
PUC 1-10

Request:

Please provide all publications, rating announcements, etc., concerning the National Grid and its affiliates by Moody's, Standard & Poor's, Argus and other similar entities from January 1, 2014 through the present.

Response:

Please refer to the following attachments for all publications, rating announcements, etc., concerning National Grid and its affiliates by Moody's, Standard & Poor's from January 1, 2014 through the present.

Please note that there were no such reports for The Narragansett Electric Company in 2014.

The Narragansett Electric Company:

Moody's:
- Attachment PUC 1-10-1: Credit Opinion for July 23, 2015
- Attachment PUC 1-10-2: Credit Opinion for August 9, 2016
- Attachment PUC 1-10-3: Credit Opinion for August 29, 2017

National Grid USA:

Moody's:
- Attachment PUC 1-10-5: Credit Opinion for February 23, 2015
- Attachment PUC 1-10-6: Credit Opinion for April 18, 2016
- Attachment PUC 1-10-7: Credit Opinion for July 20, 2017

National Grid's Affiliates:

Moody's
- Attachment PUC 1-10-4: Rating Action for February 5, 2014

Standard & Poor's:
- Attachment PUC 1-10-8: KeySpan Gas East Corp. Rating Action (Summary) for March 12, 2014
- Attachment PUC 1-10-9: Niagara Mohawk Power Corp. Rating Action (Summary) for March 12, 2014

Prepared by or under the supervision of: Joshua Nowak

- Attachment PUC 1-10-10: The Brooklyn Union Gas Co. Rating Action (Summary) for March 12, 2014
- Attachment PUC 1-10-11: Brooklyn Union Gas Co. Research Update for October 15, 2015
- Attachment PUC 1-10-12: KeySpan Gas East Corp. Research Update for February 27, 2015
- Attachment PUC 1-10-13: KeySpan Gas East Corp. Research Update for October 15, 2015
- Attachment PUC 1-10-14: The Brooklyn Union Gas Co. Research Update for February 27, 2015
- Attachment PUC 1-10-15: KeySpan Gas East Corp. Rating Action (Summary) for March 18, 2015
- Attachment PUC 1-10-16: Niagara Mohawk Power Corp. Rating Action (Summary) for March 18, 2015
- Attachment PUC 1-10-17: The Brooklyn Union Gas Co. Rating Action (Summary) for March 18, 2015
- Attachment PUC 1-10-18: KeySpan Gas East Corp. Rating Action (Summary) for August 26, 2016
- Attachment PUC 1-10-19: Niagara Mohawk Power Corp. Rating Action (Summary) for August 26, 2016
- Attachment PUC 1-10-20: The Brooklyn Union Gas Company Rating Action (Summary) for August 26, 2016

National Grid plc:

Standard & Poor's:

- Attachment PUC 1-10-21: National Grid PLC Full Analysis Report for August 11, 2017

Prepared by or under the supervision of: Joshua Nowak

MOODY'S
INVESTORS SERVICE

Credit Opinion: Narragansett Electric Company

Global Credit Research - 23 Jul 2015

Providence, Rhode Island, United States

Ratings

Category	**Moody's Rating**
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured MTN	(P)A1
Senior Unsecured	A3
Pref. Stock	Baa2
Ult Parent: National Grid Plc	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
Parent: National Grid North America Inc.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
ST Issuer Rating	P-2
Parent: National Grid USA	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2

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Key Indicators

[1]**Narragansett Electric Company**

	3/31/2014	**3/31/2013**	**3/31/2012**	**3/31/2011**
CFO pre-WC + Interest / Interest	**4.6x**	**4.8x**	**4.1x**	**4.7x**
CFO pre-WC / Debt	**14.6%**	**15.8%**	**13.9%**	**21.2%**
CFO pre-WC - Dividends / Debt	**14.6%**	**15.8%**	**13.9%**	**21.2%**
Debt / Capitalization	**36.6%**	**34.6%**	**34.6%**	**31.5%**

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Regulatory environment in Rhode Island supportive for cost recovery

Stable and predictable FERC regulatory framework and low transmission business risk underpins transmission cash flows

High parent debt and weak ring-fencing provisions constrain the rating

Corporate Profile

Narragansett Electric Company (NEC) is a retail distribution company providing electric service to approximately 493,000 customers and gas service to approximately 260,000 customers in Rhode Island. As of March 2015, NEC has a rate base of USD1.7 billion, comprised of USD607 million of electricity transmission (regulated by the Federal Energy Regulatory Commission, FERC) and USD570 million and USD496 million of electric and gas distribution, respectively (regulated by the Rhode Island Public Utilities Commission, RIPUC). NEC is fully owned by National Grid USA (NG USA, Baa1 stable), a holding company which is ultimately owned by National Grid plc (NG, Baa1 stable).

SUMMARY RATING RATIONALE

NEC's A3 senior unsecured rating reflects: (1) diversified revenue streams from operations in three areas: electricity distribution (regulated by RIPUC); gas distribution (regulated by RIPUC); and electricity transmission (regulated by the FERC); (2) stable and predictable cash flows; (3) a supportive regulatory environment in Rhode Island, where a wide variety of de-risking provisions for utilities have been included in recent rate cases; and (4) achieved returns on equity (ROE) in 2014 that compare favourably with those allowed. However, the rating is constrained by: (1) the potential for ROEs to reduce over time; and (2) additional leverage at the parent holding companies.

DETAILED RATING CONSIDERATIONS

IMPROVED PERFORMANCE UNDER NEW RIPUC RATE PLAN IN RHODE ISLAND

The current rate plans were approved by the RIPUC for NEC's electricity and gas business in December 2012, and effective from 1 February 2013. Approved ROEs for NEC's electricity and gas business are 9.5% which is below both the ROEs last authorized (9.8% and 10.5% for the electricity and gas business respectively) and significantly below the average equity returns accorded to energy utilities nationwide during the 12 months leading up to the decision (just above 10%). The rate plan provides for a pension adjustment mechanism for NEC's electric operations, there was already one for gas, and an annual property tax recovery mechanism within the annual capital programme that more closely aligns rate recovery and costs related to property tax expenses.

Despite the significant increase in base rates (USD20.9 million for electricity and USD10.9 million for gas) and the introduction of a number of de-risking provisions through the introduction of trackers, we still view the regulatory environment in Rhode Island as tougher than in some other states.

In 2014, NEC's achieved ROEs for the gas business was 11.6%, above the allowed level of 9.5%, while the ROE in electricity was in line with the allowance. We note that under the current rate plans for both businesses, NEC is subject to an earnings sharing mechanism. Under this arrangement, for both businesses NEC is required to share equally with ratepayers incremental earnings between a 9.5% and a 10.5% ROE, and give back 75% of incremental earnings above a 10.5% ROE.

TRANSMISSION BENEFITS FROM STABLE AND PREDICTABLE FERC REGULATORY FRAMEWORK

New England Power (NEP, A3 stable), another National Grid subsidiary, operates the transmission facilities of its New England associate as a single integrated system and reimburses Narragansett Electric Transmission for the cost of its transmission facilities in Rhode Island, including a return on those facilities. The amount reimbursed to Narragansett Electric Transmission for the year ended 31 March 2014 was USD100.7 million. Key credit positives include: (1) an absence of any commodity price risk as part of its operations as it has no exposure to the end consumer; and (2) this reimbursement coming from a sister transmission company within the wider NG group.

