

**DOCKET NO. 4770**  
**FORTY-FOURTH SET OF DATA REQUESTS OF THE**  
**DIVISION OF PUBLIC UTILITIES AND CARRIERS TO**  
**NATIONAL GRID**  
**May 14, 2018**

**COST OF CAPITAL**

- 44-1. Mr. Hevert's Schedule \_ (RBH-14R) lists an "expected" issuance of senior notes of \$250 million at a 3.99 percent cost rate. Is this issuance amount and cost rate the Company's current expectation? If so, please state when this issuance will occur. If not, please provide an update including the Company's plans or expectations of: (a) timing of issuance; (b) dollar amount of issuance; (c) type of debt (e.g., secured or unsecured); and (d) cost rate.

**Response can be found on Bates page(s) 1.**

- 44-2. Please update the response to Division 4-4 for short-term debt balances through April 2018. Also, please state the current short-term debt interest rate.

**Response can be found on Bates page(s) 2.**

- 44-3. Please provide the Company's balance sheet at March 31, 2018. If not specifically shown on that balance sheet, please provide the balance of Cumulative Other Comprehensive Income at March 31, 2018.

**Response can be found on Bates page(s) 3-7.**

- 44-4. Mr. Hevert's Schedule RBH-15R lists a rate case decision for Niagara Mohawk Power Co. in March 2018. Please state that utility's current credit ratings. Also, please state whether that utility's credit ratings were altered and downgraded subsequent to that rate case decision. If a change occurred, please identify.

**Response can be found on Bates page(s) 8-13.**

- 44-5. Is the company aware of any reports issued by any financial industry entity, such as SNL, Bank of America, Goldman Sachs, UBS, Morgan Stanley, Citibank, Moody's, JP Morgan or other similar entities, that include any comment on the outcome of National Grid's rate case in New York? If so, please provide copies.

**Response can be found on Bates page(s) 14-15.**

- 44-6. Is the company aware of any reports or analyses issued since November 27, 2017 by any financial entity such as SNL, Bank of America, Goldman Sachs, UBS, Morgan Stanley, Citibank, Moody's, JP Morgan or other similar entities, that include an analysis of the performance of National Grid's United States based operations? If so, please provide copies.

**Response can be found on Bates page(s) 16-22.**

- 44-7. Does National Grid believe that investors in National Grid plc expect the Rhode Island electric and gas distribution businesses to be awarded a higher return on equity than the return on equity allowed by regulators for National Grid's electric and distribution businesses in New York? If so, please provide copies of any reports, statements, or other documentation that support this belief.

**Response can be found on Bates page(s) 23.**

Division 44-1

Request:

Mr. Hevert's Schedule (RBH-14R) lists an "expected" issuance of senior notes of \$250 million at a 3.99 percent cost rate. Is this issuance amount and cost rate the Company's current expectation? If so, please state when this issuance will occur. If not, please provide an update including the Company's plans or expectations of: (a) timing of issuance; (b) dollar amount of issuance; (c) type of debt (e.g., secured or unsecured); and (d) cost rate.

Response:

The Company continues to review its financing needs to maintain its credit and risk profile in-line with sound utility and rate-setting practices. Based on the Company's current financing needs and capital market conditions, the Company is expecting to issue \$350-400 million in unsecured long-term debt in July 2018. Based on current estimates (as of May 18, 2018), the Company expects interest expenses (exclusive of fees and other expenses) of approximately 4.50 percent, assuming a 30-year bond. These expectations may change based on the changing capital market conditions prior to issuance.

Division 44-2

Request:

Please update the response to Division 4-4 for short-term debt balances through April 2018. Also, please state the current short-term debt interest rate.

Response:

Please see the table below for short-term debt balances (end of month) from January 2018 through April 2018.

<b>Month Ending</b>	<b>Borrowing Balance</b>
January-18	\$191,843,865.74
February-18	\$274,140,388.61
March-18	\$292,035,181.93
April-18	\$287,424,871.32

As of April 2018, the short-term debt interest rate is 2.23 percent.

Division 44-3

Request:

Please provide the Company's balance sheet at March 31, 2018. If not specifically shown on that balance sheet, please provide the balance of Cumulative Other Comprehensive Income at March 31, 2018.

