconciliation Filing, Docket No. 23-16-EL, and most recently in the Company's 2023 Residential Assistance Recovery filing, Docket No. 23-17-EL. I also have testified before the Massachusetts Department of Public Utilities and New York Public Service Commission on behalf of the Company's former affiliates as a revenue requirement witness in various proceedings.

Jeffrey D. Oliveira

Q. Please state your full name and business address.

A. My name is Jeffrey D. Oliveira, and my business address is 280 Melrose Street, Providence, Rhode Island 02907.

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 proceedings as follows: 2023 Renewable Energy Growth Factor Filing, Docket No. 23-24-REG; 2023 Annual Retail Rate Filing, Docket No. 23-03-EL; 2024 Gas Infrastructure, Safety and Reliability Plan, Docket No. 22-54-NG; 2024 Electric Infrastructure, Safety and Reliability Plan, Docket No. 22-53-EL; 2022 Distribution Adjustment Charge Filing, Docket No. 22-13-NG; 2022 Last Resort Service Rate Filing, Docket No. 4978; 2023 Renewable Energy Growth Factor Filing, Docket No. 23-24-REG; 2022 Annual Retail Rate Filing, Docket No. 5234; Joint Petition of National Grid and the Rhode Island Division of Public Utilities and Carriers ("Division") filed February 23, 2022 relating to the Storm Contingency Fund Replenishment, Docket No. 4686; 2021 Distribution Adjustment Charge Filing, Docket No. 5165; 2021 Pension Adjustment Factor Filing, Docket No. 5179; 2020 Distribution Adjustment Charge Filing, Docket No. 5040; 2020 Pension Adjustment Factor Filing, Docket No. 5054; 2019 Distribution Adjustment Charge Filing, Docket No. 4955; 2019 Pension Adjustment Factor Filing, Docket No. 4958; 2018 Distribution Adjustment Charge Filing, Docket No. 4846; 2018 Pension Adjustment Factor Filing, Docket No. 4855; 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 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 affiliates, Massachusetts Electric Company, and Nantucket Electric Company, as a revenue requirement witness in annual pension adjustment mechanism proceedings.

<u>**Natalie Hawk**</u>

Q. Please state your full name and business address.

A. My name is Natalie Hawk, and my business address is 2 North Ninth Street, Allentown, Pennsylvania 18101.

Q. Please state your position and your responsibilities within that position.

A. I am employed by the Services Corporation as the Director of tax accounting and reporting. My current responsibilities are to oversee the accounting and reporting of income and non-income taxes under U.S. Generally Accepted Accounting Principles and the FERC Uniform System of Accounts and support regulatory rate filings from a tax perspective.

Q. Please describe your education and professional experience

A. In 1992, I received a Bachelor of Science in Business Administration degree with a major in Accounting from Kutztown University. In 1998, I received a Master's in Business Administration degree from Lehigh University. In 1993, I started my career as a first-year Accountant in the Accounting Department at Metropolitan Edison Company, a wholly owned subsidiary of GPU, Inc. GPU is a public utility holding company based in New Jersey that was acquired by First Energy in 2001. I held various accounting roles in Accounting Operations, the Tax Department and Plant Accounting. In 2001, I accepted a position at Services Corporation as an Accounting Analyst in the Tax Department. My responsibilities included accounting for income and non-income taxes, and I later became involved in financial tax reporting for SEC and regulatory purposes, preparing tax information and providing guidance on tax matters for rate cases, formula rates and other rate mechanisms. I was promoted to Team Leader in 2004, 1st-level Manager in 2011, 2nd-level Manager in 2015 and to my current position as Tax Director in 2021.

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

A. Yes. I testified before the PUC in support of the Company's FY 2024 Gas Safety and Reliability Plan, Docket No. 22-54-NG and 2024 Electric Infrastructure, Safety and Reliability Plan, Docket No. 22-53-EL.

Q. What is the purpose of your testimony?

A. In this docket, the PUC approved a Gas ISR factor for effect April 1, 2022. The ISR factor was based on a projected FY 2023 Gas ISR revenue requirement of $42,436,970 associated with the Company's estimated ISR capital investment for FY 2023 and FY 2022, and actual ISR capital investment in FY 2018, FY 2019, FY 2020, and FY 2021[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 2023 Gas ISR revenue requirement associated with the actual capital investment levels for each of FY 2018 through FY 2023 incremental to the level of investment assumed in Docket No. 4770, the actual tax deductibility percentage and NOL utilization for FY 2022 capital additions, a revised estimate of the tax deductibility percentage and NOL utilization for FY 2023 and a hold harmless adjustment credit.

The updated FY 2023 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 ISR property tax recovery adjustment covers only the months of September 2018 through March 31, 2023.

As shown in Attachment SAB/JDO-1 on Page 1, Line 14, the updated FY 2023 Gas ISR revenue requirement collectible through the Company's ISR factor for the FY 2023 period is $44,292,572. This is an increase of $1,855,602 from the projected FY 2023 ISR revenue requirement of $42,936,970 previously approved by the PUC in this docket. This revenue requirement includes updated tax deductibility percentages, tax gains and/or losses on retirements, and NOL utilization amounts for FY 2022 and FY 2023. The increase in the projected to actual FY 2023 revenue requirement is mainly attributable to: (1) the FY 2023 revenue requirement on FY 2022 capital investment related to actual income tax deductibility, tax gains and/or losses on retirements, and NOL utilization amount updates; (2) an increase in the actual effective FY 2023 property tax rate compared with the projected effective FY 2023 property tax rate in FY 2023 ISR Plan;

(3) the FY 2022 revenue requirement income tax true up; and (4) the FY 2023 revenue requirement on FY 2022 actual capital investment. This increase is partially offset by: (1) a decrease in FY 2023 net capital plant; and (2) the FY 2023 revenue requirement on FY 2023 capital investment related to revised estimated income tax deductibility, tax gains and/or losses on retirements, and NOL utilization amounts.

Q. Does the updated FY 2023 revenue requirement in this filing include an updated FY 2023 NOL utilization?

A. At this time, it is projected that the Company will earn taxable income and will utilize prior years' tax net operating losses ("NOL") in FY 2023. 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 2023 ISR Plan revenue requirement based on the most recent estimate of FY 2023 tax deductibility. Actual tax deductibility percentages for FY 2023 plant additions will not be known until the Company files its FY 2023 income tax return in December of this calendar year. Consequently, the tax deductibility percentage for FY 2023 plant additions continues to be an estimate, although updated, in this reconciliation. The actual deductibility percentage for FY 2023 will be updated in the Company's FY 2024 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 2023 Gas Infrastructure, Safety and Reliability Plan Revenue Requirement Calculation

- Attachment NH-1: FY 2023 Hold Harmless Adjustment

II. Gas ISR Plan FY 2023 Revenue Requirement

Q. Did the Company calculate the updated FY 2023 Gas ISR Plan revenue requirement in the same fashion as calculated in the previous ISR factor submissions and the FY 2022 ISR factor reconciliation?

A. Yes. The Company calculated the updated FY 2023 Gas ISR Plan revenue requirement in the same fashion as the revenue requirements calculations in the FY 2022 Gas ISR reconciliation filing and the FY 2023 and FY 2024 Gas ISR plan proposal filings. Similar to the FY 2022 filing, the calculation incorporates the approved weighted average cost of capital and depreciation rates from Docket No. 4770 and known tax deductibility percentages, tax gains and losses on retirements and NOL utilization for FY 2022. The updated FY 2023 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, 2022, but incorporate updated ISR investment amounts and known tax deductibility percentages, tax gains and losses on retirements and NOL utilization. A detailed description of the revenue requirement calculation employed can be found in the revenue requirements testimony included in the Company's FY 2023 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 2022 revenue requirement income tax true-up shown on Page 1 of Attachment SAB/JDO-1 related to the update for the tax deductibility percentage, tax gains and losses on retirements and NOL utilization.

Q. Please summarize the change in the FY 2023 ISR revenue requirement proposed in this reconciliation filing as compared to the FY 2023 revenue requirement effective April 1, 2022, which was based on projected capital spending approved in the FY 2022 and FY 2023 ISR Plans.

A. As shown in Attachment SAB/JDO-1, Page 1, Line 14 (c), the FY 2023 ISR reconciliation results in an increase to the FY 2023 ISR Plan revenue requirement of $1,855,603 which is the net impact of the following: (1) a $2,662,881 increase in the FY 2023 revenue requirement on vintage FY 2022 ISR capital spending caused by the actual FY 2022 capital investments, updated FY 2022 income tax deductibility, tax gains and losses on retirements and NOL utilization, and increase in FY 2023 revenue requirement based on the impact to the FY 2022 investments due to the sale; (2)a $1,705,361 increase in the FY 2023 property tax recovery adjustment as the actual FY 2023 effective property tax rate was higher than the estimated effective rate assumed in the FY 2023 plan; (3) a $527,961 increase to the FY 2022 revenue requirement on vintage FY 2022 capital spending to reflect actual FY 2022 income tax updates as described in detail later in this testimony; and (4) an increase to the FY 23 revenue requirement for the impact to the FY 2018 to FY 2021 investments to due to the sale of $804,451. The FY 2023 revenue requirement increase was offset by a reduction to the FY 2023 revenue requirement of $2,117,551 on vintage 2023 ISR capital investment due to lower FY 2023 net plant amount compared to the Plan, lower revenue requirement due to updated FY 2023 forecasted income tax deductibility, tax gains/losses on retirements and NOL utilization, and impact to the FY 2023 investments due to the sale. In addition, the FY 2023 revenue requirement increase for FY 2018 through FY 2023 capital investments related to the sale indicated in the increases above was adjusted by a hold harmless credit reduction of $1,727,500 to the FY 2023 revenue requirement, as described 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 2023 ISR revenue requirement recoverable through the FY 2023 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 2023 revenue requirement for incremental FY 2018 through FY 2023 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 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 2023 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 2023 revenue requirement includes the impact of the 2017 Tax Act on vintage FY 2018 through FY 2023 investments.

Q. Are there any updates to the FY 2022 revenue requirement reflected in the FY 2023 Gas ISR Reconciliation?

A. Yes. The Company filed its FY 2022 Gas ISR Reconciliation on August 1, 2022. However, the Company had not filed its FY 2022 income tax return until later that year in December. Consequently, the Company used certain tax assumptions at the time of its FY 2022 ISR Reconciliation filing. The Company has revised its vintage FY 2022 revenue requirement to reflect the following updates in Attachment SAB/JDO-1, Pages 15, 16, 17 and 21: (1) actual capital repairs deduction rate of 73.20 percent, as shown on Attachment SAB/JDO-1 at Page 16, Line 2; (2) actual tax loss on retirements of $561,633, as shown on Attachment SAB/JDO-1 at Page 16, Line 25; (3) actual NOL utilization of $893,329, as shown on Attachment SAB/JDO-1 at Page 21, Line 10 (e). The net result of these tax deductibility updates is an increase to the FY 2022 ISR revenue requirement of $527,961, as shown on Attachment SAB/JDO-1, Page 1 at Line 10.

Q. Please summarize the updated FY 2023 ISR revenue requirement.

A. As shown in Attachment SAB/JDO-1 at Page 1, Line 14(b), the updated FY 2023 ISR revenue requirement amounts to $44,292,572 which is comprised of (1) the FY 2023 revenue requirement on vintages FY 2018, FY 2019, FY 2020, FY 2021, FY 2022 and FY 2023 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, (3) a true-up to the FY 2022 ISR revenue requirement to reflect actual income tax deductibility as reported on the Company's FY 2022 federal income tax return, and (4) an adjustment for hold harmless related to the Company's sale to PPL which will be described below.

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 2023 Gas ISR revenue requirement as compared to the approved FY 2023 Gas ISR Plan revenue requirement effective April 1, 2022. Page 1, Column (a) reflects the approved FY 2023 Gas ISR Plan revenue requirement on projected incremental ISR capital spending and the projected FY 2023 property tax recovery adjustment. Page 1, Column (b) represents: (1) the FY 2023 ISR revenue requirements on actual incremental FY 2018 through FY 2023 ISR capital investments not included in the Company's base rates in Docket No. 4770 and as supported with detailed calculations on Attachment SAB/JDO-1, Pages 2, 5, 8, 12, 15 and 18 respectively; (2) the FY 2023 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, (3) the reconciliation of the approved FY 2022 Gas ISR revenue requirement for vintage FY 2022 plant investment with the actual vintage FY 2022 revenue requirement on those investments; and (4) the hold harmless adjustment related to the sale transaction. The reconciliation in item (3) is necessary because the actual level of tax deductibility on FY 2022 investments was not known when the Company filed the FY 2022 ISR reconciliation and FY 2023 ISR Plan proposals. Detailed calculations of the updated FY 2022 revenue requirements reflecting actual FY 2022 tax depreciation on vintage FY 2022 ISR investments are presented on Column (a), Page 15 of Attachment SAB/JDO-1.

Q. Has the Company provided support for the actual level of FY 2023 ISR-eligible plant investments?

A. Yes. The description of the FY 2023 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. 5210 (FY 2023 Gas ISR), effective as of April 1, 2022, 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 2023 Gas ISR revenue requirement.

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

A. The updated FY 2023 revenue requirement associated with the Company's actual incremental FY 2018 through FY 2023 eligible plant investments is $44,292,572. This amount includes the updated FY 2023 revenue requirement of $36,965,166 on actual FY 2018 through FY 2023 incremental investment, the FY 2023 property tax recovery adjustment of $8,526,945, the true-up to the FY 2022 ISR revenue requirement to reflect actual income tax deductibility as reported on the Company's FY 2022 federal income tax return of $527,961, and the credit adjustment for the hold harmless impact of $1,727,500, as discussed below.