In addition, the credit supportive regulatory environment and formula-based rate making process provided by the FERC also support the current rating. Provisions include a forward-looking rate setting mechanism, which is designed to reimburse the company for all efficiently incurred operating and maintenance expenditure, tax, depreciation and a fair return on assets employed in the provision of transmission services. The formula contains an automatic annual true-up for operating and capital costs. The rate formula also allows Narragansett Electric Transmission to include construction work in-progress for new transmission projects in the rate base. These features are intended to ensure that the company recovers its allowed costs and returns within a two-year period. In addition, to encourage greater investment in transmission infrastructure, the FERC allows independent transmission owners to earn ROEs that tend to be above those allowed by state regulators. In line with NEP and other transmission owners in New England, Narragansett Electric Transmission is allowed to earn a base ROE of 10.57% on an assumed equity to total capitalisation ratio of 50% (in line with state regulators but lower than 65% at NEP). In addition, Narragansett Electric Transmission is exposed to additional incentive mechanisms which could increase the allowed ROE to 11.74%.

Since the rate setting process is not contested before state commissions and given its design to ensure timely cost recovery, we consider the regulatory framework to be more stable and predictable than for state-regulated utility businesses. The transmission business continued to perform strongly with achieved ROE of 12.1% in 2014, slightly above the allowed level as has been the case for the last six years.

Given the interrelationship between Narragansett Electric Transmission's reimbursement and NEP's tariff, the performance of NEC's transmission business could be negatively impacted by the FERC's decision on allowed ROEs for NEP in response to complaints from various stakeholders. However, the FERC confirmed its decision in October 2014 (when the cut from 11.14% to 10.57% in allowed base ROE took effect). While the decision is currently being appealed, we believe the downside risk to ROEs is small.

HIGH PARENT DEBT AND WEAK FINANCIAL RING-FENCING PROVISIONS CONSTRAIN THE RATINGS

While NEC's historic and projected financial metrics are reasonably strong, its A3 rating is constrained by the presence of high levels of additional debt located at the company's parent holdings companies, including at NG USA, National Grid North America Inc (NGNA, Baa1 stable) and NG. This risk is exacerbated by weaker regulatory ring-fencing provisions applicable to NEC compared with some other state-regulated utilities within the National Grid group, particularly those in New York. Under FERC licence conditions, NEC must maintain a debt to total capitalisation ratio of less than 70%, which gives the company a significant degree of headroom compared with its existing level of leverage.

Liquidity Profile

NG manages its financing and liquidity on a group basis, with a central UK-based Finance Committee setting the rules by which individual entities can raise finance. For the US subsidiaries, short-term liquidity requirements are managed via the group's regulated moneypool. All of the regulated subsidiaries can lend and borrow from the pool, however, the unregulated holding companies - National Grid USA (NG USA, Baa1 stable), National Grid North America Inc. (NGNA, Baa1 stable) and KeySpan Corporation (Baa1 stable) may only act as lenders. The interest rate for borrowing under the pool is the monthly average of the 30-day A2 commercial paper rate as released by the Federal Reserve Board.

To support the regulated moneypool, the parent holding companies have in place bilateral facilities of GBP1.7 billion which mature in May 2020 and which NG plc, NGNA and NG USA are named borrowers. As of 30 June 2015, the facilities were undrawn. NG USA also has two commercial paper programs totalling USD4 billion denominated equally in US dollars and Euros. Support for these programs comes from NG USA being a named borrower under the RCFs. As of March 2015, there was USD2.0 billion outstanding on the US commercial paper program and no borrowings outstanding on the Euro commercial paper program.

Overall, we view the group as having excellent liquidity. None of the aforementioned credit facilities have any covenants and are all committed multi-year facilities. In addition, the group has over GBP3 billion of cash and cash equivalents (GBP840 million of unrestricted cash) and available for sale investments. This combined with the projected strong cash flow from operations should comfortably cover the material investment program (projected to be around 2014-15 levels of over GBP3 billion) to deliver the projected growth in the regulated asset base in both the US and the UK. Refinancing risk is low as long term debt maturing within any year is under GBP2 billion and the maturity profile of total borrowings (GBP26 billion at 31 March 2015) is well spread out and extends out as far as 2076.

Rating Outlook

The stable outlook for NEC reflects our opinion that the regulatory environment is generally supportive for cost recovery. Under this environment, NEC should exhibit stable and predictable earnings under performance-based rate plans.

What Could Change the Rating - Up

NEC's ratings could be upgraded if the FERC and/or RIPUC regulatory environment increased its supportiveness towards utilities versus its current approach, or if ringfencing provisions were strengthened. A rating upgrade would also take into consideration the credit quality of the wider National Grid group.

What Could Change the Rating - Down

NEC's ratings could be downgraded if the FERC and/or RIPUC decreased their overall supportiveness. A rating downgrade would also take into consideration the credit quality of the wider National Grid group.

Other Considerations

NEC is rated in accordance with the methodology "Regulated Electric and Gas Utilities" published in December 2013. The outcome of the methodology grid for NEC is A3, in line with the assigned rating.

Rating Factors

Narragansett Electric Company

Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 3/31/2014**		[3]**Moody's 12-18 Month Forward ViewAs of 7/21/2015**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Aa	Aa	Aa	Aa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.5x	A	4x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	14.8%	Baa	11% - 15%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	14.8%	Baa	11% - 15%	Baa
d) Debt / Capitalization (3 Year Avg)	35.4%	Aa	36% - 39%	Aa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		A3		A3
b) Actual Rating Assigned				A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-

Financial Corporations. [2] As of 03/31/2014; Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.

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INFRASTRUCTURE AND PROJECT FINANCE

MOODY'S
INVESTORS SERVICE

CREDIT OPINION

9 August 2016

Update

Rate this Research

RATINGS

Narragansett Electric Company

Domicile	Providence, Rhode Island, United States
Long Term Rating	A3
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Narragansett Electric Company

Update following developments affecting FERC allowed returns

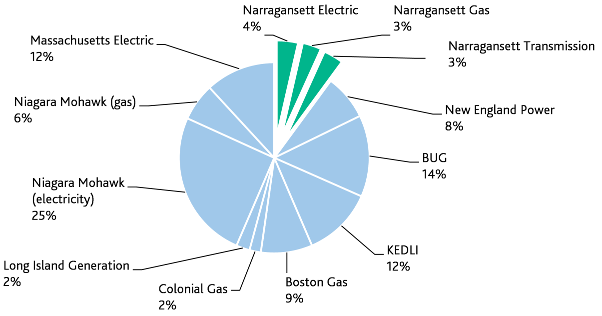
Summary Rating Rationale

Narragansett Electric Company (NEC) distributes gas and electricity and owns electricity transmission assets in the US state of Rhode Island. NEC's A3 senior unsecured rating reflects the diversification of its revenues between distribution (regulated by the Rhode Island Public Utilities Commission, RIPUC) and transmission (regulated by the Federal Energy Regulatory Commission, FERC), stable and predictable cash flows, the generally supportive regulatory environment in Rhode Island, where a wide variety of de-risking provisions for utilities have been included in recent rate cases, and achieved returns on equity (ROE) in 2015 that compare favourably with those allowed.

However, the rating is constrained by credit metrics which are weak for the assigned rating, and by limited ring-fencing from additional debt at the parent holding companies within the National Grid group. Returns from electricity transmission may also come under pressure as a result of ongoing legal challenges to allowed returns for US transmission networks.

Exhibit 1

Narragansett represents 10% of National Grid's US rate base
Rate base at 31 March 2016



Source: National Grid

Credit Strengths

- Supportive regulatory environment for electricity and gas distribution in Rhode Island
- Stable and predictable FERC regulatory framework and low transmission business risk underpins transmission cash flows

Credit Challenges

- Credit metrics are weak for the assigned rating, including FFO/net debt of 10.6% and CFO interest coverage of 3.3x
- Limited regulatory ring-fencing protections from additional debt at various holding companies

Rating Outlook

The stable outlook for NEC reflects our opinion that the regulatory environment is generally supportive for cost recovery. Under this environment, NEC should exhibit stable and predictable earnings under performance-based rate plans.