Response:

Please see Attachment DIV 44-3 for the Company's Balance Sheet for December 31, 2017. The Company's Balance Sheet for March 31, 2018 will be available in July 2018 and provided at that time.

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 03/16/2018	Year/Period of Report End of <u>2017/Q4</u>
<b>COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)</b>					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
<b>1</b>	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114)	200-201	4,423,240,195	4,280,560,897	
3	Construction Work in Progress (107)	200-201	194,014,780	165,990,682	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		4,617,254,975	4,446,551,579	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,188,798,522	1,176,357,934	
6	Net Utility Plant (Enter Total of line 4 less 5)		3,428,456,453	3,270,193,645	
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0	
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0	
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0	
10	Spent Nuclear Fuel (120.4)		0	0	
11	Nuclear Fuel Under Capital Leases (120.6)		0	0	
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0	
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0	
14	Net Utility Plant (Enter Total of lines 6 and 13)		3,428,456,453	3,270,193,645	
15	Utility Plant Adjustments (116)		0	0	
16	Gas Stored Underground - Noncurrent (117)		0	0	
<b>17</b>	<b>OTHER PROPERTY AND INVESTMENTS</b>				
18	Nonutility Property (121)		5,269,831	5,269,831	
19	(Less) Accum. Prov. for Depr. and Amort. (122)		96,716	59,727	
20	Investments in Associated Companies (123)		0	0	
21	Investment in Subsidiary Companies (123.1)	224-225	0	0	
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)				
23	Noncurrent Portion of Allowances	228-229	0	0	
24	Other Investments (124)		3,104,833	2,899,502	
25	Sinking Funds (125)		0	0	
26	Depreciation Fund (126)		0	0	
27	Amortization Fund - Federal (127)		0	0	
28	Other Special Funds (128)		6,260,214	5,577,385	
29	Special Funds (Non Major Only) (129)		0	0	
30	Long-Term Portion of Derivative Assets (175)		0	0	
31	Long-Term Portion of Derivative Assets - Hedges (176)		27,390	4,249,195	
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		14,565,552	17,936,186	
<b>33</b>	<b>CURRENT AND ACCRUED ASSETS</b>				
34	Cash and Working Funds (Non-major Only) (130)		0	0	
35	Cash (131)		7,151,734	11,324,418	
36	Special Deposits (132-134)		1,477,251	589,095	
37	Working Fund (135)		0	0	
38	Temporary Cash Investments (136)		0	0	
39	Notes Receivable (141)		0	0	
40	Customer Accounts Receivable (142)		197,292,256	177,875,205	
41	Other Accounts Receivable (143)		6,452,740	7,164,925	
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		22,526,070	23,966,240	
43	Notes Receivable from Associated Companies (145)		0	0	
44	Accounts Receivable from Assoc. Companies (146)		74,844,436	50,214,948	
45	Fuel Stock (151)	227	0	0	
46	Fuel Stock Expenses Undistributed (152)	227	0	0	
47	Residuals (Elec) and Extracted Products (153)	227	0	0	
48	Plant Materials and Operating Supplies (154)	227	11,077,551	11,118,906	
49	Merchandise (155)	227	0	0	
50	Other Materials and Supplies (156)	227	0	0	
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0	
52	Allowances (158.1 and 158.2)	228-229	3,788,086	6,325,159	