Q. What are the impacts of the sale of the Company to PPL Rhode Island on the FY 2023 Gas ISR revenue requirement calculations?

A. On May 25, 2022, PPL Rhode Island, a wholly owned indirect subsidiary of PPL, acquired 100 percent of the outstanding shares of common stock of Company from National Grid (the "Acquisition"). The Acquisition was treated as an asset acquisition for tax purposes under Internal Revenue Code (IRC) §338(h)(10) ("the §338 election"), which resulted in the recognition of all book and tax timing differences and the reversal of the related deferred tax assets and liabilities in FY 2023. In addition, the Company utilized all its available Net Operating Losses ("NOL") to offset taxable income generated from the sale, which resulted in the reversal of all NOL-related deferred tax assets in FY 2023. The reversal of all deferred tax assets and liabilities, including NOL deferred tax assets, reduced net deferred tax liabilities which increased the ISR rate base in the vintage revenue requirement calculations by $20,541,026 for FY 2023. Consequently, the increase in rate base ultimately increases the return on rate base recoverable through the ISR mechanism. The expected impact to the FY 2023 Gas ISR Reconciliation revenue requirement would be an increase of approximately $1,727,500 in FY 2023 as shown on Attachment SAB/JDO-1, Page 1, Line 13 and shown in detail on Attachment NH-1.

Q. How does the Company propose to address the above increases to the revenue requirements on the FY 2023 Gas ISR Plan revenue requirement as a result of the Acquisition?

A. As part of the transaction approval proceeding before the Division of Public Utilities and Carriers in Docket No. D-21-09, PPL committed to hold harmless Rhode Island customers from any changes to Accumulated Deferred Income Taxes ("ADIT") as a result of the Acquisition.[1] Because of the §338 election, PPL generated tax-deductible goodwill, which creates cash tax benefits to the Company. These cash tax benefits will be shared with the customer in the form of revenue credits to offset the increase in revenue requirements from the increase in rate base because of the elimination of deferred taxes from the Acquisition. Consequently, the Company is proposing to reduce the FY 2023 revenue requirements by the calculated hold harmless amounts as shown on Attachment SAB/JDO-1, Page 1, Line 13.

Q. Please describe any changes to the presentation of the revenue requirements calculations because of the Acquisition.

A. Because of the §338 election, the Acquisition resulted in the reversal of book and tax timing differences and the related deferred taxes. In addition, tax depreciation starts over on a new tax basis equal to net book value on the date of the Acquisition. To reflect these impacts of the Acquisition, the calculations of the FY 2023 rate base and revenue requirement for the vintage plan years FY 2018 through FY 2023 were separated into two columns in Attachment SAB/JDO-1, Pages 2,5,8,12,15 and 18. The first FY 2023 column labeled as “NG, 4/1/22-5/24/22”, reflects the 54 days of National Grid ownership. The second FY 2023 column labeled as “PPL, 5/25/22-3/31/23” reflects the period from acquisition date through March 31, 2023, which represents the 311 days of PPL’s ownership where the deferred taxes under National Grid’s ownership are reversed

[1] *See* Report and Order, Docket No. D-21-09 at 257, commitment #16 (February 23, 2023).

and the tax basis becomes equal to net book basis, causing the book and tax timing difference and tax depreciation to start over.

III. Conclusion

Q. Does this conclude your testimony?

A. Yes.

Index of Attachments

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Annual Revenue Requirement Summary

Line No.		Approved Fiscal Year 2023 (a)	Actual Fiscal Year 2023 (b)	Variance Fiscal Year 2023 (c)
	Operation and Maintenance Expenses			
1	FY 2023 Operation and Maintenance Expense	$0	$0	$0
	Capital Investment:			
2	Actual 2023 Revenue Requirement on FY 2018 Incremental Capital Included in ISR Rate Base	$705,341	$528,363	($176,978)
3	Actual 2023 Revenue Requirement on FY 2019 Incremental Capital Included in ISR Rate Base	$290,803	$348,355	$57,552
4	Actual 2023 Revenue Requirement on FY 2020 Incremental Capital Included in ISR Rate Base	$8,490,363	$9,094,142	$603,780
5	Actual 2023 Revenue Requirement on FY 2021 Incremental Capital Included in ISR Rate Base	$8,578,571	$8,898,669	$320,098
6	Actual 2023 Revenue Requirement on FY 2022 Incremental Capital Included in ISR Rate Base	$11,111,100	$13,773,981	$2,662,881
7	Actual 2023 Revenue Requirement on FY 2023 Incremental Capital Included in ISR Rate Base	$6,439,207	$4,321,656	($2,117,551)
8	Total Capital Investment Revenue Requirement	$35,615,386	$36,965,166	$1,349,780
9	FY 2023 Property Tax Recovery Adjustment	$6,821,584	$8,526,945	$1,705,361
10	True-Up for FY 2022 Income Tax		$527,961	$527,961
11	**Total Capital Investment Component of Revenue Requirement**	**$42,436,970**	**$46,020,072**	**$3,583,103**
12	**Total Fiscal Year Revenue Requirement**	**$42,436,970**	**$46,020,072**	**$3,583,103**
13	**Per Tax Hold Harmless Adjustment per Attachment NH-1**	**$0**	**($1,727,500)**	**($1,727,500)**
14	**Total Net Revenue Requirement**	**$42,436,970**	**$44,292,572**	**$1,855,603**
15	**Incremental Fiscal Year Rate Adjustment**		**$1,855,602**	

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 29, Line 36, Col. (f), & Col. (g)
3 Page 5 of 29, Line 35, Col. (e), & Col. (f)
4 Page 8 of 29, Line 35, Col. (d), & Col. (e)
5 Page 12 of 29, Line 35, Col. (c), & Col. (d)
6 Page 15 of 29, Line 35, Col. (b), & Col. (c)
7 Page 18 of 29, Line 35, Col. (a), & Col. (b)
8 Sum of Lines 2 through 7
9 Page 27 of 29, Line 87, Column (c)
10 Page 15 of 29, Line 37, Column (a)
11 Sum of Line 8 through Line 10
12 Line 1 + Line 11
13 Attachment NH-1, Page 1, Line 23
14 Line 12 + Line 13
15 Line 14 Col (b) - Line 14 Col (a)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Fiscal Year 2023 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)	NG 4/1/22 - 5/24/2022 2023 (f)	PPL 5/25/22 - 3/31/23 2023 (g)
	Depreciable Net Capital Included in ISR Rate Base									
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 21 of 29 , Line 3 ,Col (a)		$4,632,718						
2	Retirements	Page 21 of 29 , Line 9 ,Col (a)		$12,059,428						
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)	($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	$0	$0
5	Depreciation Expense			$0	$0	$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	$4,632,718	$4,632,718
7	Cost of Removal	Page 21 of 29 , 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**	**$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%	2.99%	2.99%
10	Number of days		2/						54	311
11	Proration Percentage		2/						14.79%	85.21%
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1=Page 3 of 29, Line 30, Col (a); then = Page 3 of 29, Col (e)		$7,820,728	$21,720	$20,089	$18,585	$17,189	$2,353	$213,427
13	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	3/	$7,820,728	$7,842,448	$7,862,538	$7,881,123	$7,898,312	$7,900,664	
14	Cumulative Tax Depreciation-PPL	Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/							$213,427
15	Book Depreciation	Year 1= Line 3 × Line 9 × 50%; then = Line 3 × Line 9	2/	($125,511)	($234,127)	($222,059)	($222,059)	($222,059)	($32,853)	($189,206)
16	Cumulative Book Depreciation	Year 1 = Line 14; then = Prior Year Line 15 + Current Year Line 14		($125,511)	($359,638)	($581,697)	($803,756)	($1,025,814)	($1,058,667)	($1,247,873)
17	Cumulative Book / Tax Timer	Columns (a) through (e): Line 13 - Line 16, Then Line 14 - Line 16		$7,946,239	$8,202,087	$8,444,235	$8,684,878	$8,924,126	$8,959,331	$1,461,300
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (f)	3/							($1,058,667)
19	Cumulative Book / Tax Timer - PPL	Line 17 + Line 18								$402,633
20	Effective Tax Rate		4/	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
21	Deferred Tax Reserve	Columns (a) through (f): Line 17 * Line 20, Then Line 19 * Line 20		$1,668,710	$1,722,438	$1,773,289	$1,823,824	$1,874,066	$1,881,459	$84,553
22	Less: FY 2018 Federal NOL	-Page 22 of 29, Line 12, Col (g)	3/	($6,051,855)	($6,051,855)	($6,051,855)	($6,051,855)	($6,051,855)	($6,051,855)	$0
23	Excess Deferred Tax	(Line 16 × 31.55% blended FY18 tax rate) - Line 20; then = Prior Year Line 22		$838,328	$838,328	$838,328	$838,328	$838,328	$838,328	$838,328
24	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22 + Line 23		($3,544,817)	($3,491,089)	($3,440,238)	($3,389,703)	($3,339,461)	($3,332,068)	$922,881
	ISR Rate Base Calculation:									
25	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	$6,573,886	$6,573,886
26	Accumulated Depreciation	- Line 16		$125,511	$359,638	$581,697	$803,756	$1,025,814	$1,058,667	$1,247,873
27	Deferred Tax Reserve	- Line 24		$3,544,817	$3,491,089	$3,440,238	$3,389,703	$3,339,461	$3,332,068	($922,881)
28	Year End Rate Base before Deferred Tax Proration	Sum of Lines 25 through 27		$10,244,214	$10,424,613	$10,595,821	$10,767,344	$10,939,161	$10,964,620	$6,898,878
	Revenue Requirement Calculation:									
29	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = 0; then Average of (Prior + Current Year Line 28)	5/					$10,853,253	$8,919,019	$8,919,019
30	Proration Adjustment	Page 4 of 29, Line 41						$2,157	$3,947	$3,947
31	Average ISR Rate Base after Deferred Tax Proration	Line 29 + Line 30						$10,855,409	$8,922,966	$8,922,966
32	Pre-Tax ROR	Page 29 of 29, Line 30, Column (e)						8.41%	8.41%	8.41%
33	Proration Percentage	Line 11	2/						14.79%	85.21%
34	Return and Taxes	Cols (e) and (h): L 31 * L 32; Cols (f) and (g): L 31 * L 32 * L 33	2/					$912,940	$111,021	$639,400
35	Book Depreciation	Year 1 = N/A; then = Line 15						($222,059)	($32,853)	($189,206)
36	**Annual Revenue Requirement**	Sum of Lines 34 through 35		**N/A**	**N/A**	**N/A**	**N/A**	**$690,881**	**$78,169**	**$450,194**

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/ Columns (f) and (g) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ The Federal Income Tax rate changed from 35% to 21% on Janurary 1, 2018 per the Tax Cuts and Jobs Act of 2017
5/ Columns (f) and (g) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (e) and the end of the fiscal year on Line 32, Column (g). See note 2.

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 2 of 29, 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:	Line 23, Column (a)		$300,875	
4								Annual	Cumulative
5					Fiscal Year		Prorated		
6	Bonus Depreciation				FY Mar-2018	3.750%		$11,283	$7,820,728
7	Plant Additions	Line 1		$4,632,718	FY Mar-2019	7.219%		$21,720	$7,842,448
8	Less Capital Repairs Deduction	Line 3		$3,957,731	FY Mar-2020	6.677%		$20,089	$7,862,538
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		$674,987	FY Mar-2021	6.177%		$18,585	$7,881,123
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%	FY Mar-2022	5.713%		$17,189	$7,898,312
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		$674,987	FY Mar-2023 (Apr-May 2022)	5.285%	0.782%	$2,353	$7,900,664
12	Bonus depreciation 100% category	100% × 15.86%	2/	15.86%					
13	Bonus depreciation 50% category	50% × 58.05%	2/	29.03%	Book Cost	Line 1, Column (a)		$4,632,718	
14	Bonus depreciation 40% category	40% × 26.35%	2/	10.54%	Cumulative Book Depreciation	- Page 2 of 29, Line 16, Col (f)		$1,058,667	
15	Bonus Depreciation Rate (October 2017 - March 2018)	1 × 50% × 0%	2/	0.00%	PPL MACRS basis:	Line 13 + Line 14		$5,691,385	
16	Total Bonus Depreciation Rate	Line 12 + Line 13 + Line 14 + Line 15		55.43%					
17	Bonus Depreciation	Line 11 × Line 16		$374,112	FY Mar-2023 (Jun-Mar 2023)	3.750%		$213,427	$213,427
18					Mar-2024	7.219%		$410,861	$624,288
19	Remaining Tax Depreciation				Mar-2025	6.677%		$380,014	$1,004,302
20	Plant Additions	Line 1		$4,632,718	Mar-2026	6.177%		$351,557	$1,355,859
21	Less Capital Repairs Deduction	Line 3		$3,957,731	Mar-2027	5.713%		$325,149	$1,681,007
22	Less Bonus Depreciation	Line 17		$374,112	Mar-2028	5.285%		$300,790	$1,981,797
23	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 20 - Line 21 - Line 22		$300,875	Mar-2029	4.888%		$278,195	$2,259,992
24	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2030	4.522%		$257,364	$2,517,356
25	Remaining Tax Depreciation	Line 23 × Line 24		$11,283	Mar-2031	4.462%		$253,950	$2,771,306
26					Mar-2032	4.461%		$253,893	$3,025,199
27	FY18 tax (gain)/loss on retirements	Per Tax Department	3/	$1,536,434	Mar-2033	4.462%		$253,950	$3,279,148
28	Cost of Removal	Page 2 of 29, Line 7		$1,941,168	Mar-2034	4.461%		$253,893	$3,533,041
29					Mar-2035	4.462%		$253,950	$3,786,991
30	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 17, 25, 27 & 28		$7,820,728	Mar-2036	4.461%		$253,893	$4,040,883
					Mar-2037	4.462%		$253,950	$4,294,833
					Mar-2038	4.461%		$253,893	$4,548,725
					Mar-2039	4.462%		$253,950	$4,802,675
					Mar-2040	4.461%		$253,893	$5,056,568
					Mar-2041	4.462%		$253,950	$5,310,517
					Mar-2042	4.461%		$253,893	$5,564,410
					Mar-2043	2.231%		$126,975	$5,691,385
						100.000%		$5,691,385	