Factors that Could Lead to an Upgrade

- CFO pre-working capital to gross debt in the high teens to low 20s, in percentage terms
- Increase of FERC and/or RIPUC's supportiveness towards utilities versus its current approach
- A rating upgrade would also take into consideration the credit quality of the wider National Grid group

Factors that Could Lead to a Downgrade

- CFO pre-working capital to gross debt persistently below the low to mid teens, in percentage terms
- Decrease of FERC and/or RIPUC's overall supportiveness
- A rating downgrade would also take into consideration the credit quality of the wider National Grid group

Key Indicators

Exhibit 2
Key indicators [1]
Narragansett Electric Company

	3/31/2015	3/31/2014	3/31/2013	3/31/2012	3/31/2011
CFO pre-WC + Interest / Interest	3.3x	4.6x	4.8x	4.1x	4.7x
CFO pre-WC / Debt	10.6%	14.6%	15.8%	13.9%	21.2%
CFO pre-WC – Dividends / Debt	10.6%	14.6%	15.8%	13.9%	21.2%
Debt / Capitalization	35.0%	36.7%	34.6%	34.6%	31.5%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Detailed Rating Considerations

Improved performance under new RIPUC rate plan in Rhode Island

The current rate plans were approved by the RIPUC for NEC's electricity and gas business in December 2012 and effective from 1 February 2013. Approved Returns on Equity (ROEs) for NEC's electricity and gas business are 9.5%, slightly below the average equity returns accorded to energy utilities nationwide during the 12 months leading up to the decision. The rate plan provides for a pension adjustment mechanism for NEC's electric operations, there was already one for gas, and an annual property tax recovery mechanism within the annual capital programme that more closely aligns rate recovery and costs related to property tax expenses.

Despite the introduction of a number of de-risking provisions, including full revenue decoupling and capital trackers, we view the regulatory environment in Rhode Island as tougher than in some other states due to the RIPUC's history of allowing lower returns than other regulators, and its use of backward-looking test years. Utilities operating under backward-looking test years are generally expected to have more difficulties in recovering their opex, resulting in a need to file more frequently for a new rate case, a source of regulatory risk, although the RIPUC incorporates some adjustments for forecast capital investment, volumes and operating costs.

In 2015, NEC's achieved ROEs for the electric and gas businesses were 10.5% and 9.8% respectively, above the allowed level of 9.5%. We note that NEC is subject to an earnings sharing mechanism, under which NEC is required to share equally with ratepayers incremental earnings between a 9.5% and a 10.5% ROE, and 75% of incremental earnings above a 10.5% ROE.

Transmission benefits from stable and predictable FERC regulatory framework

New England Power (NEP, A3 stable), another National Grid subsidiary, operates the transmission facilities of its New England associate as a single integrated system and reimburses Narragansett Electric Transmission for the cost of its transmission facilities in Rhode Island, including a return on those facilities. The amount reimbursed to Narragansett Electric Transmission for the year ended 31 March 2015 was $114.4 million. Key credit positives include: (1) an absence of any commodity price risk as part of its operations as it has no exposure to the end consumer; and (2) this reimbursement coming from a sister transmission company within the wider NG group.

In addition, the credit supportive regulatory environment and formula-based rate making process provided by the FERC also support the current rating. Provisions include a forward-looking rate setting mechanism, which is designed to reimburse the company for all efficiently incurred operating and maintenance expenditure, tax, depreciation and a fair return on assets employed in the provision of transmission services. The formula contains an automatic annual true-up for operating and capital costs. The rate formula also allows Narragansett Electric Transmission to include construction work in progress for new transmission projects in the rate base. These features are intended to ensure that the company recovers its allowed costs and returns within a two-year period. In addition, to encourage greater investment in transmission infrastructure, the FERC allows independent transmission owners to earn ROEs that tend to be above those allowed by state regulators. In line with NEP and other transmission owners in New England, Narragansett Electric Transmission is allowed to earn a base ROE of 10.57% on an assumed equity to total capitalisation ratio of 50% (in line with state regulators but lower than 64% at NEP). In addition, Narragansett Electric Transmission benefits from additional incentive mechanisms which could increase the allowed ROE to 11.74%.

Since the rate setting process is not contested before state commissions and given its design to ensure timely cost recovery, we consider the regulatory framework to be more stable and predictable than for state-regulated utility businesses. The transmission business continued to perform strongly with achieved ROE of 11.2% in 2015, slightly above the allowed level as has been the case for the last seven years.

Given the interrelationship between Narragansett Electric Transmission's reimbursement and NEP's tariff, the performance of NEC's transmission business could be negatively impacted by the FERC's decision on allowed ROEs for NEP in response to complaints from various stakeholders. However, the FERC confirmed its decision in October 2014 (when the cut from 11.14% to 10.57% in allowed base ROE took effect). While the decision is currently being appealed and a FERC Administrative Law Judge has subsequently ruled on two other ISO-NE complaints which could also impact on NEC, we believe the downside risk to ROEs is small.

High parent debt and weak financial ring-fencing provisions constrain the ratings

NEC's credit metrics deteriorated in 2015 and are currently among the lowest of National Grid's US operating companies, with CFO to gross debt of 10.6%. We expect metrics to have recover in 2016 and to remain in the mid-teens in the medium term.

As metrics recover, NEC's rating will be constrained by the presence of high levels of additional debt located at the company's parent holdings companies, including at National Grid USA (NG USA, Baa1 stable), National Grid North America Inc (NGNA, Baa1 stable) and National Grid plc (NG, Baa1 stable). This risk is exacerbated by weaker regulatory ring-fencing provisions applicable to NEC compared with some other state-regulated utilities within the National Grid group, particularly those in New York. Under FERC licence conditions, NEC must maintain a debt to total capitalisation ratio of less than 70%, which gives the company a significant degree of headroom compared with its existing level of leverage.

Liquidity Analysis

Given group funding arrangements, although NEC has inadequate liquidity on a standalone basis, with limited cash and cash equivalents and no revolving credit facilities (RCFs) in its own name, we regard the liquidity risk as manageable.

National Grid manages its financing and liquidity on a fully group basis with a central Finance Committee setting the rules by which individual entities can raise capital. For the US subsidiaries, including NEC, short-term liquidity requirements are managed via the group's regulated money pool. All of the regulated subsidiaries can lend and borrow from the pool, however, the unregulated holding companies – NG USA, NGNA and KeySpan Corporation (Baa1 stable) – may only act as lenders. The interest rate for borrowing under the pool is the monthly average of the 30-day A2 commercial paper rate as released by the Federal Reserve Board.

To support the regulated money pool, the parent holding companies have in place bilateral facilities of £1.7 billion which mature in May 2021 and which NG plc, NG USA and NGNA are named borrowers. As of 31 March 2016, the facilities were undrawn. NG USA also has two commercial paper programs totaling $4 billion denominated equally in US dollars and Euros. Support for these programs comes from NG USA being a named borrower under the RCFs. As of March 2015, there was $486 million outstanding on the US commercial paper program and €90 million outstanding on the Euro commercial paper program.

Viewed in this wider context, NEC's liquidity position appears much stronger. NEC's rating relies on continuing access to liquidity from the wider National Grid group via this money pool arrangement.

Corporate Profile

NEC is a retail distribution company providing electric service to approximately 495,000 customers and gas service to approximately 263,000 customers in Rhode Island. It also owns electricity transmission assets in Rhode Island. As of March 2016, NEC has a rate base of $1.8 billion, comprised of $608 million of electricity transmission (regulated by the FERC) and $657 million and $577 million of electric and gas distribution, respectively (regulated by the RIPUC). NEC is fully owned by NG USA, a holding company which is ultimately owned by National Grid plc.