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Name of Respondent The Narragansett Electric Company		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 03/16/2018	Year/Period of Report end of 2017/Q4
<b>COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)</b>				
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	56,624,350	56,624,350
3	Preferred Stock Issued (204)	250-251	2,454,450	2,454,450
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	1,358,081,202	1,355,000,622
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	577,699,742	456,367,550
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Required Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-757,977	-1,268,890
16	Total Proprietary Capital (lines 2 through 15)		1,994,101,767	1,869,178,082
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	846,089,000	847,464,000
19	(Less) Required Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		2,131,704	2,356,102
24	Total Long-Term Debt (lines 18 through 23)		843,957,296	845,107,898
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		10,121,845	12,126,998
29	Accumulated Provision for Pensions and Benefits (228.3)		92,244,316	181,829,039
30	Accumulated Miscellaneous Operating Provisions (228.4)		135,856,990	132,650,524
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		1,690,797	1,297,331
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		9,929,792	10,173,417
35	Total Other Noncurrent Liabilities (lines 26 through 34)		249,843,740	338,077,309
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		155,592,182	129,286,295
39	Notes Payable to Associated Companies (233)		193,151,961	187,623,519
40	Accounts Payable to Associated Companies (234)		157,584,681	92,323,007
41	Customer Deposits (235)		10,802,180	12,800,746
42	Taxes Accrued (236)	262-263	-5,281,305	-3,086,115
43	Interest Accrued (237)		9,601,167	9,616,246
44	Dividends Declared (238)		27,613	27,613
45	Matured Long-Term Debt (239)		0	0



Name of Respondent The Narragansett Electric Company		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (mo, da, yr) 03/16/2018	Year/Period of Report end of 2017/Q4
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (continued)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
46	Matured Interest (240)		0	0	
47	Tax Collections Payable (241)		-18,619	-829,823	
48	Miscellaneous Current and Accrued Liabilities (242)		31,728,708	27,715,382	
49	Obligations Under Capital Leases-Current (243)		0	0	
50	Derivative Instrument Liabilities (244)		0	0	
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0	
52	Derivative Instrument Liabilities - Hedges (245)		4,102,760	1,954,573	
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0	
54	Total Current and Accrued Liabilities (lines 37 through 53)		557,291,328	457,431,443	
55	DEFERRED CREDITS				
56	Customer Advances for Construction (252)		225,000	28	
57	Accumulated Deferred Investment Tax Credits (255)	266-267	22,928	98,922	
58	Deferred Gains from Disposition of Utility Plant (256)		0	0	
59	Other Deferred Credits (253)	269	10,779,827	3,934,346	
60	Other Regulatory Liabilities (254)	278	432,015,562	160,474,555	
61	Unamortized Gain on Reacquired Debt (257)		0	0	
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0	
63	Accum. Deferred Income Taxes-Other Property (282)		404,313,808	612,549,588	
64	Accum. Deferred Income Taxes-Other (283)		138,496,306	247,336,430	
65	Total Deferred Credits (lines 56 through 64)		985,853,431	1,024,393,869	
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		4,631,047,562	4,534,188,601	

Division 44-4

Request:

Mr. Hevert's Schedule RBH-15R lists a rate case decision for Niagara Mohawk Power Co. in March 2018. Please state that utility's current credit ratings. Also, please state whether that utility's credit ratings were altered and downgraded subsequent to that rate case decision. If a change occurred, please identify.

Response:

Niagara Mohawk Power Corporation (Niagara Mohawk) is currently rated by two of the three major credit rating agencies. As of May 5, 2018, Niagara Mohawk had the following credit ratings:

Standard & Poor's Long-term Issuer Rating of A-; Outlook: Stable  
Moody's Investors Service: Long-term Issuer Rating of A2; Outlook: Negative

On February 15, 2018, Moody's changed its outlook on Niagara Mohawk from stable to negative. As Moody's explains in its rating action brief (see Attachment DIV 44-4), one of the key factors considered in its decision to change its outlook on the ratings was the anticipated impact of the US tax reform on the company's credit metrics. Specifically, Moody's states the following:

The action follows the filing of a Joint Proposal with the New York Public Service Commission (NYPSC) for a three-year rate plan that incorporates a material adverse impact from recent US tax reforms on allowed revenues, which Moody's estimates will reduce NiMo's ratio of cash flow from operations pre working capital (CFO pre-WC) to gross debt by around 2.5 percentage points.

Notably, this determination was made once the effect of the Joint Proposal, and likely rate case outcome, was known.



## **Rating Action: Moody's changes outlook for Niagara Mohawk Power Corporation to negative**

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**15 Feb 2018**

London, 15 February 2018 -- Moody's Investors Service (Moody's) has today affirmed the ratings of Niagara Mohawk Power Corporation (NiMo) and changed the outlook on the ratings to negative from stable.

A complete list of affected ratings is included toward the end of this release.