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
11 (d) 5.285% / 365 x 54

Column (d), Line 11 = MACRS Rate 5.285% / 365 days x 54 days

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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**			FY22 (a)	FY23 (b)
1	Book Depreciation	Col (a): Page 2 of 29, Line 15, column (e); Col (b): Page 2 of 29, Line 15, columns (f) through (h); Col (c): Page 2 of 29, Line 15, column (i)		($222,059)	($222,059)
2	Bonus Depreciation			$0	$0
3	Remaining MACRS Tax Depreciation	Col (a): - Page 3 of 29, Line 10, column (e); Col (b): - Page 3 of 29, Sum of Lines 11,17,18, column, (e); Col (c): - Page 3 of 29, Line 19, column, (e)		($17,189)	($215,779)
4	FY18 tax (gain)/loss on retirements			$0	$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4		($239,248)	($437,838)
6	Effective Tax Rate			21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6		($50,242)	($91,946)
	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)	($91,946)
15	Net Operating Loss			$0	$0
16	Net Deferred Tax Reserve	Line 14 + Line 15		($50,242)	($91,946)
	Allocation of FY 2018 Estimated Federal NOL				
17	Cumulative Book/Tax Timer Subject to Proration	Line 5		($239,248)	($437,838)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11		$0	$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18		($239,248)	($437,838)
20	Total FY 2018 Federal NOL			$0	$0
21	Allocated FY 2018 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20		$0	$0
22	Allocated FY 2018 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20		$0	$0
23	Effective Tax Rate			21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23		$0	$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24		($50,242)	($91,946)
		(d)	(e)	(f)	(g)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY22	FY23
26	April	30	91.78%	($3,843)	($7,032)
27	May	31	83.29%	($3,487)	($6,382)
28	June	30	75.07%	($3,143)	($5,752)
29	July	31	66.58%	($2,787)	($5,101)
30	August	31	58.08%	($2,432)	($4,450)
31	September	30	49.86%	($2,088)	($3,821)
32	October	31	41.37%	($1,732)	($3,170)
33	November	30	33.15%	($1,388)	($2,540)
34	December	31	24.66%	($1,032)	($1,889)
35	January	31	16.16%	($677)	($1,239)
36	February	28	8.49%	($356)	($651)
37	March	31	0.00%	$0	$0
38	Total	365		($22,964)	($42,026)
39	Deferred Tax Without Proration	Line 25		($50,242)	($91,946)
40	Average Deferred Tax without Proration	Line 39 × 50%		($25,121)	($45,973)
41	Proration Adjustment	Line 38 - Line 40		$2,157	$3,947

Column Notes:

(e) Sum of remaining days in the year (Col (d)) ÷ 365

(f), (g) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Fiscal Year 2023 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)	NG 4/1/22 - 5/24/2022 2023 (e)	PPL 5/25/22 - 3/31/23 2023 (f)
	Depreciable Net Capital Included in ISR Rate Base								
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 21 of 29 , Line 3 ,Col (b)		($914,000)					
2	Retirements	Page 21 of 29 , Line 9 ,Col (b)		($1,368,021)					
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	$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	$0	$0
5	Depreciation Expense			$0	$0	$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)	($914,000)	($914,000)
7	Cost of Removal	Page 21 of 29 , 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**	**$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%	2.99%	2.99%
10	Number of days		2/					54	311
11	Proration Percentage		2/					14.79%	85.21%
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 = Page 6 of 29, Line 28, Col (a); then = Page 6 of 29, Col (e)		$5,200,130	($8,390)	($7,760)	($7,179)	($982)	($36,146)
13	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	3/	$5,200,130	$5,191,739	$5,183,979	$5,176,799	$5,175,817	
14	Cumulative Tax Depreciation-PPL	Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/						($36,146)
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50%; then = Line 3 × Line 9	2/	$7,157	$13,575	$13,575	$13,575	$2,008	$11,567
16	Cumulative Book Depreciation	Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15		$7,157	$20,732	$34,307	$47,883	$49,891	$61,458
17	Cumulative Book / Tax Timer	Columns (a) through (e): Line 13 - Line 16, Then Line 14 - Line 16		$5,192,973	$5,171,007	$5,149,671	$5,128,917	$5,125,926	($97,604)
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (e)	3/						$49,891
19	Cumulative Book / Tax Timer - PPL	Line 17 + Line 18							($47,713)
20	Effective Tax Rate			21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
21	Deferred Tax Reserve	Columns (a) through (e): Line 17 * Line 20, Then Line 19 * Line 20		$1,090,524	$1,085,911	$1,081,431	$1,077,072	$1,076,444	($10,020)
22	Add: FY 2019 Federal NOL incremental utilization	Page 21 of 29, Line 12, Col (b)	3/	$286,350	$286,350	$286,350	$286,350	$286,350	$0
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22		$1,376,874	$1,372,261	$1,367,781	$1,363,422	$1,362,794	($10,020)
	ISR Rate Base Calculation:								
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$4,712,564	$4,712,564	$4,712,564	$4,712,564	$4,712,564	$4,712,564
25	Accumulated Depreciation	- Line 16		($7,157)	($20,732)	($34,307)	($47,883)	($49,891)	($61,458)
26	Deferred Tax Reserve	- Line 23		($1,376,874)	($1,372,261)	($1,367,781)	($1,363,422)	($1,362,794)	$10,020
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26		$3,328,533	$3,319,570	$3,310,475	$3,301,259	$3,299,878	$4,661,125
	Revenue Requirement Calculation:								
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line 27 + Current Year Line 27) ÷ 2	4/				$3,305,867	$3,981,192	$3,981,192
29	Proration Adjustment	Page 7 of 29, Line 41					($187)	($457)	($457)
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29					$3,305,680	$3,980,735	$3,980,735
31	Pre-Tax ROR	Page 29 of 29, Line 30, Column (e)					8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/					14.79%	85.21%
33	Return and Taxes	Cols (d) and (g): L 30 * L 31; Cols (e) and (f): L 30 * L 31 * L 32	2/				$278,008	$49,529	$285,251
34	Book Depreciation	Line 15					$13,575	$2,008	$11,567
35	**Annual Revenue Requirement**	**Sum of Lines 33 through 34**		**N/A**	**N/A**	**N/A**	**$291,583**	**$51,537**	**$296,818**

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/ Columns (e) and (f) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

4/ Columns (e) and (f) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 31, Column (d) and the end of the fiscal year on Line 27, Column (f). See note 2.

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2019 Incremental Capital Investment

Line No.				Fiscal Year 2019 (a)
	Capital Repairs Deduction			
1	Plant Additions	Page 5 of 29, 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)
4				
5				
6	Bonus Depreciation			
7	Plant Additions	Line 1		($914,000)
8	Less Capital Repairs Deduction	Line 3		($778,545)
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		($135,455)
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		($135,455)
12	Bonus Depreciation Rate (30% Eligible)	1 × 30% × 11.65%	2/	3.50%
13	Bonus Depreciation Rate (40% Eligible)	1 × 40% × 26.75%	2/	10.70%
14	Total Bonus Depreciation Rate	Line 12 + Line 13		14.20%
15	Bonus Depreciation	Line 11 × Line 14		($19,228)
16				
17	Remaining Tax Depreciation			
18	Plant Additions	Line 1		($914,000)
19	Less Capital Repairs Deduction	Line 3		($778,545)
20	Less Bonus Depreciation	Line 15		($19,228)
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		($116,227)
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%
23	Remaining Tax Depreciation	Line 21 × Line 22		($4,359)
24				
25	FY19 tax (gain)/loss on retirements	Per Tax Department	3/	$375,698
26	Cost of Removal	Page 5 of 29, Line 7		$5,626,564
27				
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		$5,200,130

(b)		(c)	(d)	(e)	(f)
20 Year MACRS Depreciation					
MACRS basis:	Line 21, Column (a)			($116,227)	
				Annual	Cumulative
Fiscal Year			Prorated		
FY Mar-2019		3.750%		($4,359)	$5,200,130
FY Mar-2020		7.219%		($8,390)	$5,191,739
FY Mar-2021		6.677%		($7,760)	$5,183,979
FY Mar-2022		6.177%		($7,179)	$5,176,799
FY Mar-2023 (Apr-May 2022)		5.713%	0.845%	($982)	$5,175,817
Book Cost	Line 1, Column (a)			($914,000)	
Cumulative Book Depreciation	- Page 5 of 29, Line 16, Col (e)			($49,891)	
PPL MACRS basis:	Line 12 + Line 13			($963,891)	
FY Mar-2023 (Jun-Mar 2023)		3.750%		($36,146)	($36,146)
Mar-2024		7.219%		($69,583)	($105,729)
Mar-2025		6.677%		($64,359)	($170,088)
Mar-2026		6.177%		($59,540)	($229,628)
Mar-2027		5.713%		($55,067)	($284,695)
Mar-2028		5.285%		($50,942)	($335,637)
Mar-2029		4.888%		($47,115)	($382,751)
Mar-2030		4.522%		($43,587)	($426,339)
Mar-2031		4.462%		($43,009)	($469,347)
Mar-2032		4.461%		($42,999)	($512,347)
Mar-2033		4.462%		($43,009)	($555,355)
Mar-2034		4.461%		($42,999)	($598,355)
Mar-2035		4.462%		($43,009)	($641,363)
Mar-2036		4.461%		($42,999)	($684,363)
Mar-2037		4.462%		($43,009)	($727,371)
Mar-2038		4.461%		($42,999)	($770,371)
Mar-2039		4.462%		($43,009)	($813,379)
Mar-2040		4.461%		($42,999)	($856,379)
Mar-2041		4.462%		($43,009)	($899,387)
Mar-2042		4.461%		($42,999)	($942,387)
Mar-2043		2.231%		($21,504)	($963,891)
		100.000%		($963,891)	

Column (d), Line 10 = MACRS Rate 5.713% / 365 days x 54 days

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
10 (d) 5.713% / 365 x 54

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2019 Incremental Capital Investment

Line No.	**Deferred Tax Subject to Proration**		FY22 (a)	FY23 (b)
1	Book Depreciation	Col (a): Page 5 of 29, Line 15, column (d); Col (b): Page 5 of 29, Line 15, columns (e) and (f); Col (c): Page 5 of 29, Line 15, column (g)	$13,575	$13,575
2	Bonus Depreciation		$0	$0
3	Remaining MACRS Tax Depreciation	Col (a): - Page 6 of 29, Line 9, column (e); Col (b): - Page 6 of 29, Sum of Lines 10 and 16, column, (e); Col (c): - Page 6 of 29, Line 17, column, (e)	$7,179	$37,128
4	FY19 tax (gain)/loss on retirements		$0	$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	$20,755	$50,703
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	$4,358	$10,648
	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	$0
12	Effective Tax Rate		21%	21%
13	Deferred Tax Reserve	Line 11 × Line 12	$0	$0
14	Total Deferred Tax Reserve	Line 7 + Line 13	$4,358	$10,648
15	Net Operating Loss		$0	$0
16	Net Deferred Tax Reserve	Line 14 + Line 15	$4,358	$10,648
	Allocation of FY 2019 Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	$20,755	$50,703
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	$0	$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	$20,755	$50,703
20	Total FY 2019 Federal NOL		$0	$0
21	Allocated FY 2019 Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	$0	$0
22	Allocated FY 2019 Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	$0	$0
23	Effective Tax Rate		21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	$0	$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	$4,358	$10,648

Line No.		(d)	(e)	(f)	(g)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY22	FY23
26	April	30	91.78%	$333	$814
27	May	31	83.29%	$303	$739
28	June	30	75.07%	$273	$666
29	July	31	66.58%	$242	$591
30	August	31	58.08%	$211	$515
31	September	30	49.86%	$181	$442
32	October	31	41.37%	$150	$367
33	November	30	33.15%	$120	$294
34	December	31	24.66%	$90	$219
35	January	31	16.16%	$59	$143
36	February	28	8.49%	$31	$75
37	March	31	0.00%	$0	$0
38	Total	365		$1,992	$4,867
39	Deferred Tax Without Proration	Line 25		$4,358	$10,648
40	Average Deferred Tax without Proration	Line 39 × 50%		$2,179	$5,324
41	Proration Adjustment	Line 38 - Line 40		($187)	($457)