Rating Methodology and Scorecard Factors

NEC is rated in accordance with the methodology "Regulated Electric and Gas Utilities" published in December 2013. The outcome of the methodology grid for NEC is A3, in line with the assigned rating.

Exhibit 3

Rating factors

Narragansett Electric Company

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current FY 3/31/2015		Moody's 12-18 Month Forward View As of 7/19/2016 [3]	
Factor 1 : Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Aa	Aa	Aa	Aa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.2x	Baa	4x - 5x	A
b) CFO pre-WC / Debt (3 Year Avg)	13.6%	Baa	14% - 16%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	13.6%	Baa	14% - 16%	A
d) Debt / Capitalization (3 Year Avg)	35.5%	Aa	35% - 36%	Aa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		A3		A3
b) Actual Rating Assigned				A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 03/31/2015
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Ratings

Exhibit 4

Category	Moody's Rating
NARRAGANSETT ELECTRIC COMPANY	
Outlook	Stable
Issuer Rating	A3
Senior Secured MTN	(P)A1
Senior Unsecured	A3
Pref. Stock	Baa2
ULT PARENT: NATIONAL GRID PLC	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
PARENT: NATIONAL GRID USA	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured MTN	(P)Baa1
Commercial Paper	P-2

Source: Moody's Investors Service

REPORT NUMBER 1035514

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INFRASTRUCTURE AND PROJECT FINANCE

MOODY'S
INVESTORS SERVICE

CREDIT OPINION

29 August 2017

Update

Rate this Research »

Narragansett Electric Company

Update to credit analysis

Summary

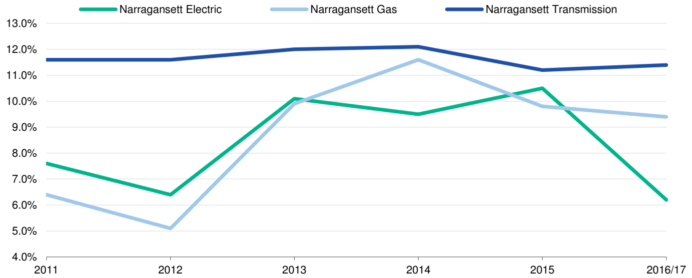
The credit quality of Narragansett Electric Company (NEC) is supported by the diversification of its revenues between distribution and transmission, stable and predictable cash flows, and the generally supportive regulatory environment in Rhode Island, where a wide variety of de-risking provisions for utilities have been included in recent rate cases. However, credit quality is constrained by additional debt at the parent holding companies within the National Grid group.

The achieved returns on equity in NEC's distribution businesses have generally been at or above the allowed ROE of 9.5% under the previous rate plan, although electricity distribution fell to 6.2% in the year to March 2017. Electricity transmission has demonstrated stable returns consistently above the 10.57% allowance, although ongoing challenges to FERC's rate-setting process creates some uncertainty about future returns. The company expects to file for new rate cases for its distribution businesses by March 2018, with new rates effective by the end of 2018.

NEC's key credit metric, the ratio of cash from operations before movements in working capital to gross debt, has been volatile in recent years due to movements in regulatory deferrals, rising to 28% in 2016/17 from 10% in 2014/15. Excluding these deferrals, CFO pre-WC/debt has been stable in the mid- to high teens, in line with our guidance for the current rating, and subject to a reasonable new rate settlement is expected to remain in this range.

Exhibit 1

NEC achieved stable ROEs from 2013 to 2015



Source: National Grid

RATINGS

Narragansett Electric Company

Domicile	Providence, Rhode Island, United States
Long Term Rating	A3
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Credit strengths

- Supportive regulatory environment for low business risk electricity and gas distribution in Rhode Island
- Stable and predictable FERC regulatory framework and low transmission business risk underpins transmission cash flows

Credit challenges

- Limited regulatory ring-fencing protections from additional debt at various holding companies

Rating outlook

The stable outlook for NEC reflects our opinion that the regulatory environment is generally supportive for cost recovery, and that NEC should exhibit stable CFO pre-WC/debt in the mid- to high-teens in percentage terms.

Factors that could lead to an upgrade

- CFO pre-working capital to gross debt consistently above the low 20s, in percentage terms
- Increase of FERC and/or RIPUC's supportiveness towards utilities versus its current approach
- A rating upgrade would also take into consideration the credit quality of the wider National Grid group

Factors that could lead to a downgrade

- CFO pre-working capital to gross debt persistently below the mid teens, in percentage terms
- Decrease of FERC and/or RIPUC's overall supportiveness
- A rating downgrade would also take into consideration the credit quality of the wider National Grid group

Key indicators

Exhibit 2

Key indicators[1]
Narragansett Electric Company

	3/31/2017	3/31/2016	3/31/2015	3/31/2014	3/31/2013
CFO pre-WC + Interest / Interest	7.1x	6.7x	3.4x	4.6x	4.5x
CFO pre-WC / Debt	28.4%	24.1%	10.3%	14.7%	14.7%
CFO pre-WC – Dividends / Debt	28.4%	24.1%	10.3%	14.7%	14.7%
Debt / Capitalization	31.5%	32.9%	35.7%	36.7%	34.6%

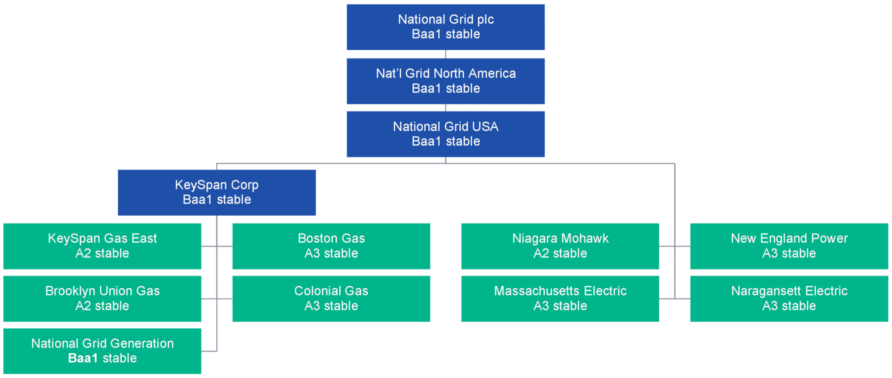
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Corporate profile

NEC is a retail distribution company providing electric service to approximately 500,000 customers and gas service to approximately 268,000 customers in Rhode Island. It also owns electricity transmission assets in Rhode Island operated by sister company New England Power (NEP, A3 stable). As of March 2017, NEC has a rate base of $2.0 billion, comprised of $697 million of electricity transmission (regulated by the FERC) and $665 million and $640 million of electric and gas distribution, respectively (regulated by the RIPUC). NEC is fully owned by National Grid USA (NG USA, Baa1 stable), a holding company which is ultimately owned by National Grid plc (National Grid, Baa1 stable).