The action follows the filing of a Joint Proposal with the New York Public Service Commission (NYPSC) for a three-year rate plan that incorporates a material adverse impact from recent US tax reforms on allowed revenues, which Moody's estimates will reduce NiMo's ratio of cash flow from operations pre working capital (CFO pre-WC) to gross debt by around 2.5 percentage points. The action also reflects the increase in debt and resulting pressure on credit metrics resulting from the company's decision to pay a \$550 million dividend in the 2017/18 financial year.

### **RATINGS RATIONALE**

NiMo's rating benefits from the low business risk of its transmission and distribution businesses and the supportive New York regulatory environment, which provides for forward-looking rate plans that allow for the timely recovery of operating and capital expenditure and includes a variety of de-risking provisions. Its rating also benefits from a relatively large customer base, relatively low leverage, and strong ring-fencing provisions, which protect credit quality from additional leverage at parent companies.

In January 2018, NiMo and the NYPSC filed a Joint Proposal for new three-year rate plans covering NiMo's electric and gas businesses. The proposed rate plans would permit NiMo to increase in revenue by \$206 million in 2018/19 with smaller incremental increases in 2019/20 and 2020/21, and would reflect an ROE of 9.0%. A final decision on the new rate plans is expected to be announced in spring 2018.

However, the rate plans reflect a material adverse impact from US tax reforms, which will reduce NiMo's ratio of CFO pre-WC to gross debt by around 2.5 percentage points. In addition, shortly before receiving the Joint Proposal, NiMo paid a dividend of \$550 million to align its debt/capitalisation with the regulator's assumptions, which will depress CFO pre-WC to gross debt by a further 2.5-3.0 percentage points from 2017/18. Certain regulatory accruals, which have supported metrics in recent years, are also likely to reverse starting in 2018/19. Unless the company takes significant mitigating action, we expect these developments to result in significantly weaker credit metrics than previously anticipated.

### **WHAT COULD CHANGE THE RATING UP/DOWN**

The ratings could be stabilised if the National Grid group bolstered NiMo's balance sheet such that the ratio of CFO pre-WC to gross debt was likely to remain in the high teens, in percentage terms.

The ratings could be downgraded if CFO pre-WC to gross debt appeared likely to fall below the high teens on a persistent basis. The ratings could also be downgraded if Moody's perceived a decrease in the supportiveness of the NYPSC, or if the credit quality of the wider National Grid group deteriorated.

### **LIST OF AFFECTED RATINGS**

Affirmations:

Issuer: Niagara Mohawk Power Corporation

.... LT Issuer Rating, A2

.... Senior Unsecured Shelf, Affirmed (P)A2

.... Senior Secured Shelf, Affirmed (P)Aa3

.... Preferred Stock, Affirmed Baa1

....Senior Unsecured Medium-Term Note Program, Affirmed (P)A2

....Senior Unsecured Regular Bond/Debenture, Affirmed A2

Issuer: New York State Energy Research & Dev. Auth.

....BACKED Senior Secured Revenue Bonds, Affirmed Aa3

....Underlying Senior Secured Revenue Bonds, Affirmed Aa3

Outlook Actions:

Issuer: Niagara Mohawk Power Corporation

....Outlook, Changed To Negative From Stable

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in June 2017. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

#### REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on [www.moodys.com](http://www.moodys.com).

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Division 44-5

Request:

Is the company aware of any reports issued by any financial industry entity, such as SNL, Bank of America, Goldman Sachs, UBS, Morgan Stanley, Citibank, Moody's, JP Morgan or other similar entities, that include any comment on the outcome of National Grid's rate case in New York? If so, please provide copies.

Response:

Please see CONFIDENTIAL Attachment DIV 44-5 for a compilation of equity analyst comments on the outcome of National Grid's most recent rate case in New York.



**Confidential Attachment DIV 44-5 – REDACTED INFORMATION**

Confidential Attachment DIV 44-5 contains a compilation of equity analyst comments on the outcome of National Grid's most recent rate case in New York. The Company has requested protective treatment of this 6-page attachment in its entirety.