Column Notes:
(e) Sum of remaining days in the year (Col (d)) ÷ 365
(f), (g) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Fiscal Year 2023 Revenue Requirement on FY 2020 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year 2020 (a)	Fiscal Year 2021 (b)	Fiscal Year 2022 (c)	NG 4/1/22 - 5/24/2022 2023 (d)	PPL 5/25/22 - 3/31/23 2023 (e)
	Depreciable Net Capital Included in ISR Rate Base							
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 21 of 29 , Line 3 ,Col (c)		$105,296,046				
2	Retirements	Page 21 of 29 , Line 9 ,Col (c)		$4,276,135				
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		$101,019,911	$101,019,911	$101,019,911	$101,019,911	$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	$0	$0
5	Depreciation Expense	Page 25 of 29, Line 72(c)		$23,534,853	$0	$0	$0	$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		$81,761,193	$81,761,193	$81,761,193	$81,761,193	$81,761,193
7	Cost of Removal	Page 21 of 29 , 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**	**$88,816,823**	**$88,816,823**
	Deferred Tax Calculation:							
9	Composite Book Depreciation Rate	Page 23 of 29, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%	2.99%
10	Number of days		2/				54	311
11	Proration Percentage		2/				14.79%	85.21%
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 9 of 29, Line 28, Col (a); then =Page 9 of 29, Col (e)		$89,531,414	$1,753,362	$1,621,720	$221,959	$3,648,673
13	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	3/	$89,531,414	$91,284,775	$92,906,495	$93,128,454	
14	Cumulative Tax Depreciation-PPL	Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/					$3,648,673
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9	2/	$1,510,248	$3,020,495	$3,020,495	$446,868	$2,573,628
16	Cumulative Book Depreciation	Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15		$1,510,248	$4,530,743	$7,551,238	$7,998,106	$10,571,734
17	Cumulative Book / Tax Timer	Columns (a) through (d): Line 13 - Line 16, Then Line 14 - Line 16		$88,021,166	$86,754,032	$85,355,257	$85,130,348	($6,923,061)
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (d)	3/					$7,998,106
19	Cumulative Book / Tax Timer - PPL	Line 17 + Line 18						$1,075,045
20	Effective Tax Rate			21.00%	21.00%	21.00%	21.00%	21.00%
21	Deferred Tax Reserve	Columns (a) through (d): Line 17 * Line 20, Then Line 19 * Line 20		$18,484,445	$18,218,347	$17,924,604	$17,877,373	$225,759
22	Add: FY 2020 Federal NOL utilization	Page 21 of 29, Line 12, Col (c)	3/	($3,063,059)	($3,063,059)	($3,063,059)	($3,063,059)	$0
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22		$15,421,386	$15,155,288	$14,861,545	$14,814,315	$225,759
	ISR Rate Base Calculation:							
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$88,816,823	$88,816,823	$88,816,823	$88,816,823	$88,816,823
25	Accumulated Depreciation	- Line 16		($1,510,248)	($4,530,743)	($7,551,238)	($7,998,106)	($10,571,734)
26	Deferred Tax Reserve	- Line 23		($15,421,386)	($15,155,288)	($14,861,545)	($14,814,315)	($225,759)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26		$71,885,189	$69,130,792	$66,404,039	$66,004,402	$78,019,330
	Revenue Requirement Calculation:							
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Line 27 × Page 11 of 29, Line 16; then = Average of (Prior Year Line 27 + Current Year Line 27/2)	4/			$67,767,415	$72,211,684	$72,211,684
29	Proration Adjustment	Page 10 of 29, Line 41				($12,608)	$7,663	$7,663
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29				$67,754,807	$72,219,347	$72,219,347
31	Pre-Tax ROR	Page 29 of 29, Line 30, Column (e)				8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/				14.79%	85.21%
33	Return and Taxes	Cols (c) and (f): L 30 * L 31; Cols (d) and (e): L 30 * L 31 * L 32	2/			$5,698,179	$898,567	$5,175,080
34	Book Depreciation	Line 15				$3,020,495	$446,868	$2,573,628
35	**Annual Revenue Requirement**	Sum of Lines 33 through 34		**N/A**	**N/A**	**$8,718,675**	**$1,345,435**	**$7,748,708**

1/ 2.99%, Composite Book Depreciation Rate of Distirbution Plant approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ Columns (d) and (e) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ Columns (d) and (e) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (c) and the end of the fiscal year on Line 31, Column (e). See note 2.

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 8 of 29, 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:	Line 21, Column (a)		$24,288,150	
4								Annual	Cumulative
5					Fiscal Year		Prorated		
6	Bonus Depreciation				FY Mar-2020	3.750%		$910,806	$89,531,414
7	Plant Additions	Line 1		$105,296,046	FY Mar-2021	7.219%		$1,753,362	$91,284,775
8	Less Capital Repairs Deduction	Line 3		$80,172,409	FY Mar-2022	6.677%		$1,621,720	$92,906,495
9	Plant Additions Net of Capital Repairs Deduction	Line 4 - Line 5		$25,123,637	FY Mar-2023 (Apr-May 2022)	6.177%	0.914%	$221,959	$93,128,454
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		100.00%					
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		$25,123,637	Book Cost	Line 1, Column (a)		$105,296,046	
12	Bonus Depreciation Rate 30%, up to December 31, 2019	14.78% × 30% × 75%	2/	3.33%	Cumulative Book Depreciation	- Page 8 of 29, Line 16, Col (d)		($7,998,106)	
13	Bonus Depreciation Rate 0%, after December 31, 2019			0.00%	PPL MACRS basis:	Line 11 + Line 12		$97,297,940	
14	Total Bonus Depreciation Rate	Line 12 + Line 13		3.33%					
15	Bonus Depreciation	Line 11 × Line 14		$835,487	FY Mar-2023 (Jun-Mar 2023)	3.750%		$3,648,673	$3,648,673
16					Mar-2024	7.219%		$7,023,938	$10,672,611
17	Remaining Tax Depreciation				Mar-2025	6.677%		$6,496,583	$17,169,194
18	Plant Additions	Line 1		$105,296,046	Mar-2026	6.177%		$6,010,094	$23,179,288
19	Less Capital Repairs Deduction	Line 3		$80,172,409	Mar-2027	5.713%		$5,558,631	$28,737,919
20	Less Bonus Depreciation	Line 15		$835,487	Mar-2028	5.285%		$5,142,196	$33,880,116
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		$24,288,150	Mar-2029	4.888%		$4,755,923	$38,636,039
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2030	4.522%		$4,399,813	$43,035,852
23	Remaining Tax Depreciation	Line 21 × Line 22		$910,806	Mar-2031	4.462%		$4,341,434	$47,377,286
24					Mar-2032	4.461%		$4,340,461	$51,717,747
25	FY20 tax (gain)/loss on retirements	Per Tax Department	3/	$557,081	Mar-2033	4.462%		$4,341,434	$56,059,181
26	Cost of Removal	Page 8 of 29, Line 7		$7,055,630	Mar-2034	4.461%		$4,340,461	$60,399,642
27					Mar-2035	4.462%		$4,341,434	$64,741,076
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		$89,531,414	Mar-2036	4.461%		$4,340,461	$69,081,537
29					Mar-2037	4.462%		$4,341,434	$73,422,971
30					Mar-2038	4.461%		$4,340,461	$77,763,432
31					Mar-2039	4.462%		$4,341,434	$82,104,866
32					Mar-2040	4.461%		$4,340,461	$86,445,327
33					Mar-2041	4.462%		$4,341,434	$90,786,762
34					Mar-2042	4.461%		$4,340,461	$95,127,223
35					Mar-2043	2.231%		$2,170,717	$97,297,940
36						100.000%		$97,297,940	
37									

Column (d), Line 9 = MACRS Rate 6.177% / 365 days x 54 days

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
9 (d) 6.177% / 365 x 54

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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**		FY22 (a)	FY23-NG (b)
1	Book Depreciation	Col (a): Page 8 of 29, Line 15, column (c); Col (b): Page 8 of 29, Line 15, columns (d) and (e); Col (c): Page 8 of 29, Line 15, column (f)	$3,020,495	$3,020,495
2	Bonus Depreciation		$0	$0
3	Remaining MACRS Tax Depreciation	Col (a): - Page 9 of 29, Line 8, column (e); Col (b): - Page 9 of 29, Sum of Lines 9 and 15 column (e); Col (c): - Page 9 of 29, Line 16, column (e)	($1,621,720)	($3,870,632)
4	FY20 tax (gain)/loss on retirements	Year 1 = Docket no. 4916, R.S. 3, Att. 1R, page 10 Col (a); then = 0	$0	$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	$1,398,776	($850,136)
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	$293,743	($178,529)
	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	($178,529)
15	Net Operating Loss			
16	Net Deferred Tax Reserve	Line 14 + Line 15	$293,743	($178,529)
	Allocation of FY 2018 Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	$1,398,776	($850,136)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	$0	$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	$1,398,776	($850,136)
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	($178,529)

		(d)	(e)	(f)	(g)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY22	FY23-NG
26	April	30	91.78%	$22,467	($13,655)
27	May	31	83.29%	$20,388	($12,391)
28	June	30	75.07%	$18,376	($11,168)
29	July	31	66.58%	$16,297	($9,905)
30	August	31	58.08%	$14,218	($8,641)
31	September	30	49.86%	$12,206	($7,418)
32	October	31	41.37%	$10,127	($6,155)
33	November	30	33.15%	$8,115	($4,932)
34	December	31	24.66%	$6,036	($3,668)
35	January	31	16.16%	$3,957	($2,405)
36	February	28	8.49%	$2,079	($1,264)
37	March	31	0.00%	$0	$0
38	Total	365		$134,263	($81,601)
39	Deferred Tax Without Proration	Line 25		$293,743	($178,529)
40	Average Deferred Tax without Proration	Line 39 × 50%		$146,871	($89,264)
41	Proration Adjustment	Line 38 - Line 40		($12,608)	$7,663

Column Notes:

(e) Sum of remaining days in the year (Col (d)) ÷ 366

(f), (g) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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 21 of 29 , Line 1 ,Col (c)
Column (b)=Page 21 of 29 , Line 2 ,Col (c)
Column (d) = (12.5 - Month No.) ÷ 12
Line 14 = Page 21 of 29 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 2023 Gas ISR Revenue Requirement Reconciliation
Fiscal Year 2023 Revenue Requirement on FY 2021 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year 2021 (a)	Fiscal Year 2022 (b)	NG 4/1/22 - 5/24/2022 2023 (c)	PPL 5/25/22 - 3/31/23 2023 (d)
	Depreciable Net Capital Included in ISR Rate Base						
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 21 of 29 , Line 3 ,Col (d)		$110,177,659			
2	Retirements	Page 21 of 29 , Line 9 ,Col (d)		$3,860,987			
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	$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	$0	$0
5	Depreciation Expense	Page 25 of 29, Line 78(c)		$40,700,586	$0	$0	$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		$69,477,072	$69,477,072	$69,477,072	$69,477,072
7	Cost of Removal	Page 21 of 29 , Line 6 ,Col (d)		$8,861,636			
8	**Net Plant Amount**	**Line 6 + Line 7**		**$78,338,709**	**$78,338,709**	**$78,338,709**	**$78,338,709**
	Deferred Tax Calculation:						
9	Composite Book Depreciation Rate	Page 23 of 29, Line 86(e)	1/	2.99%	2.99%	2.99%	2.99%
10	Number of days		2/			54	311
11	Proration Percentage		2/			14.79%	85.21%
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 13 of 29, Line 28, Col (a); then = Page 13 of 29, Col (e)		$63,538,144	$4,232,177	$579,121	$3,935,215
13	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	3/	$63,538,144	$67,770,322	$68,349,442	
14	Cumulative Tax Depreciation-PPL	Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/				$3,935,215
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9	2/	$1,589,434	$3,178,868	$470,298	$2,708,570
16	Cumulative Book Depreciation	Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15		$1,589,434	$4,768,303	$5,238,601	$7,947,171
17	Cumulative Book / Tax Timer	Columns (a) through (c): Line 13 - Line 16, Then Line 14 - Line 16		$61,948,710	$63,002,019	$63,110,841	($4,011,957)
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (c)	3/				$5,238,601
19	Cumulative Book / Tax Timer - PPL	Line 17 + Line 18					$1,226,645
20	Effective Tax Rate			21.00%	21.00%	21.00%	21.00%
21	Deferred Tax Reserve	Columns (a) through (c): Line 17 * Line 20, Then Line 19 * Line 20		$13,009,229	$13,230,424	$13,253,277	$257,595
22	Add: FY 2021 Federal NOL utilization	Page 21 of 29, Line 12, Col (d)	3/	($5,525,796)	($5,525,796)	($5,525,796)	$0
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22		$7,483,434	$7,704,628	$7,727,481	$257,595
	ISR Rate Base Calculation:						
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$78,338,709	$78,338,709	$78,338,709	$78,338,709
25	Accumulated Depreciation	- Line 16		($1,589,434)	($4,768,303)	($5,238,601)	($7,947,171)
26	Deferred Tax Reserve	- Line 23		($7,483,434)	($7,704,628)	($7,727,481)	($257,595)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26		$69,265,841	$65,865,777	$65,372,626	$70,133,942
	Revenue Requirement Calculation:						
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line 27 + Current Year Line 27) ÷ 2	4/		$67,565,809	$67,999,860	$67,999,860
29	Proration Adjustment	Page 14 of 29, Line 41			$9,494	$12,037	$12,037
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29			$67,575,303	$68,011,897	$68,011,897
31	Pre-Tax ROR	Page 29 of 29, Line 30, Column (e)			8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/			14.79%	85.21%
33	Return and Taxes	Cols (b) and (e): L 30 * L 31; Cols (c) and (d): L 30 * L 31 * L 32	2/		$5,683,083	$846,217	$4,873,583
34	Book Depreciation	Line 15			$3,178,868	$470,298	$2,708,570
35	**Annual Revenue Requirement**	**Sum of Lines 33 through 34**		**N/A**	**$8,861,951**	**$1,316,515**	**$7,582,154**

1/ 2.99%, Composite Book Depreciation Rate approved per RIPUC Docket No. 4770, effective on Sep 1, 2018
2/ Columns (c) and (d) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.
3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.
4/ Columns (c) and (d) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (b) and the end of the fiscal year on Line 27, Column (d).