Exhibit 3

National Grid US simplified organisational structure

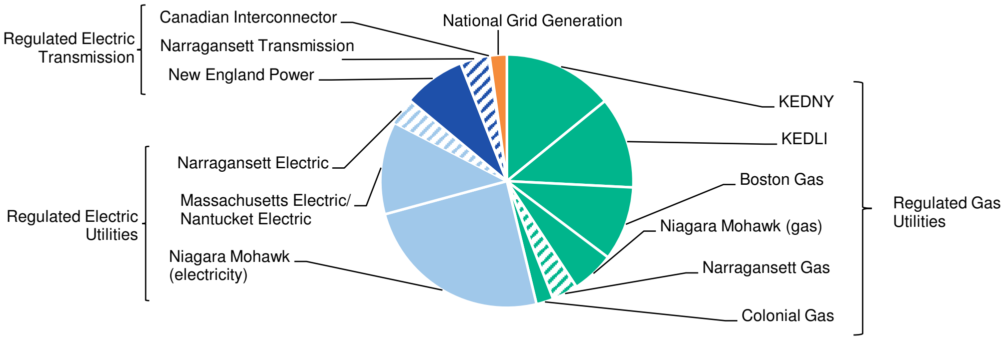


Source: Moody's

Exhibit 4

Narragansett represents 10% of National Grid's US rate base

Rate base at 31 March 2017



Narragansett regulated entities dashed

Source: National Grid

Detailed credit considerations

Distribution businesses generating consistent performance; new rate case expected this year

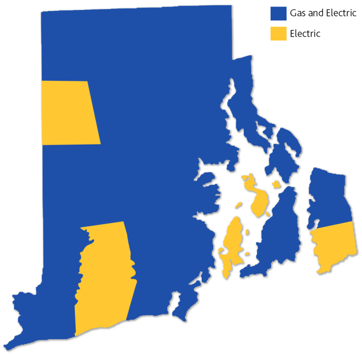
The current rate plans for NEC's electricity and gas business were approved by the RIPUC in December 2012 and have been effective from February 2013. Approved returns on equity (ROEs) are 9.5%, which was slightly below the average equity returns accorded to energy utilities nationwide during the 12 months leading up to the decision. NEC is subject to an earnings sharing mechanism, under which NEC is required to share equally with ratepayers incremental earnings between a 9.5% and a 10.5% ROE, and 75% of incremental earnings above a 10.5% ROE.

The rate plan provides for a pension adjustment mechanism and an annual property tax recovery mechanism within the annual capital programme that more closely aligns rate recovery and costs related to property tax expenses.

Exhibit 5

Narragansett Distribution Service Areas

Rhode Island



Source: National Grid

Exhibit 6

Rate Cases Summary

Regulated Business	Narragansett Electric	Narragansett Gas	Narragansett Transmission
Regulator	Rhode Island Public Utilities Commission		Federal Energy Regulatory Commission
Primary term of rate case	2013		-
Allowed return on equity	9.50%		10.57%
Achieved return on equity (2016/17)	6.20%	9.40%	11.40%
Rate Base at March 2017	$665m	$640m	$697m

Source: National Grid

Despite the introduction of a number of de-risking provisions, including full revenue decoupling and capital trackers, we view the regulatory environment in Rhode Island as tougher than in some other states due to the RIPUC's history of allowing lower returns than other regulators, and its use of backward-looking test years. Utilities operating under backward-looking test years are generally expected to have more difficulties in recovering their opex, resulting in a need to file more frequently for a new rate case, a source of regulatory risk, although the RIPUC incorporates some adjustments for forecast capital investment, volumes and operating costs.

In 2016/17, NEC's achieved ROEs for the electric and gas businesses were 6.2% and 9.4% respectively, below the allowed level of 9.5%. National Grid anticipates filing a combined rate case by March 2018 to recalibrate base rates and reflect change in costs since the last rate case filing.

Transmission benefits from stable and predictable FERC regulatory framework

New England Power (NEP), another National Grid subsidiary, operates the transmission facilities of its New England associate as a single integrated system and reimburses Narragansett Electric Transmission for the cost of its transmission facilities in Rhode Island, including a return on those facilities. The amount reimbursed to Narragansett Electric Transmission for the year ended 31 March 2017 was $143 million. Transmission business has no exposure to the end consumer, and therefore no commodity price risk.

In addition, the credit supportive regulatory environment and formula-based rate making process provided by the FERC also support credit quality. Provisions include a forward-looking rate setting mechanism, designed to reimburse the company for all prudently-incurred operating and maintenance expenditure, tax, depreciation and a fair return on assets employed in the provision of transmission services. The formula contains an automatic annual true-up for operating and capital costs and allows Narragansett Electric Transmission to include construction work in progress for new transmission projects in the rate base. These features are intended to ensure that the company recovers its allowed costs and returns within a two-year period. In addition, to encourage greater investment in transmission infrastructure, the FERC allows independent transmission owners to earn ROEs that tend to be above those allowed by state regulators. In line with NEP and other transmission owners in New England, Narragansett Electric Transmission is allowed to earn a base ROE of 10.57% on an assumed equity to total capitalisation ratio of 50% (in line with state regulators but lower than 64% at NEP). In addition, Narragansett Electric Transmission benefits from additional incentive mechanisms which could increase the allowed ROE up to 11.74%. However, the base return is likely to be increased to 11.14% following a decision by the court of appeals (see highlight box).

Section 206 dispute creates uncertainty over future allowed returns

Allowed returns for transmission operators in the ISO-NE region have been the subject of administrative law proceedings for several years. In 2014, the FERC reduced the rate of return to 10.57% from 11.14% after appeals from the Massachusetts Attorney General and other customer representatives. Although FERC determined, based on a discounted cash flow analysis, that the plausible range of returns, known as the "zone of reasonableness," was 7.03-11.74% (down from 7.3-13.1% in a previous 2006 decision), the commission declared that the existing 11.14% return was "unjust and unreasonable." FERC also reduced the maximum allowable ROE, including incentives, to 11.74%, the top of the revised zone of reasonableness.

However, in April 2017 this decision was overturned by an appeals court[1], which found that FERC had not established that the existing 11.14% return was unreasonable and that "FERC failed to provide any reasoned basis for selecting 10.57 percent as the new base ROE". The case was remanded to FERC for reconsideration.

There are currently several outstanding ROE challenges, the most recent brought by Eastern Massachusetts Consumer-Owned Systems, which has called for the ROE to be cut to 8.93%.

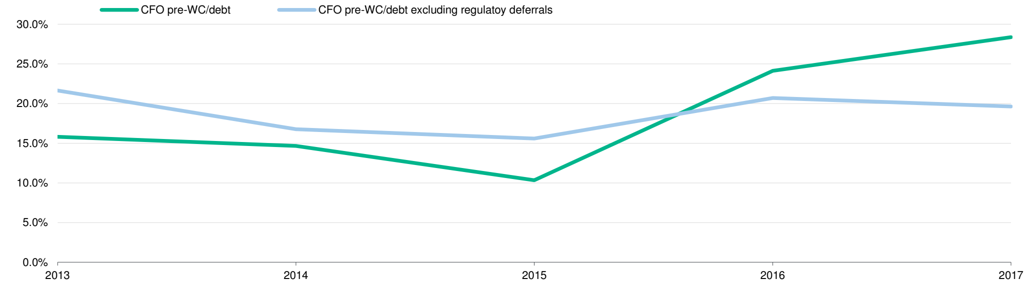
Since the rate setting process is not contested before state commissions and given its design to ensure timely cost recovery, we consider the regulatory framework to be more stable and predictable than for state-regulated utility businesses. The transmission business continued to perform strongly with achieved ROE of 11.4% in 2017, slightly above the allowed level, as has been the case for the last eight years.

High parent debt and weak financial ring-fencing provisions constrain the ratings

NEC's credit metrics have recovered since 2015 with CFO to gross debt at 28.4% in 2017 compared to 10.6% in 2015. The improvement was driven largely by swings in regulatory assets and liabilities; excluding these cash flows, NEC's CFO pre-WC/debt has been consistently in the mid- to high teens.

Exhibit 7

Excluding regulatory deferrals, credit metrics have been stable since 2013



Source: Moody's

However, NEC's rating is constrained by the presence of additional debt at the company's parent holdings companies, NG USA, National Grid North America Inc (NGNA, Baa1 stable) and National Grid. This risk is exacerbated by weaker regulatory ring-fencing provisions applicable to NEC compared with some other state-regulated utilities within the National Grid group, particularly those in New York. Under FERC licence conditions, NEC must maintain a debt to total capitalisation ratio of less than 70%, which gives the company a significant degree of headroom compared with its existing level of leverage, around 56%.