Division 44-6

Request:

Is the company aware of any reports or analyses issued since November 27, 2017 by any financial entity such as SNL, Bank of America, Goldman Sachs, UBS, Morgan Stanley, Citibank, Moody's, JP Morgan or other similar entities, that include an analysis of the performance of National Grid's United States based operations? If so, please provide copies.

Response:

Please see CONFIDENTIAL Attachment DIV 44-6-1 through CONFIDENTIAL Attachment DIV 44-6-6.

**Confidential Attachment DIV 44-6-1 - REDACTED INFORMATION**

Confidential Attachment DIV 44-6-1 contains requested equity analyst reports or analyses issued since November 27, 2017 that include an analysis of the performance of National Grid's United States based operations. The Company has requested protective treatment of this 246-page attachment in its entirety.

**Confidential Attachment DIV 44-6-2 - REDACTED INFORMATION**

Confidential Attachment DIV 44-6-2 contains requested equity analyst reports or analyses issued since November 27, 2017 that include an analysis of the performance of National Grid's United States based operations. The Company has requested protective treatment of this 265-page attachment in its entirety.

**Confidential Attachment DIV 44-6-3 - REDACTED INFORMATION**

Confidential Attachment DIV 44-6-3 contains requested equity analyst reports or analyses issued since November 27, 2017 that include an analysis of the performance of National Grid's United States based operations. The Company has requested protective treatment of this 163-page attachment in its entirety.

**Confidential Attachment DIV 44-6-4 - REDACTED INFORMATION**

Confidential Attachment DIV 44-6-4 contains requested equity analyst reports or analyses issued since November 27, 2017 that include an analysis of the performance of National Grid's United States based operations. The Company has requested protective treatment of this 284-page attachment in its entirety.

**Confidential Attachment DIV 44-6-5 - REDACTED INFORMATION**

Confidential Attachment DIV 44-6-5 contains requested equity analyst reports or analyses issued since November 27, 2017 that include an analysis of the performance of National Grid's United States based operations. The Company has requested protective treatment of this 149-page attachment in its entirety.

**Confidential Attachment DIV 44-6-6 - REDACTED INFORMATION**

Confidential Attachment DIV 44-6-6 contains requested equity analyst reports or analyses issued since November 27, 2017 that include an analysis of the performance of National Grid's United States based operations. The Company has requested protective treatment of this 119-page attachment in its entirety.



Division 44-7

Request:

Does National Grid believe that investors in National Grid plc expect the Rhode Island electric and gas distribution businesses to be awarded a higher return on equity than the return on equity allowed by regulators for National Grid's electric and distribution businesses in New York? If so, please provide copies of any reports, statements, or other documentation that support this belief.

Response:

As discussed in Mr. Hevert's Pre-filed Direct Testimony, at Bates Page 23, investors' required returns, and therefore, the required Cost of Equity, are a function of the risks attendant to the business in which the company is engaged, including business and financial risks. As discussed in Mr. Hevert's Rebuttal Testimony at Bates Pages 10-11, investors are not constrained to investing in one or two jurisdictions. Although certain of the intervenors focus on returns authorized in New York, the Company's Massachusetts affiliates have authorized returns considerably higher than those authorized in New York and more consistent with those authorized elsewhere in the U.S.

That point aside, as noted by Regulatory Research Associates, the returns authorized for utilities in New York incorporate fully forecasted test periods, which improve the utilities' opportunity to earn the authorized return on equity. In addition, the New York decisions were based on multi-year plans that included increasing rate bases over the term of the plans. Further, the cases were settlements, reflecting the give-and-take among the settling parties over multiple, otherwise-litigated issues. In Mr. Hevert's experience, parties view the terms of settlements as a whole, not on the basis of discrete components. Consequently, to make any comparisons to the Company's situation, the entire overall agreement would have to be evaluated in the context in which the Company's New York affiliate operates.

Lastly, as noted in Mr. Hevert's Rebuttal Testimony at Bates Pages 62-63, Moody's considers Rhode Island to be a "tougher" regulatory environment, despite several "de-risking" provisions. (see Moody's Investors Service, *Credit Opinion, Narragansett Electric Company*, August 9, 2016, at 3, a copy of which is provided as Attachment PUC 1-10-3).