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 12 of 29, 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:	Line 21, Column (a)		$58,625,533	
4								Annual	Cumulative
5					Fiscal Year		Prorated		
6	Bonus Depreciation				FY Mar-2021	3.750%		$2,198,457	$63,538,144
7	Plant Additions	Line 1		$110,177,659	FY Mar-2022	7.219%		$4,232,177	$67,770,322
8	Less Capital Repairs Deduction	Line 3		$51,552,126	FY Mar-2023 (Apr-May 2022)	6.677%	0.988%	$579,121	$68,349,442
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		$58,625,533					
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	PPL Acquisition - May 25, 2022				
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		$0	Book Cost	Line 1, Column (a)		$110,177,659	
12	Bonus Depreciation Rate ()	Per Tax Department		0.00%	Cumulative Book Depreciation	- Page 12 of 29, Line 16, Col (c)		($5,238,601)	
13	Bonus Depreciation Rate ()	Per Tax Department		0.00%	PPL MACRS basis:	Line 11 + Line 12		$104,939,057	
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%					
15	Bonus Depreciation	Line 11 × Line 14		$0	FY Mar-2023 (Jun-Mar 2023)	3.750%		$3,935,215	$3,935,215
16					Mar-2024	7.219%		$7,575,551	$11,510,765
17	Remaining Tax Depreciation				Mar-2025	6.677%		$7,006,781	$18,517,546
18	Plant Additions	Line 1		$110,177,659	Mar-2026	6.177%		$6,482,086	$24,999,632
19	Less Capital Repairs Deduction	Line 3		$51,552,126	Mar-2027	5.713%		$5,995,168	$30,994,800
20	Less Bonus Depreciation	Line 15		$0	Mar-2028	5.285%		$5,546,029	$36,540,829
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		$58,625,533	Mar-2029	4.888%		$5,129,421	$41,670,250
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2030	4.522%		$4,745,344	$46,415,595
23	Remaining Tax Depreciation	Line 21 × Line 22		$2,198,457	Mar-2031	4.462%		$4,682,381	$51,097,975
24					Mar-2032	4.461%		$4,681,331	$55,779,307
25	FY21 tax (gain)/loss on retirements	Per Tax Department	2/	925,925	Mar-2033	4.462%		$4,682,381	$60,461,687
26	Cost of Removal	Page 12 of 29, Line 7		$8,861,636	Mar-2034	4.461%		$4,681,331	$65,143,019
27					Mar-2035	4.462%		$4,682,381	$69,825,399
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		$63,538,144	Mar-2036	4.461%		$4,681,331	$74,506,731
29					Mar-2037	4.462%		$4,682,381	$79,189,112
30					Mar-2038	4.461%		$4,681,331	$83,870,443
31					Mar-2039	4.462%		$4,682,381	$88,552,824
32					Mar-2040	4.461%		$4,681,331	$93,234,155
33					Mar-2041	4.462%		$4,682,381	$97,916,536
34					Mar-2042	4.461%		$4,681,331	$102,597,867
35					Mar-2043	2.231%		$2,341,190	$104,939,057
36						100.000%		$104,939,057	
37									

Column (d), Line 8 = MACRS Rate 6.677% / 365 days x 54 days

1/ Capital Repairs percentage is the actual result of FY2021 tax return
2/ Actual Loss based on FY2021 tax return
8 (d) 6.677% / 365 x 54

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2021 Incremental Capital Investments

Line No.	**Deferred Tax Subject to Proration**			FY22 (a)	FY23 (b)
1	Book Depreciation	Col (a): Page 12 of 29, Line 15, column (b); Col (b): Page 12 of 29, Line 15, columns (c) and (d); Col (c): Page 12 of 29, Line 15, column (e)		$3,178,868	$3,178,868
2	Bonus Depreciation				
3	Remaining MACRS Tax Depreciation	Col (a): - Page 13 of 29, Line 7, column (e); Col (b): - Page 13 of 29, Sum of Lines 8 and 15, column, (e); Col (c): - Page 13 of 29, Line 16, column, (e)		($4,232,177)	($4,514,335)
4	FY21 tax (gain)/loss on retirements	Page 13 of 29 , Line 25 ,Col (a)		$0	$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4		($1,053,309)	($1,335,467)
6	Effective Tax Rate			21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6		($221,195)	($280,448)
	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		($221,195)	($280,448)
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		($221,195)	($280,448)
	Allocation of FY 2021 Estimated Federal NOL				
17	Cumulative Book/Tax Timer Subject to Proration	Line 5		($1,053,309)	($1,335,467)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11		$0	$0
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18		($1,053,309)	($1,335,467)
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		($221,195)	($280,448)
		(d)	(e)	(f)	(g)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY22	FY23
26	April	30	91.78%	($16,918)	($21,450)
27	May	31	83.29%	($15,352)	($19,465)
28	June	30	75.07%	($13,837)	($17,544)
29	July	31	66.58%	($12,272)	($15,559)
30	August	31	58.08%	($10,706)	($13,574)
31	September	30	49.86%	($9,191)	($11,653)
32	October	31	41.37%	($7,626)	($9,668)
33	November	30	33.15%	($6,111)	($7,748)
34	December	31	24.66%	($4,545)	($5,763)
35	January	31	16.16%	($2,980)	($3,778)
36	February	28	8.49%	($1,566)	($1,985)
37	March	31	0.00%	$0	$0
38	Total	365		($101,103)	($128,187)
39	Deferred Tax Without Proration	Line 25		($221,195)	($280,448)
40	Average Deferred Tax without Proration	Line 39 × 0.5		($110,597)	($140,224)
41	Proration Adjustment	Line 38 - Line 40		$9,494	$12,037

Column Notes:

(e) Sum of remaining days in the year (Col (d)) ÷ 365

(f), (g) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Fiscal Year 2023 Revenue Requirement on FY 2022 Actual Incremental Gas Capital Investment

Line No.				Fiscal Year 2022 (a)	NG 4/1/22 - 5/24/2022 2023 (b)	PPL 5/25/22 - 3/31/23 2023 (c)
	Depreciable Net Capital Included in ISR Rate Base					
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 21 of 29 , Line 3 ,Col (e)		$156,694,227		
2	Retirements	Page 21 of 29 , 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	$150,435,718	$150,435,718
	Change in Net Capital Included in ISR Rate Base					
4	Capital Included in ISR Rate Base	Line 1		$156,694,227	$0	$0
5	Depreciation Expense	Page 25 of 29, Line 77(c)		$40,954,246	$0	$0
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		$115,739,981	$115,739,981	$115,739,981
7	Cost of Removal	Page 21 of 29 , Line 6 ,Col (e)		$10,773,005		
8	**Net Plant Amount**	**Line 6 + Line 7**		**$126,512,985**	**$126,512,985**	**$126,512,985**
	Deferred Tax Calculation:					
9	Composite Book Depreciation Rate	Page 23 of 29, Line 86(e)	1/	2.99%	2.99%	2.99%
10	Number of days		2/		54	311
11	Proration Percentage		2/		14.79%	85.21%
12	Tax Depreciation and Year 1 Basis Adjustments	Year 1 =Page 16 of 29, Line 28, Col (a); then = Page 16 of 29, Col (e)		$127,609,589	$448,503	$5,766,741
13	Cumulative Tax Depreciation-NG	Year 1 = Line 12; then = Prior Year Line 13 + Current Year Line 12	3/	$127,609,589	$128,058,092	
14	Cumulative Tax Depreciation-PPL	Year 1 = Line 12; then = Prior Year Line 14 + Current Year Line 12	3/			$5,766,741
15	Book Depreciation	Year 1 = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9	2/	$2,249,014	$665,462	$3,832,566
16	Cumulative Book Depreciation	Year 1 = Line 15; then = Prior Year Line 16 + Current Year Line 15		$2,249,014	$2,914,476	$6,747,042
17	Cumulative Book / Tax Timer	Columns (a) and (b): Line 13 - Line 16, Then Line 14 - Line 16		$125,360,575	$125,143,617	($980,301)
18	Less: Cumulative Book Depreciation at Acquisition	Line 16 Column (b)	3/			$2,914,476
19	Cumulative Book / Tax Timer - PPL	Line 17 + Line 18				$1,934,174
20	Effective Tax Rate			21.00%	21.00%	21.00%
21	Deferred Tax Reserve	Columns (a) through (b): Line 17 * Line 20, Then Line 19 * Line 20		$26,325,721	$26,280,159	$406,177
22	Add: FY 2022 Federal NOL utilization	Page 21 of 29 , Line 12 ,Col (e)	3/	($3,264,442)	($3,264,442)	$0
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22		$23,061,278	$23,015,717	$406,177
	ISR Rate Base Calculation:					
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$126,512,985	$126,512,985	$126,512,985
25	Accumulated Depreciation	- Line 16		($2,249,014)	($2,914,476)	($6,747,042)
26	Deferred Tax Reserve	- Line 23		($23,061,278)	($23,015,717)	($406,177)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26		$101,202,693	$100,582,792	$119,359,767
	Revenue Requirement Calculation:					
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 = Current Year Line 27 ÷ 2; then = (Prior Year Line 27 + Current Year Line 27) ÷ 2	4/	$50,601,346	$110,281,230	$110,281,230
29	Proration Adjustment	Page 17 of 29, Line 41		($6,077)	$15,478	$15,478
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29		$50,595,269	$110,296,708	$110,296,708
31	Pre-Tax ROR	Page 29 of 29, Line 30, Column (e)		8.41%	8.41%	8.41%
32	Proration Percentage	Line 11	2/		14.79%	85.21%
33	Return and Taxes	Cols (a) and (d): L 30 * L 31; Cols (b) and (c): L 30 * L 31 * L 32	2/	$4,255,062	$1,372,333	$7,903,620
34	Book Depreciation	Line 15		$2,249,014	$665,462	$3,832,566
35	**Annual Revenue Requirement**	**Sum of Lines 33 through 34**		**$6,504,076**	**$2,037,794**	**$11,736,187**
36	Docket No. 5099 FY 2022 Gas ISR Reconciliation, Page 1, Line 6(b)			$5,976,115		
37	2022 Tax True-Up			$527,961		

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

2/ Columns (b) and (c) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

4/ Columns (b) and (c) takes the average of the "Year End Rate Base before Deferred Tax Proration" at the beginning of the fiscal year on Line 27, Column (a) and the end of the fiscal year on Line 27, Column (c). See note 2.

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2022 Incremental Capital Investments

Line No.				Fiscal Year 2022 (a)	(b)	(c)	(d)	(e)	(f)
	Capital Repairs Deduction								
1	Plant Additions	Page 15 of 29, Line 1		$156,694,227		20 Year MACRS Depreciation			
2	Capital Repairs Deduction Rate	Per Tax Department	1/	73.20%					
3	Capital Repairs Deduction	Line 1 × Line 2		$114,700,174	MACRS basis:	Line 21, Column (a)		$41,994,053	
4								Annual	Cumulative
5					Fiscal Year		Prorated		
6	Bonus Depreciation				FY Mar-2022	3.750%		$1,574,777	$127,609,589
7	Plant Additions	Line 1		$156,694,227	FY Mar-2023 (Apr-May 2022)	7.219%	1.068%	$448,503	$128,058,092
8	Less Capital Repairs Deduction	Line 3		$114,700,174					
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		$41,994,053	PPL Acquisition - May 25, 2022				
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	Book Cost	Line 1, Column (a)		$156,694,227	
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		$0	Cumulative Book Depreciation	- Page 15 of 29, Line 16, Col (b)		($2,914,476)	
12	Bonus Depreciation Rate 30%	Per Tax Department		0.00%	PPL MACRS basis:	Line 10 + Line 11		$153,779,751	
13	Bonus Depreciation Rate 0%	Per Tax Department		0.00%					
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%	FY Mar-2023 (Jun-Mar 2023)	3.750%		$5,766,741	$5,766,741
15	Bonus Depreciation	Line 11 × Line 14		$0	Mar-2024	7.219%		$11,101,360	$16,868,101
16					Mar-2025	6.677%		$10,267,874	$27,135,975
17	Remaining Tax Depreciation				Mar-2026	6.177%		$9,498,975	$36,634,950
18	Plant Additions	Line 1		$156,694,227	Mar-2027	5.713%		$8,785,437	$45,420,387
19	Less Capital Repairs Deduction	Line 3		$114,700,174	Mar-2028	5.285%		$8,127,260	$53,547,647
20	Less Bonus Depreciation	Line 15		$0	Mar-2029	4.888%		$7,516,754	$61,064,401
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		$41,994,053	Mar-2030	4.522%		$6,953,920	$68,018,322
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	Mar-2031	4.462%		$6,861,653	$74,879,974
23	Remaining Tax Depreciation	Line 21 × Line 22		$1,574,777	Mar-2032	4.461%		$6,860,115	$81,740,089
24					Mar-2033	4.462%		$6,861,653	$88,601,742
25	FY22 tax (gain)/loss on retirements	Per Tax Department	2/	561,633	Mar-2034	4.461%		$6,860,115	$95,461,856
26	Cost of Removal	Page 15 of 29, Line 7		$10,773,005	Mar-2035	4.462%		$6,861,653	$102,323,509
27					Mar-2036	4.461%		$6,860,115	$109,183,623
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		$127,609,589	Mar-2037	4.462%		$6,861,653	$116,045,276
29					Mar-2038	4.461%		$6,860,115	$122,905,391
30					Mar-2039	4.462%		$6,861,653	$129,767,043
31					Mar-2040	4.461%		$6,860,115	$136,627,158
32					Mar-2041	4.462%		$6,861,653	$143,488,810
33					Mar-2042	4.461%		$6,860,115	$150,348,925
34					Mar-2043	2.231%		$3,430,826	$153,779,751
35						100.000%		$153,779,751	
36									