Liquidity analysis

Given group funding arrangements, although NEC has inadequate liquidity on a standalone basis, with limited cash and cash equivalents and no revolving credit facilities (RCFs) in its own name, we regard the liquidity risk as manageable.

National Grid manages its financing and liquidity on a fully group basis with a central Finance Committee setting the rules by which individual entities can raise capital. For the US subsidiaries, including NEC, short-term liquidity requirements are managed via the group's regulated money pool. All of the regulated subsidiaries can lend and borrow from the pool, however, the unregulated holding companies – NG USA, NGNA and KeySpan Corporation (Baa1 stable) – may only act as lenders. The interest rate for borrowing under the pool is the monthly average of the 30-day A2 commercial paper rate as released by the Federal Reserve Board.

To support the regulated money pool, the parent holding companies have in place bilateral facilities of £2.4 billion and which NG plc, NG USA and NGNA are named borrowers. As of 31 March 2017, the facilities were undrawn. NG USA also has two commercial paper programs totaling $4 billion denominated equally in US dollars and Euros. Support for these programs comes from NG USA being a named borrower under the RCFs. As of March 2017, there was $759 million outstanding on the US commercial paper program and €210 million outstanding on the Euro commercial paper program.

Viewed in this wider context, NEC's liquidity position appears much stronger. NEC's rating relies on continuing access to liquidity from the wider National Grid group via this money pool arrangement.

Rating methodology and scorecard factors

NEC is rated in accordance with the methodology Regulated Electric and Gas Utilities published in June 2017. The outcome of the methodology grid for NECO is A2 based on both historic and projected metrics, on notch above the assigned rating reflecting the high levels of additional debt at the parent companies' level.

Exhibit 8

Rating factors

Narragansett Electric Company

Regulated Electric and Gas Utilities Industry Grid[1,2]	Current FY 3/31/2017		Moody's 12-18 Month Forward View As of 8/23/2017[3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Aa	Aa	Aa	Aa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.7x	A	5x - 5.5x	A
b) CFO pre-WC / Debt (3 Year Avg)	20.7%	A	15% - 20%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	20.7%	A	15% - 20%	A
d) Debt / Capitalization (3 Year Avg)	33.3%	Aa	30% - 35%	Aa
Rating:				
a) Indicated Rating from Grid		A2		A2
b) Actual Rating Assigned				A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 03/31/2017

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics™

Ratings

Exhibit 9

Category	Moody's Rating
NARRAGANSETT ELECTRIC COMPANY	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured MTN	(P)A1
Senior Unsecured	A3
Pref. Stock	Baa2
ULT PARENT: NATIONAL GRID PLC	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
PARENT: NATIONAL GRID NORTH AMERICA INC.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
ST Issuer Rating	P-2
PARENT: NATIONAL GRID USA	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured MTN	(P)Baa1
Commercial Paper	P-2

Source: Moody's Investors Service

Endnotes

[1] United States Court of Appeals for the District of Columbia, On Petitions for Review of Orders of the Federal Energy Regulatory Commission, 14 April 2017

REPORT NUMBER 1088730

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S
INVESTORS SERVICE

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades ratings on two National Grid US subsidiaries

Global Credit Research - 05 Feb 2014

Approximately $1.2 Billion of Debt Affected

London, 05 February 2014 -- Moody's Investors Service has today upgraded the ratings of two US regulated utilities owned by National Grid plc (Baa1, stable) to A2 from A3. Those companies are The Brooklyn Union Gas Company (KEDNY, Gas Facilities Revenue Bonds issued by New York State Energy Research and Development Authority but backed by KEDNY) and KeySpan Gas East Corporation (KEDLI). Concurrently, Moody's has confirmed the ratings of Niagara Mohawk Power Corporation (NiMo, A3 senior unsecured) and New England Power Company (NEP, A3 senior unsecured). This rating action completes our review of KEDNY, KEDLI, NiMo and NEP initiated on December 13, 2013. The outlook on all of the ratings is stable.

RATINGS RATIONALE

UPGRADE OF RATINGS FOR KEDNY & KEDLI

The primary driver of today's rating action was Moody's more favorable view of the relative credit supportiveness of the US regulatory environment, as detailed in our September 2013 Request for Comment titled "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation." Factors supporting this view include better cost recovery provisions, reduced regulatory lag, and generally fair and open relationships between utilities and their regulators. The US utility sector's low number of defaults, high recovery rates, and generally strong financial metrics provide additional corroboration for these upgrades.

The rating upgrades for KEDNY and KEDLI specifically takes into consideration: (1) the supportive New York regulatory environment, where a wide variety of de-risking provisions for utilities have been included in recent rate cases e.g. reduced regulatory lag, environmental true-ups and revenue decoupling; (2) additional creditor protection from various regulatory ring-fencing provisions e.g. explicit leverage and dividend restrictions plus a 'golden share' arrangement that reduces the probability of default in a distressed situation; (3) the low-risk nature of gas distribution in the United States; (4) relatively large customer base in the New York metropolitan area with some organic growth; and (5) the expectation of strong financial metrics under supportive rate plans.

CONFIRMATION OF RATINGS FOR NIMO AND NEP

While NiMo benefits from the same supportive regulatory environment as KEDNY and KEDLI, Moody's believes that the benefits to creditors remain adequately reflected in the A3 senior unsecured ratings of the issuer. For NiMo, RoE performance is expected to improve following its acceptance of a new multi-year rate plan in March 2013; however, the potential loss of certain tax credits related to 'bonus depreciation' will likely offset some of the benefit to financial ratios of this new rate plan.

The rating confirmation for NEP reflects our view of the continued supportive regulatory framework of the Federal Regulatory Energy Commission (FERC). However, our view is balanced against a complaint against NEP and other electricity transmission owners in the New England area regarding an appropriate base RoE, which is currently 11.14%. While it is too early in the process to determine the ultimate credit impact of the FERC's decision, any reduction in the base RoE could negatively affect the financial metrics of NEP.

STABLE OUTLOOK FOR KEDLI, NIMO AND NEP

The stable outlooks for KEDLI, NiMo and NEP reflect our opinion that the New York and FERC regulatory environment is generally supportive for cost recovery. Under these environments, KEDLI, NiMo and NEP should exhibit sound financial performance under performance-based rate plans, including stable and predictable earnings that support solid financial ratios.

WHAT COULD CHANGE THE RATING UP/DOWN

KEDNY

KEDNY's ratings could be upgraded if the NYPSC increased its supportiveness towards utilities versus its current approach or if financial metrics improved significantly such that cash flow to debt increased to the mid 20s in percentage terms, without the effects of bonus depreciation. Conversely, ratings could be downgraded if cash flow to debt metrics fell below the mid-to-high teens on a sustainable basis. Any rating change, either up or down, would also take into consideration the credit quality of the wider National Grid group.

KEDLI

KEDLI's ratings could be upgraded if the NYPSC increased its supportiveness towards utilities versus its current approach or if financial metrics improved significantly such that cash flow to debt increased to the mid 20s in percentage terms, without the effects of bonus depreciation. Conversely, ratings could be downgraded if cash flow to debt metrics fell below the mid-to-high teens on a sustainable basis. Any rating change, either up or down, would also take into consideration the credit quality of the wider National Grid group.

NIMO

NIMO's ratings could be upgraded if the NYPSC increased its supportiveness towards utilities versus its current approach or if financial metrics improved significantly such that cash flow to debt increased to the mid 20s in percentage terms, without the effects of bonus depreciation. Conversely, ratings could be downgraded if cash flow to debt metrics fell below the mid-to-high teens on a sustainable basis. Any rating change, either up or down, would also take into consideration the credit quality of the wider National Grid group.

NEP

NEP's ratings could be upgraded if the FERC increased its supportiveness towards utilities versus its current approach or if financial metrics improved significantly such that cash flow to debt increased to the mid 20s in percentage terms, without the effects of bonus depreciation. Conversely, ratings could be downgraded if cash flow to debt metrics fell below the mid-to-high teens on a sustainable basis. Any rating change, either up or down, would also take into consideration the credit quality of the wider National Grid group.

The following ratings were upgraded:

The Brooklyn Union Gas Company: from A3 to A2 the rated revenue bonds

KeySpan Gas East Corporation: from A3 to A2 senior unsecured issuer and debt ratings

The following ratings were confirmed:

Niagara Mohawk Power Corporation: the A2 and (P)A1 senior secured ratings, the A3 senior unsecured issuer and debt ratings, the (P)A3 senior unsecured debt ratings and the Baa2 preferred stock rating

New England Power Company: the A3 senior unsecured issuer rating, the Baa2 preferred stock rating and the Prime-2 short-term debt rating.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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MOODY'S INVESTORS SERVICE

Credit Opinion: National Grid USA

Global Credit Research - 23 Feb 2015

Westborough, Massachusetts, United States

Ratings

Category	**Moody's Rating**
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Ult Parent: National Grid Plc	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
Parent: National Grid North America Inc.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
ST Issuer Rating	P-2

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Key Indicators

[1]**National Grid USA**

	3/31/2014	**3/31/2013**	**3/31/2012**
CFO pre-WC + Interest / Interest	**3.2x**	**3.6x**	**3.7x**
CFO pre-WC / Debt	**14.5%**	**16.9%**	**17.1%**
CFO pre-WC - Dividends / Debt	**10.7%**	**13.6%**	**14.7%**
Debt / Capitalization	**39.8%**	**39.6%**	**38.1%**

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Diverse utility portfolio comprising primarily low business risk electricity and gas activities operating under transparent and established regimes

High visibility of cash flows underpin stable and predictable cash flow generation

Significant amount of debt at holding company constrains rating

Ratings influenced by overall credit quality of the wider group under National Grid plc

Corporate Profile

National Grid USA (NG USA) is a wholly owned subsidiary of National Grid plc (National Grid - Baa1/Prime-2, stable), a holding company for a range of largely regulated businesses focusing on the ownership and operation of electricity and gas networks in the UK and transmission and distribution utilities in the US.

NG USA is itself a holding company for five regulated subsidiaries whose activities cover electricity transmission and the sale and distribution of both natural gas and electricity in New York, Massachusetts and Rhode Island. New England Power Company (NEP - A3, stable) and The Narragansett Electricity Company (NEC - A3, stable) provide electricity transmission services; Massachusetts Electric Company (MECO - A3, stable) and Nantucket Electric Company (Nantucket - not rated) electricity distribution; Niagara Mohawk Power Corporation (NiMo - A3, stable) and NEC both electricity and gas distribution. In addition, NG USA is the holding company for KeySpan Corporation (KeySpan, Baa1), a holding company for four regulated subsidiaries that distribute natural gas in New York City, Long Island and Massachusetts, and a number of power generation plants on Long Island via its ownership of National Grid Generation (Genco - Baa1, stable). The combined rate base of NG USA was $16.3 billion at 31 March 2014, with the KeySpan group accounting for around 40% of this.

SUMMARY RATING RATIONALE

Our rating assessment of NG USA reflects, as positives: 1) the low business risk of its electricity and gas activities provided by its operating companies; 2) the stable and predictable cash flows generated under credit supportive regulatory environments; and 3) the diversification in regulatory risk from its varied utility portfolio operating under multiple rate plans that are governed by four different regulators, although significant exposure to the NYPSC remains which regulates around 60% of NG USA's rate base. The ratings also take into account, as negatives: 1) the capital intensive nature of the business, with a sizeable investment programme, and the associated financing and refinancing requirements this generates; 2) a high level of additional debt at the holding company level; and 3) structural subordination of the company relative to the operating subsidiaries. NG USA's credit quality is in line with the overall credit quality of the National Grid group, which we view as commensurate with a rating in the low single A category. Furthermore, the Baa1 rating reflects a one-notch downward adjustment for structural subordination that is applied all the National Grid group holding companies.

DETAILED RATING CONSIDERATIONS

LOW BUSINESS RISK ELECTRICITY AND GAS ACTIVITIES PROVIDE STABLE AND PREDICTABLE CASH FLOWS

The vast majority of the KeySpan group's rate base, around 93% at 31 March 2014, comprise regulated utilities subsidiaries that are dedicated to the delivery of natural gas to consumers within their specified geographic area, an activity which we see as having a low business risk. This reflects our view that regulated gas companies typically have more stable cash flows due to their smaller capex programmes and are less susceptible to adverse weather conditions than electricity companies, due to the infrastructure being below rather than above ground. In addition, two of the regulated subsidiaries that sit under NG USA activities are either wholly (NEP) or partially (NEC) dedicated to providing electricity transmission services, which we also view as having very low business risk. The other regulated subsidiaries within the group all operate under well established and transparent regulatory regimes providing stability to cash flows.

GENERALLY SUPPORTIVE REGULATORY ENVIRONMENT EXPECTED TO CONTINUE GOING FORWARD

In our view, the overall regulatory environment for US utilities has steadily improved over the past few years and is expected to remain transparent, stable and predictable going forward. These developments have occurred against a backdrop of: 1) regulatory recognition that utility infrastructure requires material investment for maintenance, refurbishment and renovation purposes but also that it plays a key role in promoting wider economic growth; and 2) decreased political risk for US regulated utilities as key stakeholders' (regulators, politicians, consumer groups and utility companies) views become increasingly aligned on the need to invest in energy infrastructure.

NG USA's ownership of a number of regulated utilities diversifies and thus reduces its exposure to regulatory and political risk, which can vary significantly from state-to-state. As at 31 March 2014, approximately 60% of the rate base is regulated by the New York Public Services Commission (NYPSC), 20% by the Massachusetts Department of Public Utilities (MADPU), 14% by the Federal Energy Regulatory Commission (FERC) and 6% by the Rhode Island Public Utilities Commission (RIPUC).

While our view of regulation in the US has improved across the whole country, arguably one of the more creditor friendly jurisdictions is that of New York. Recent rate case settlements have allowed rates to increase as well as allowing a number of de-risking provisions such as timely cost recovery, forward-looking test years for operating expenditure and revenue decoupling (designed to provide stable fixed cost recovery) to be included. Collectively these provisions have provided more transparency and will likely result in lower cash flow volatility going forward. In addition, a number of utilities regulated by the NYPSC (including KEDLI, KENDY and NiMo) are required to maintain a certain financial profile either through explicit leverage restrictions (KEDLI and KEDNY) or are at least required to maintain an investment grade rating (KEDLI, KENDY and NiMo). KEDLI, KENDY and NiMo are also subject to a "golden share" provision which limits the potential for financial distress at the parent negatively affecting individual subsidiaries.

In the context of NEP's and NEC's electricity transmission businesses, we also view regulation by FERC as a credit positive. Supportive provisions include a forward-looking rate setting mechanism, which is designed to reimburse the company for all reasonable operating and maintenance expenditure, tax, depreciation and amortization, and to provide a fair return on assets employed in the provision of transmission services, including construction work-in progress. The formula contains an automatic annual true-up for all operating and capital costs and thus ensures that the company recovers all of its allowed costs and earns a return. The FERC also allows independent transmission systems owners to earn rates of return that tend to be above those allowed for state-regulated utilities. This is still the case for NEP and NEC even after the FERC cut the Return on Equity (RoE) for the independent system operators in New England (ISO-NE) to 10.57% in October 2014.