Column (d), Line 7 = MACRS Rate 7.219% / 365 days x 54 days

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 2023 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			FY22 (a)	FY23 (b)
1	Book Depreciation	Col (a): Page 15 of 29, Line 15, column (a); Col (b): Page 15 of 29, Line 15, columns (b) and (c); Col (c): Page 15 of 29, Line 15, column (d)		$2,249,014	$4,498,028
2	Bonus Depreciation				
3	Remaining MACRS Tax Depreciation	Col (a): - Page 16 of 29, Line 6, column (e); Col (b): - Page 16 of 29, Sum of Lines 7 and 14, column (e); Col (c): - Page 16 of 29, Line 15, column, (e)		($1,574,777)	($6,215,244)
4	FY22 tax (gain)/loss on retirements	- Page 16 of 29 , Line 25 ,Col (a)		$0	$0
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4		$674,237	($1,717,216)
6	Effective Tax Rate			21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6		$141,590	($360,615)
	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		$141,590	($360,615)
15	Net Operating Loss	- Page 15 of 29 , Line 22 ,Col (a)			
16	Net Deferred Tax Reserve	Line 14 + Line 15		$141,590	($360,615)
	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 29 , Line 22 ,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		$141,590	($360,615)
		(d)	(e)	(f)	(g)
	Proration Calculation	Number of Days in Month	Proration Percentage	FY22	FY23
26	April	30	91.78%	$10,829	($27,581)
27	May	31	83.29%	$9,827	($25,029)
28	June	30	75.07%	$8,857	($22,559)
29	July	31	66.58%	$7,855	($20,007)
30	August	31	58.08%	$6,853	($17,454)
31	September	30	49.86%	$5,883	($14,984)
32	October	31	41.37%	$4,881	($12,432)
33	November	30	33.15%	$3,911	($9,962)
34	December	31	24.66%	$2,909	($7,410)
35	January	31	16.16%	$1,907	($4,858)
36	February	28	8.49%	$1,002	($2,552)
37	March	31	0.00%	$0	$0
38	Total	365		$64,718	($164,829)
39	Deferred Tax Without Proration	Line 25		$141,590	($360,615)
40	Average Deferred Tax without Proration	Line 39 × 0.5		$70,795	($180,308)
41	Proration Adjustment	Line 38 - Line 40		($6,077)	$15,478

Column Notes:
(e) Sum of remaining days in the year (Col (d)) ÷ 365
(f), (g) Current Year Line 25 ÷ 12 × Current Month Col (e)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Fiscal Year 2023 Revenue Requirement on FY 2023 Actual Incremental Gas Capital Investment

Line No.				NG 4/1/22 - 5/24/2022 2023 (a)	PPL 5/25/22 - 3/31/23 2023 (b)
	Depreciable Net Capital Included in ISR Rate Base				
1	Total Allowed Capital Included in ISR Rate Base in Current Year	Page 21 of 29 , Line 3 ,Col (f)	2/	$22,436,083	$129,215,219
2	Retirements	Page 21 of 29 , Line 9 ,Col (f)	2/	1,256,752	7,237,958
3	Net Depreciable Capital Included in ISR Rate Base	Year 1 = Line 1 - Line 2; then = Prior Year Line 3		$21,179,331	$121,977,261
	Change in Net Capital Included in ISR Rate Base				
4	Capital Included in ISR Rate Base	Line 1		$22,436,083	$129,215,219
5	Depreciation Expense	Page 25 of 29, Line 77(c)	2/	$6,058,984	$34,895,262
6	Incremental Capital Amount	Year 1 = Line 4 - Line 5; then = Prior Year Line 6		$16,377,099	$94,319,957
7	Cost of Removal	Page 21 of 29 , Line 6 ,Col (f)	2/	$1,569,324	$9,038,142
8	**Net Plant Amount**	**Line 6 + Line 7**		**$17,946,422**	**$103,358,099**
	Deferred Tax Calculation:				
9	Composite Book Depreciation Rate	Page 23 of 29, Line 86(e)	1/	2.99%	2.99%
10	Proration Percentage				
11	Tax Depreciation and Year 1 Basis Adjustments	Col (a) = Page 19 of 29, Column (a), Line 28; Col (b) = Page 19 of 29, Col (b), Lines 19,25,26 + Col (f), Line 15, Then remaining years from Page 19 of 29, Col (f)		$16,331,671	$94,887,804
12	Cumulative Tax Depreciation-NG	Col (a) = Line 11; then = zero	3/	$16,331,671	
13	Cumulative Tax Depreciation-PPL	Col (b) = Line 11; then = Prior Year Line 13 + Current Year Line 11	3/		$94,887,804
14	Book Depreciation	Year 1 (Columns (a) and (b)) = Line 3 × Line 9 × 50% ; then = Line 3 × Line 9		$316,631	$1,823,560
15	Cumulative Book Depreciation	Year 1 = Line 14; then = Prior Year Line 15 + Current Year Line 14		$316,631	$2,140,191
16	Book / Tax Timer	Line 11 - Line 14		$16,015,040	$93,064,244
17	Cumulative Book / Tax Timer -NG	Line 16, Column (a), then = zero	3/	$16,015,040	
18	Cumulative Book / Tax Timer - PPL	Col (a) = zero; Col (b) = Line 16, Column (b); then = Prior Year Line 18 + Current Year Line 16	3/		$93,064,244
19	Cumulative Book / Tax Timer - Total	Line 17 + Line 18		$16,015,040	$93,064,244
20	Effective Tax Rate			21.00%	21.00%
21	Deferred Tax Reserve	Line 19 × Line 20		$3,363,158	$19,543,491
22	Add: FY 2023-NG Federal NOL utilization	Page 21 of 29 , Line 12 ,Col (f)	3/	$44,108,411	$0
23	Net Deferred Tax Reserve before Proration Adjustment	Line 21 + Line 22		$47,471,569	$19,543,491
	ISR Rate Base Calculation:				
24	Cumulative Incremental Capital Included in ISR Rate Base	Line 8		$17,946,422	$103,358,099
25	Accumulated Depreciation	Year 1 (Cols (a) and (b)) = -Line 14; Then = -Line 15		($316,631)	($1,823,560)
26	Deferred Tax Reserve	- Line 23		($47,471,569)	($19,543,491)
27	Year End Rate Base before Deferred Tax Proration	Sum of Lines 24 through 26		($29,841,778)	$81,991,047
	Revenue Requirement Calculation:				
28	Average Rate Base before Deferred Tax Proration Adjustment	Year 1 (Cols (a) and (b)) = Current Year, Line 27 * 50%; Then = (Prior Year Line 27 + Current Year Line 27) ÷ 2		($14,920,889)	$40,995,524
29	Proration Adjustment	Page 20 of 29, Line 41	2/	($157,840)	$22,145
30	Average ISR Rate Base after Deferred Tax Proration	Line 28 + Line 29		($15,078,729)	$41,017,669
31	Pre-Tax ROR	Page 29 of 29, Line 30, Column (e)		8.41%	8.41%
32	Proration	Line 10			
33	Return and Taxes	Line 30 x Line 31		($1,268,121)	$3,449,586
34	Book Depreciation	Line 14		$316,631	$1,823,560
35	**Annual Revenue Requirement**	**Sum of Lines 33 through 34**		**($951,490)**	**$5,273,146**

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

2/ Columns (a) and (b) represent the 12 months within fiscal year 2023, but activity is separated to accommodate the impacts of the acquisition as described in note 3.

3/ National Grid and PPL Corporation ("PPL") elected to treat PPL's acquisition of The Narragansett Electric Company ("NECO") from National Grid on May 25, 2022 as an asset sale for U.S. federal income tax purposes under Internal Revenue Code Section 338(h)(10). As a result of this election, PPL was deemed to acquire the assets of NECO at fair market value (essentially equivalent to book value) for tax purposes. The resulting "step-up" in tax basis eliminates most book/tax timing differences and the related accumulated net deferred income tax liabilities as of the acquisition date, at which time PPL will begin depreciating the new tax basis and start the tracking of book/tax timing differences as if PPL purchased a new asset in the year of acquisition.

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Calculation of Tax Depreciation and Repairs Deduction on FY 2023 Incremental Capital Investments

Line No.				Apr 1-May 24, 2022 2023-NG (a)	PPL May 25-Mar 31, 2023 FY 2023 (b)
	Capital Repairs Deduction				
1	Plant Additions	Page 18 of 29, Line 1		$22,436,083	$129,215,219
2	Capital Repairs Deduction Rate	Per Tax Department	1/	64.08%	64.08%
3	Capital Repairs Deduction	Line 1 × Line 2		$14,377,042	$82,801,112
4					
5					
6	Bonus Depreciation				
7	Plant Additions	Line 1		$22,436,083	$129,215,219
8	Less Capital Repairs Deduction	Line 3		$14,377,042	$82,801,112
9	Plant Additions Net of Capital Repairs Deduction	Line 7 - Line 8		$8,059,041	$46,414,107
10	Percent of Plant Eligible for Bonus Depreciation	Per Tax Department		0.00%	0.00%
11	Plant Eligible for Bonus Depreciation	Line 9 × Line 10		$0	$0
12	Bonus Depreciation Rate 1	Per Tax Department		0.00%	0.00%
13	Bonus Depreciation Rate 2	Per Tax Department		0.00%	0.00%
14	Total Bonus Depreciation Rate	Line 12 + Line 13		0.00%	0.00%
15	Bonus Depreciation	Line 11 × Line 14		$0	$0
16					
17	Remaining Tax Depreciation				
18	Plant Additions	Line 1		$22,436,083	$129,215,219
19	Less Capital Repairs Deduction	Line 3		$14,377,042	$82,801,112
20	Less Bonus Depreciation	Line 15		$0	$0
21	Remaining Plant Additions Subject to 20 YR MACRS Tax Depreciation	Line 18 - Line 19 - Line 20		$8,059,041	$46,414,107
22	20 YR MACRS Tax Depreciation Rates	IRS Publication 946		3.75%	3.75%
23	Remaining Tax Depreciation	Line 21 × Line 22		$302,214	$1,740,529
24					
25	FY23 tax (gain)/loss on retirements	Per Tax Department	2/	83,091	478,542
26	Cost of Removal	Page 18 of 29, Line 7		$1,569,324	$9,038,142
27					
28	Total Tax Depreciation and Repairs Deduction	Sum of Lines 3, 15, 23, 25 & 26		$16,331,671	$94,058,325
29					
30	Reconcilation of MACRS Tax Depreciation:				
31	Apr 1 -May 24, 2022 Plant Additions	Line 1, Column			$22,436,083
32	Cumulative Book Depreciaiton through May 24, 2022	, Line 19, Col			($316,631)
33	2022 Plant Additions (Net Book) through Acquisition	Line 31 + Line 32			$22,119,452
34	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946			3.750%
35	Tax Depreciation	Line 33 * Line 34			$829,479
36					
37	MACRS Basis in May 25-Mar 2023 Plant Additions	Line 20, Column (a)			$46,414,107
38	20 YR MACRS Tax Depreciation Rates	Per IRS Publication 946			3.750%
39	Tax Depreciation	Line 37 * Line 38			$1,740,529
40					
41	Total MACRS Tax Depreciation	Sum of Lines 35, 39, Column (b)			$2,570,008

1/ Capital Repairs percentage is based on a five-year average of FYs 2017 through 2021 capital repairs rates.
2/ FY 2023 estimated tax loss on retirements is based on most recent actual loss on retirement

20 Year MACRS Depreciation

(c)	(d)	(e)	(f)	(g)
MACRS basis:	Line 21, Column (a)		$8,059,041	
			Annual	Cumulative
Fiscal Year		Prorated	MACRS	Tax Depr
FY Mar-2023 (Apr-May 2022)	3.750%	0.555%	$44,711	$16,331,671
PPL Acquisition - May 25, 2022				
Book Cost	Line 1, Column (a)		$22,436,083	
Cumulative Book Depreciation	- Page 18 of 29, Line 14, Col (a)		($316,631)	
MACRS basis from Acquisition:	Line 9(f) + Line 10(f)		$22,119,452	
MACRS basis (Jun-Mar 2023)	Line 21, Column (b)		$46,414,107	
Total MACRS Basis thru 3/2023	Line 11(f) + Line 12(f)		$68,533,559	
FY Mar-2023 (Jun-Mar 2023)	3.750%		$2,570,008	$94,887,804
Mar-2024	7.219%		$4,947,438	$99,835,242
Mar-2025	6.677%		$4,575,986	$104,411,228
Mar-2026	6.177%		$4,233,318	$108,644,546
Mar-2027	5.713%		$3,915,322	$112,559,868
Mar-2028	5.285%		$3,621,999	$116,181,867
Mar-2029	4.888%		$3,349,920	$119,531,787
Mar-2030	4.522%		$3,099,088	$122,630,875
Mar-2031	4.462%		$3,057,967	$125,688,842
Mar-2032	4.461%		$3,057,282	$128,746,124
Mar-2033	4.462%		$3,057,967	$131,804,091
Mar-2034	4.461%		$3,057,282	$134,861,373
Mar-2035	4.462%		$3,057,967	$137,919,341
Mar-2036	4.461%		$3,057,282	$140,976,623
Mar-2037	4.462%		$3,057,967	$144,034,590
Mar-2038	4.461%		$3,057,282	$147,091,872
Mar-2039	4.462%		$3,057,967	$150,149,840
Mar-2040	4.461%		$3,057,282	$153,207,122
Mar-2041	4.462%		$3,057,967	$156,265,089
Mar-2042	4.461%		$3,057,282	$159,322,371
Mar-2043	2.231%		$1,528,984	$160,851,355
	100.00%		$68,533,559	

Column (e), Line 6 = MACRS Rate 3.75% / 365 days x 54 days

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
Calculation of Net Deferred Tax Reserve Proration on FY 2023 Incremental Capital Investments

Line No.	Deferred Tax Subject to Proration		4/1/22 - 5/24/2022 FY Mar-2023 (a)	5/25/22 - 3/31/23 FY Mar-2023 (b)
1	Book Depreciation	Page 18 of 29, Line 14, columns (a) through (c)	$316,631	$1,823,560
2	Bonus Depreciation	- Page 19 of 29 , Line 15 ,Col (a)	$0	$0
3	Remaining MACRS Tax Depreciation	- Page 19 of 29 ,column (f), Lines 6,15,16	($44,711)	($2,570,008)
4	FY23-NG tax (gain)/loss on retirements	- Page 19 of 29 , Line 25 ,Col (a)	($83,091)	($478,542)
5	Cumulative Book / Tax Timer	Sum of Lines 1 through 4	$188,829	($1,224,991)
6	Effective Tax Rate		21%	21%
7	Deferred Tax Reserve	Line 5 × Line 6	$39,654	($257,248)
	Deferred Tax Not Subject to Proration			
8	Capital Repairs Deduction	- Page 19 of 29 , Line 3 ,Col (a)	($14,377,042)	($82,801,112)
9	Cost of Removal	- Page 18 of 29 , Line 7 ,Col (a)	($1,569,324)	($9,038,142)
10	Book/Tax Depreciation Timing Difference at 3/31/2022			
11	Cumulative Book / Tax Timer	Line 8 + Line 9 + Line 10	($15,946,366)	($91,839,254)
12	Effective Tax Rate		21%	21%
13	Deferred Tax Reserve	Line 11 × Line 12	($3,348,737)	($19,286,243)
14	Total Deferred Tax Reserve	Line 7 + Line 13	($3,309,083)	($19,543,491)
15	Net Operating Loss	- Page 18 of 29 , Line 22 ,Col (a)	$0	
16	Net Deferred Tax Reserve	Line 14 + Line 15	($3,309,083)	($19,543,491)
	Allocation of FY 2023-NG Estimated Federal NOL			
17	Cumulative Book/Tax Timer Subject to Proration	Line 5	$188,829	($1,224,991)
18	Cumulative Book/Tax Timer Not Subject to Proration	Line 11	($15,946,366)	($91,839,254)
19	Total Cumulative Book/Tax Timer	Line 17 + Line 18	($15,757,537)	($93,064,244)
20	Total FY 2023-NG Federal NOL	- Page 18 of 29 , Line 22 ,Col (a)÷21%	($210,040,052)	$0
21	Allocated FY 2023-NG Federal NOL Not Subject to Proration	(Line 18 ÷ Line 19) × Line 20	($212,557,048)	$0
22	Allocated FY 2023-NG Federal NOL Subject to Proration	(Line 17 ÷ Line 19) × Line 20	$2,516,995	$0
23	Effective Tax Rate		21%	21%
24	Deferred Tax Benefit subject to proration	Line 22 × Line 23	$528,569	$0
25	Net Deferred Tax Reserve subject to proration	Line 7 + Line 24	$568,223	($257,248)

Line No.	Proration Calculation	(e) Number of Days in Month	(f) Proration Percentage	(g) 4/1/22 - 5/24/2022	(h) 5/25/22 - 3/31/23
26	April	30	91.78%	$126,272	
27	May	31	83.29%	$0	($20,529)
28	June	30	75.07%		($18,273)
29	July	31	66.58%		($15,942)
30	August	31	58.08%		($13,611)
31	September	30	49.86%		($11,355)
32	October	31	41.37%		($9,024)
33	November	30	33.15%		($6,768)
34	December	31	24.66%		($4,437)
35	January	31	16.16%		($2,106)
36	February	28	8.49%		($4,437)
37	March	31	0.00%		$0
38	Total	365		$126,272	($106,479)
39	Deferred Tax Without Proration	Line 25		$568,223	($257,248)
40	Average Deferred Tax without Proration	Line 39 × 0.5		$284,112	($128,624)
41	Proration Adjustment	Line 38 - Line 40		($157,840)	$22,145

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

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 Gas ISR Revenue Requirement Reconciliation
FY 2018 - FY 2023 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)	Actual Fiscal Year 2022 (e)	Actual Fiscal Year 2023 (f)
	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 Plan Filing	$97,809,718	$92,263,000	$144,119,796	$110,177,659	$156,694,227	$151,651,302
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	$0
3	Incremental ISR Capital Investment	Line 1 - Line 2	$4,632,718	($914,000)	$105,296,046	$110,177,659	$156,694,227	$151,651,302
	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 Plan Filing	$8,603,224	$11,583,085	$10,161,508	$9,975,152	$11,244,351	$10,607,466
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	$0
6	Incremental Cost of Removal	Line 4 - Line 5	$1,941,168	$5,626,564	$7,055,630	$8,861,636	$10,773,005	$10,607,466
	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 Plan Filing;	$24,056,661	$6,531,844	$8,395,321	$5,337,792	$6,883,634	$8,494,710
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	$0
9	Incremental Retirements	Line 7 - Line 8	$12,059,428	($1,368,021)	$4,276,135	$3,860,987	$6,258,509	$8,494,710
	(NOL)/ NOL Utilitization							
10	ISR (NOL)/NOL Utilization Per ISR	Page 22 of 29, Line 12	($6,051,855)	$1,091,119	$0	$2,072,387	$893,329	$44,108,411
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	$0
12	Incremental (NOL)/NOL Utilization	Line 10 - Line 11	($6,051,855)	$286,350	($3,063,059)	($5,525,796)	($3,264,442)	$44,108,411

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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)	(l)
			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	12 Mths Aug 31 2022
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	$0
2	Excess DIT amortization							$0	$0	($1,470,238)	($1,470,238)	($1,470,238)	$0
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023-NG	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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	$0
4	Incremental FY 18	$2,507,039	$2,560,766	$2,611,618	$2,662,153	$2,712,395	$2,719,788	$2,507,039	$53,728	$50,851	$50,535	$50,242	$7,393
5	Incremental FY 19		$1,090,524	$1,085,911	$1,081,431	$1,077,072	$1,076,444	$0	$1,090,524	($4,613)	($4,480)	($4,358)	($628)
6	Incremental FY 20			$18,484,445	$18,218,347	$17,924,604	$17,877,373	$0	$0	$18,484,445	($266,098)	($293,743)	($47,231)
7	Incremental FY 21				$13,009,229	$13,230,424	$13,253,277			$0	$13,009,229	$221,195	$22,853
8	Incremental FY 22					$26,325,721	$26,280,159					$26,325,721	($45,561)
9	Incremental FY 23						$3,363,158						$3,363,158
10	TOTAL Plant DIT Provision	$2,507,039	$3,651,291	$22,181,974	$34,971,160	$61,270,216	$64,570,200	$27,021,386	$18,187,846	$26,726,137	$17,956,818	$28,914,339	$3,299,984
11	NOL (Utilization)							$6,051,855	($1,091,119)	$0	($2,072,387)	($893,329)	($44,108,411)
12	Lesser of NOL or DIT Provision							$6,051,855	($1,091,119)	$0	($2,072,387)	($893,329)	($44,108,411)

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 21 + Line 23; Page 5, Line 21; Page 8, Line 21; Page 12, Line 21; Page 15, Line 21; Page 18, Line 21)
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 (g)~(h) = Docket no. 4916 FY 20 ISR Rec, Att. MAL-1, p.19, L. 8; Col (i) ~Col (l) Per Tax Department
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 National Grid
Depreciation Expense - Gas
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2019

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

Line No	Description		Reference	Amount	Less non-ISR eligible Plant	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
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The Narragansett Electric Company d/b/a National Grid
Depreciation Expense - Gas
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2021

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

Line No	Description		Reference	Amount (a)	Less non-ISR eligible Plant (b)	ISR Amount (c)
1	Rate Year Depreciation Expense 12 Months Ended 08/31/19:					
2	Total Utility Plant 08/31/18		Page 1, Line 28 + Line 32 + Line 33	$1,532,001,694	($77,133,057)	$1,454,868,637
3	Less Non-Depreciable Plant		Page 1, Line 10	($308,514,725)		($308,514,725)
4	Depreciable Utility Plant 08/31/18		Line 2 + Line 3	$1,223,486,969		$1,146,353,912
5						
6	Plus: Added Plant 12 Months Ended 08/31/19		Schedule 11-GAS, Page 3, Line 35	$114,477,000	($1,348,000)	$113,129,000
7	Less: Depreciable Retired Plant	1/	Line 6 x Retirement rate	($7,864,570)	$92,608	($7,771,962)
8						
9	Depreciable Utility Plant 08/31/19		Sum of Line 4 through Line 7	$1,330,099,399	($78,388,449)	$1,251,710,950
10						
11	Average Depreciable Plant for Rate Year Ended 08/31/19		(Line 4 + Line 9)/2	$1,276,793,184		$1,199,032,431
12						
13	Proposed Composite Rate %		Page 4, Line 17, Col (e)	3.05%		2.99%
14						
15	Book Depreciation Reserve 08/31/18		Page 1, Line 44	$387,039,467		$0
16	Plus: Book Depreciation Expense		Line 11 x Line 13	$38,950,409		$35,851,070
17	Plus: Unrecovered Reserve Adjustment		Schedule NWA-1-GAS, Part VI, Page 6	$186,500		$186,500
18	Less: Net Cost of Removal/(Salvage)	2/	Line 6 x Cost of Removal Rate	($5,929,909)		$0
19	Less: Retired Plant		Line 7	($7,864,570)		$0
20	Book Depreciation Reserve 08/31/19		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
Fiscal Year 2023 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%
		End of FY 2022	ISR Additions	Non-ISR Add's	Total Add's	Bk Depr	Retirements	COR	Adjustment	End of FY 2023-NG
21	Plant In Service	$1,817,945	$151,651	$56,556	$208,207		($13,374)			$2,012,779
22	Accumulated Depr	$493,937				$55,565	($13,374)	($10,607)		$525,521
23	Net Plant	$1,324,008								$1,487,258
24	Property Tax Expense	$33,631								$38,297
25	Effective Prop tax Rate	2.54%								2.58%

The Narragansett Electric Company
d/b/a Rhode Island Energy
Fiscal Year 2023 ISR Property Tax Recovery Adjustment
Fiscal Year 2023 ISR Property Tax Recovery Adjustment (Continued) 1

			(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		
31	Incremental ISR Additions			$97,810				$92,263				($914)	
32	Book Depreciation: base allowance on ISR eligible plant			($24,356)				($24,356)				$0	
33	Book Depreciation: current year ISR additions			($1,246)				($1,449)				($7)	
34	COR			$8,603				$11,583				$5,627	
35	Net Plant Additions			$80,811				$78,041				$4,705	
36	RY Effective Tax Rate			3.06%				3.06%				2.92%	
										7 mos		1.70%	
37	ISR Year Effective Tax Rate		2.90%				2.70%						
38	RY Effective Tax Rate		3.06%	-0.15%			3.06%	-0.36%			2.70%		
39	RY Effective Tax Rate 5 mos for FY 2019					5 month		-0.15%			2.92%	-0.22%	
40	RY Net Plant times 5 mo rate	7 month	$458,057	-0.15%	($694)		$458,057	-0.15%	($684)			-0.13% 7 mos	
41	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)
42	FY 2015 Net Adds times ISR Year Effective Tax rate	7 month	$42,913	2.90%	$1,246		$39,920	1.12%	$449				$0
43	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
44	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
45	FY 2018 Net Adds times ISR Year Effective Tax rate		$80,810	2.90%	$2,347		$77,664	1.12%	$873				
46	FY 2019 Net Adds times ISR Year Effective Tax rate						$78,041	1.12%	$877				
47	Total ISR Property Tax Recovery				$6,521				$2,837				($1,020)

			(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		
48	Incremental ISR Additions			$105,296				$110,178				$156,694	
49	Book Depreciation: base allowance on ISR eligible plant			$0				$0				($23,890)	
50	Book Depreciation: current year ISR additions			($1,510)				($1,589)				($2,249)	
51	COR			$7,056				$8,862				$10,773	
52	Net Plant Additions			$110,841				$117,450				$141,328	
53													
54	RY Effective Tax Rate			2.96%				3.02%				3.05%	
55	Property Tax Recovery on Growth and non-ISR												
56	ISR Year Effective Tax Rate		2.60%				2.45%				2.54%		
57	RY Effective Tax Rate		2.96%	-0.36%			3.02%	-0.57%			3.05%	-0.51%	
58	RY Effective Tax Rate 7 mos for FY 2019			-0.36%				-0.57%				-0.51%	
59	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)
60	Growth and non-ISR Incremental times rate difference		($20,407)	* -0.36%	$73		($41,336)	* -0.57%	$236		($51,615)	* -0.51%	$263
61	FY 2018 Net Incremental times rate difference		$7,156		$186		$7,378	* 2.45%	$181		$7,600	* 2.54%	$193
62	FY 2019 Net Incremental times rate difference		$4,692		$122		$4,678	* 2.45%	$115		$4,665	* 2.54%	$118
63	FY 2020 Net Incremental times rate difference		$110,841		$2,882		$107,821	* 2.45%	$2,642		$104,800	* 2.54%	$2,662
64	FY 2021 Net Incremental times rate difference						$117,450	* 2.45%	$2,878		$114,271	* 2.54%	$2,902
65	FY 2022 Net Adds times rate difference										$141,328	* 2.54%	$3,590
66	Total ISR Property Tax Recovery				$17				$970				$5,242

		(a)	(b)	(c)
		Cumulative Increm. ISR Prop. Tax for FY2023		
67	Incremental ISR Additions		$151,651	
68	Book Depreciation: base allowance on ISR eligible plant		($40,954)	
69	Book Depreciation: current year ISR additions		($2,140)	
70	COR		$10,607	
71	Net Plant Additions		$119,164	
72				
73	RY Effective Tax Rate		3.05%	
74	Property Tax Recovery on Growth and non-ISR			
75	ISR Year Effective Tax Rate	2.58%		
76	RY Effective Tax Rate	3.05%	-0.47%	
77	RY Effective Tax Rate 7 mos for FY 2019		-0.47%	
78	RY Net Plant times Rate Difference	$881,383	* -0.47%	($4,134)
79	Growth and non-ISR Incremental times rate difference	($51,615)	* -0.47%	$242
80	FY 2018 Net Incremental times rate difference	$7,822	* 2.58%	$202
81	FY 2019 Net Incremental times rate difference	$4,651	* 2.58%	$120
82	FY 2020 Net Incremental times rate difference	$101,780	* 2.58%	$2,626
83	FY 2021 Net Incremental times rate difference	$111,092	* 2.58%	$2,866
84	FY 2022 Net Adds times rate difference	$136,830	* 2.58%	$3,530
85	FY 2023 Net Adds times rate difference	$119,164	* 2.58%	$3,074
86				
87	Total ISR Property Tax Recovery			$8,527

The Narragansett Electric Company
d/b/a Rhode Island Energy
Fiscal Year 2023 ISR Property Tax Recovery Adjustment
(000s)

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 21 of 29 , 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) - 25(a)	16(i) - 20(i)
21(b)	Page 18 of 29 , Line 1 ,Col (d)÷1000
21(c)	Line 6(c)
21(d)	Line 16(b) + 16(c)
21(f)	- Page 18 of 29 , Line 2 ,Col (d)÷1000
21(i)	Line 21 (a) + (d) + (f)
22(e)	Page 25, (Line 58 + Line 59) + (Page 2 , Line 3, Col (a) + Page 5 , Line 3, Col (a) + Page 8 , Line 3, Col (a) + Page 12 , Line 3, Col (a) + Page 15 , Line 3, Col (a))÷1000 × 3.05%+ Incremental (L1(c)+L6(c)+L11(c)+L16(c))×3.05% + Page 18 , Line 3, Col (a)+ L21(c))×0.5×3.05%÷1000
22(f)	=21(f)
22(g)	- Page 18 of 29 , Line 7 ,Col (d)÷1000
22(i)	Line 22 (a) + (e) + (f) + (g)
23(i)	Line 21(i) - 22(i)
24(i)	Line 23(i) × 25(i)
25(i)	=20(a) most recent actual property tax rate
26(a) - 30(a)	21(i) - 25(i)
26(b)	
26(c)	Line 16(c)
26(d)	Line 26(b) + 26(c)
26(f)	
26(i)	Line 26 (a) + (d) + (f)
27(e)	Page 25, (Line 58 + Line 59) + (Page 2 , Line 3, Col (a) + Page 5 , Line 3, Col (a) + Page 8 , Line 3, Col (a) + Page 12 , Line 3, Col (a) + Page 15 , Line 3, Col (a))÷1000 × 3.05%+ Incremental (L1(c)+L6(c)+L11(c)+L16(c))×3.05% + Page 18 , Line 3, Col (a)+ L21(c))×0.5×3.05%÷1000
27(f)	=26(f)
27(g)	
27(i)	Line 27 (a) + (e) + (f) + (g)
28(i)	Line 26(i) - 27(i)
29(i)	Line 28(i) × 30(i)
30(i)	=20(i) most recent actual property tax rate

Line Notes	
31(a) - 47(h)	Docket No. 4781 Rec, Attachment MAL-1, Page 29 of 35, 82(e) to 107(k)
48(a)-66 (c)	Docket No. 4781 Rec, Attachment MAL-2, Page 10 of 13, 31(a) to 50 (c)
48(e) -66(g)	Docket No. 4916 Rec, Attachment MAL-1, Page 18 of 20, 28(e) to 48 (g)
48(j)	Page 15 of 29, Line 4(a)÷1000
49(j)	- (Page 25 of 29, Line 77(c) ×7÷12)÷1000
50(j)	- Page 15 of 29, Line 15(a)÷1000
51(j)	Page 15 of 29, Line 7(a)÷1000
52(j)	Sum of Lines 48(j) through 51(j)
54(j)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1, Sch 1-G, P3, L15, Col (e) ÷ 59(j)
56(i)	=20(i)
57(i)	=54(j)
57(j)	56(i)-57(i)
58(j)	=57(j)
59(i)	=Rate Case, Docket 4770, Compliance, Revised Rebuttal. Att. 1: 59(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
59(k)	59(i)×58(j)
60(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)")
60(k)	60(i)×58(j)
61(i)	Line 61(e) - Page 2 of 29, Line 15(e)÷1000
61(k)	=61(i)×56(i)
62(i)	Line 62(e) - Page 5 of 29, Line 15(d)÷1000
62(k)	=62(i)×56(i)
63(i)	Line 63(e) - Page 8 of 29, Line 15(c)÷1000
63(k)	=63(i)×56(i)
64(i)	Line 64(e) - Page 12 of 29, Line 15(c)÷1000
64(k)	=64(i)×56(i)

Line Notes	
65(i)	52(j)
65(k)	=65(i)×56(i)
66(k)	sum of 59(k) through 65(k)
67(b)	Page 18 of 29, Line 4(a)÷1000
68(b)	- Page 18 of 29, Line 5(a)÷1000
69(b)	- Page 18 of 29, Line 14(a)÷1000
70(b)	Page 18 of 29, Line 7(a)÷1000
71(b)	Sum of Lines 67(b) through 70(b)
73(b)	54(j)
75(a)	25(i)
76(a)	73(b)
76(b)	75(a)-76(a)
77(b)	76(b)
78(a)	59(i)
78(c)	78(a)×77(b)
79(a)	60(i)
79(c)	79(a)×77(b)
80(a)	Line 61(i) - (Page 2 of 29, Line 15(f) through (h))÷1000
80(c)	=80(a)×75(a)
81(a)	Line 62(i) - (Page 5 of 29, Line 15(e) through (g))÷1000
81(c)	=81(a)×75(a)
82(a)	Line 63(i) - (Page 8 of 29, Line 15(d) through (f))÷1000
82(c)	=82(a)×75(a)
83(a)	Line 64(i) - (Page 12 of 29, Line 15(c) through (e))÷1000
83(c)	=83(a)×75(a)
84(a)	(Line 65(i) - (Page 15 of 29, Line 15(b) through (d))÷1000
84(c)	=84(a)×75(a)
85(a)	=71(b)
85(c)	=85(a)×75(a)
87(c)	sum of 78(c) through 85(c)

The Narragansett Electric Company
d/b/a Rhode Island Energy
FY 2023 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%

The Narragansett Electric Company
d/b/a Rhode Island Energy
Impact of Elimination of ADIT and Hold Harmless Commitment for the FY 2023 Reconciliation
Fiscal Year 2023 - April 2022 - March 2023

Inputs

1	Tax Rate		**21.00%**	
	Gas and Distribution			
2	Long Term Debt		**48.350%**	
3	Short Term Debt		**0.600%**	
4	Preferred Stock		**0.100%**	
5	Debt Weighting	Lines 2+3+4	**49.050%**	
6	Equity Weighting	1 - Line 5	**50.950%**	
7	Long Term Debt Rate		**4.980%**	
8	Short Term Debt Rate		**1.760%**	
9	Cost of Debt	Line 2 / Line 5 * Line 7 + Line 3 / Line 5 * Line 8	**4.941%**	
10	Cost of Equity		**9.275%**	
11	Revenue WACC (pre-tax)	Line 9 * Line 5 + (Line 10/(1-Line 1))*Line 6	**8.4100%**	
12	WACC (after-tax)	(Line 9 * Line 5) + (Line 10 * Line 6)	**7.149%**	
13	Rate Base - PPL (after purchase)	Page 2. Line 8, Column (c)	$289,370,593	FY 2023
14	Rate Base - NG (before sale)	Page 2. Line 8, Column (f)	$268,829,567	FY 2023
15	**Deferred Taxes / Hold Harmless**	**Lines 13 - 14**	**$20,541,026**	Elimination of Deferred Taxes

Distribution ROE Mechanics

Notes:
1. The sale of the business is treated as a sale of assets for income tax purposes causing the reversal of cumulative timing differences and a payment to the government of the amounts that had been recorded as deferred tax liabilities by National Grid ("NG").
2. PPL does not assume the interest-free liability of ADIT from NG because NG paid this tax liability to the government as a result of the sales transaction. As such, PPL has to replace the no-cost capital with other capital. This calculation assumes that the substitute for the eliminated DTL is debt and equity in the same proportion as stated in Lines 5 and 6.
3. The revenue credit for hold harmless is reflected on Line 23.
4. Line 28 reflects the goodwill tax deduction needed to hold customers harmless from the increased revenue requirement due to the rate base increase from the elimination of deferred taxes. Any tax deduction lower than the amount reflected on this line will not provide enough of a tax benefit to share with customers.
5. Line 29 relects the cash tax benefit of the goodwill tax deduction and is recorded for GAAP reporting (not reflected for FERC reporting). There is not an income statement tax benefit since the goodwill tax deduction is a flip between current and deferred taxes. This amount grossed up for tax shown on Line 30 is the revenue credit reflected on Line 23.

			Post-Acquisition Results for ISR Capital Adjustments through the Date of Acquisition	Results for ISR Capital Adjustments through the Date of Acquisition as if the Acqusition did not occur	Difference	
			(a)	(b)	(c) = (a) - (b)	
16	Rate Base after Acqusition	Line 13	289,370,593	289,370,593	-	
17	ADIT Adjustment	- Line 15	-	(20,541,026)	20,541,026	
18	**Adjusted Rate Base**	**Lines 16 + 17**	**289,370,593**	**268,829,567**	**20,541,026**	
19	Debt Return (4.576%)	Lines 18 * 5 * 9	7,012,406	6,514,629	497,777	
20	Equity Return (9.275%)	Lines 18 * 6 * 10	13,674,533	12,703,844	970,689	
21	Taxes on Equity (21%)	(Line 20 / (1 - Line 1)) * Line 1	3,635,002	3,376,971	258,031	
22	**Total Unadjusted Revenue**	**Sum of Lines 19 , 20, 21**	**24,321,941**	**22,595,443**	**1,726,498**	
23	Revenue Adjustment for Fiscal Year 2023	- Line 15 * Line 11	(1,727,500)	-	(1,727,500)	Note 1
24	**Total Revenue**	**Lines 22 + 23**	**22,594,441**	**22,595,443**	**(1,003)**	
25	Interest Expense	Lines 18, Col (b) * 5 * 9	6,514,629	6,514,629	-	
26	Tax Expense	(Lines 24 - 25) * Line 1	3,376,761	3,376,971	(211)	
27	**Net Income**	**Lines 24 - 25 - 26**	**12,703,051**	**12,703,844**	**(792)**	

	Impact of Transaction		
28	Transaction-related Tax Deduction	- Line 23 * (1-Line 1) / Line 1	6,498,692
29	Cash Tax Benefit at 21%	Line 28 * Line 1	1,364,725
30	Cash Tax Benefit Grossed Up	Line 29 / (1-Line 1)	1,727,500

Note 1: There is a slight variation in the calculated hold harmless amount in the ISR filing due to the roundings that are used to calculate the WACC in the ISR files.

The Narragansett Electric Company
d/b/a Rhode Island Energy
Average ISR Rate Base after Deferred Tax Proration

		Post-Acquisition	Prorated	Post-Acquisition After Proration		No Acquisition	Prorated	No Acquisition After Proration	
		(a)	(b)	(c)		(d)	(e)	(f)	
1	**Plan Year 2023**								
2	FY 2018	8,922,966	100%	8,922,966		11,027,349	100%	11,027,349	
3	FY 2019	3,980,735	100%	3,980,735		3,296,412	100%	3,296,412	
4	FY 2020	72,219,347	100%	72,219,347		65,039,711	100%	65,039,711	
5	FY 2021	68,011,897	100%	68,011,897		64,205,740	100%	64,205,740	
6	FY 2022	110,296,708	100%	110,296,708		99,094,441	100%	99,094,441	
7	FY 2023	25,938,940	100%	25,938,940		26,165,914	100%	26,165,914	
8	Total	289,370,593		289,370,593	Page 1, Line 13	268,829,567		268,829,567	Page 1, Line 14