SCOPE FOR OPPORTUNITY TO EXPAND RATE BASE TO MEET ELECTRICITY TRANSMISSION NEEDS

Across the US, a number of states are reviewing their energy policy, including those in which National Grid already operates in. Whilst the precise focus differs from state to state, incentivising the delivery of additional electricity transmission to address reliability and congestion issues and connect large scale renewable generation is a common theme. This coupled with FERC Order 1000, where new high voltage projects are open to competition means that NG USA could be able to exploit the need for increased transmission investment. Whilst increased capex levels weakens cash flows in the short-term, the associated rate base growth and anticipated higher RoEs, likely to be in-line with the prevailing RoEs for transmission owners operating in the independent system operator (ISO) in that area, provides long-term benefits. National Grid intends to enter into 50:50 joint ventures with developers through NG USA for such projects. NG USA has submitted a number of proposals in recent months and the outcome of these will dictate the scale of growth in this area. For example, ISO-NE selected NG USA and Eversource Energy (Baa1, stable) as its preferred project for the Greater Boston Solution which is worth $740 million. NG USA has also submitted a proposal, along with other New York utilities, to the NYPSC to transfer five planned transmission projects, with an estimated cost of $1.7 billion, to a single entity, New York Transco LLC, to develop, own and maintain the projects aimed at addressing reliability and congestion issues in New York.

FINANCIAL METRICS EXPECTED TO WEAKEN SLIGHTLY IN 2015 AND 2016 BUT IMPACT MANAGEABLE

The electricity transmission business within NG USA's business have an indeterminate rate plan due to the formula-based rate making process provided by the FERC. For the other operating companies within NG USA, apart from Genco which has a long-term power supply agreement, the primary term of the rate plans is no more than three years. Since recent rate case settlement have tended to incorporate higher operating cost allowances and various trackers, achieved RoE has tended to improve following a new rate plan becoming effective. With new rate cases entering into effect for almost all of the US rate base since 2008, coupled with cost cutting measures, achieved RoEs for the US portfolio as a whole has been around 9% in the calendar years 2011-13 - only slightly below average authorized RoE - compared to 6.9% in 2009.

However, there have been no general rate case settlements since early 2013 for any of National Grid's US businesses and the primary term of the rate plan for the non FERC regulated businesses has expired in all cases, except for NiMo's businesses. Since the next general rate case filings are not expected until late 2015, with settlements unlikely to take effect before early to mid 2016, controlling costs in this period is very important. We believe management may be constrained in its strategy to shift capex and implement certain cost control measure to improve the unit cost of service and credit metrics due to the urgency to implement safety and reliability mandates. Therefore, we expect returns for the US business as a whole in 2014 to weaken slightly from 9.0% in 2013. National Grid gave guidance of 8.5-8.9% in their half year results in November 2014, primarily due to weaker RoEs of MECO and the two New York LDCs (KEDLI and KEDNY), which together comprise around 40% of the base at 31 March 2014. The primary term of MECO's rate plan expired in 2010 and achieved RoEs started below and have fallen further below authorized levels since, 6.4% in 2013 vs 10.35%. KEDLI and KEDNY will be impacted by the higher number of gas leakages due to the very cold winter in 2013/14 and the gas explosion in Consolidated Edison's service territory in New York in March 2014, which accentuated the challenges of improving the unit cost of services whilst implementing safety and reliability mandates.

Whilst achieved RoE and financial metrics for the US business as a whole are not expected to increase until 2016-17 due to no general rate settlements until this period, we expect the deterioration to be slight in this period. This reflects the: 1) primary term of the largest operating subsidiary's rate plan, NiMo - around 1/3 of the US rate base, runs until 31 March 2016; 2) our expectation that the FERC regulated subsidiaries continue to earn RoEs around authorized levels due to the formula-based rated making process; 3) the increased proportion of electric transmission in the rate base if joint venture submissions are successful and the associated higher base RoEs (versus state regulated-utilities) authorized by the FERC; and 4) recent credit supportive developments for the LDC businesses over capital programmes, in particular i) the two-year $414m capital investment programme for KEDLI in 2015 and 2016 with some of the costs recovered during this period and ii) the legislative change in Massachusetts which allows gas companies to file specifically for cost recovery of increased spending relating to replacement of leak prone pipe (KeySpan's LDCs in Massachusetts made filings under this new legislation in October 2014).

CREDIT QUALITY OF THE WIDER GROUP UNDER NATIONAL GRID PLC INFLUENCES RATINGS

Our rating assessment of NG USA also reflects its ownership by National Grid and the credit quality of the wider group. In addition to the ownership of the US business, National Grid is involved in the ownership and operation of electricity and gas networks in the UK, which also have low business risk and operate under well-developed regulatory frameworks. Together, these provide the National Grid group with a greater diversification of regulatory risk than for NG USA whilst retaining the high predictability and stability of cash flows under the regulatory segments. The National Grid group has benefitted over recent years from increasing returns from its US operations, albeit from a low base, and solid performance by the regulated businesses in the UK.

However, the rating also reflects, as negatives, 1) the capital-intensive of the group's business and 2) the level of shareholder returns expected to be delivered. National Grid group has both a large and growing investment programme, particularly for the electricity businesses in both the UK and US, with capex projected to be GBP3.1-3.3 billion in 2014-15 (GBP3.1 billion 2013-14) and the regulated asset base expected to grow by around 5%. The management of the capital programme and the associated funding is considered a key challenge for the group, as the plan relates largely to non-discretionary investment. This coupled with the group's high dividend payout policy, affirmed with the group implementing a new dividend policy from 1 April 2013 to increase dividends "at least in line with the rate of RPI inflation for the foreseeable future", will keep key credit metrics under pressure. However, we note as a positive that in 2013-14 under the first year of this new policy the dividend grew by 2.9% in line with inflation as compared to the 8% annual growth in recent years before this dividend policy was introduced.

Whilst we view the consolidated credit quality of the National Grid group as commensurate with a rating the low single-A category, the ratings of all the US holding companies (HoldCos), of which NG USA is one, and National Grid plc all reflect a one-notch downwards adjustment for structural subordination. This reflects the fact that creditors at the holding companies are further removed from the operating cash flows, which will first and foremost serve debt sitting directly at the operating company level. In NG USA's case, 14% of the external debt at the consolidated NG USA group sat at the holding company at 31 March 2014. This comprises a combination of balances understanding under the commercial paper programme ($421 million) and $842 million under the EMTN programme. In addition, NG USA also has advances outstanding from its immediate parent (National Grid North America Inc, NGNA - Baa1, stable) and NG plc totalling $2.17 billion outstanding.

Liquidity

National Grid manages its financing and liquidity on a fully group basis with a central Finance Committee setting the rules by which individual entities can raise capital. For the US subsidiaries, short-term liquidity requirements are managed via the group's regulated money pool. All of the regulated subsidiaries can lend and borrow from the pool, however, the unregulated holding companies - NG USA, NGNA and KeySpan may only act as lenders. The interest rate for borrowing under the pool is the monthly average of the 30-day A2 commercial paper rate as released by the Federal Reserve Board.

To support the regulated money pool, the parent holding companies have in place a syndicated facility agreement of $850 million which matures in November 2015 and which National Grid, NG USA and NGNA can all draw on. As of 31 March 2014, this facility remained undrawn. In addition, NG USA and National Grid have two committed revolving credit facilities (RCFs) of $280 million and GBP685 million (National Grid is a named borrower on all three facilities and NG USA on the USD facility and the GBP155 million facility). All of these facilities remain undrawn. NG USA also has two commercial paper programmes totalling $4 billion denominated equally in US dollars and Euros. Support for these programmes comes from NG USA being a named borrower under the aforementioned RCFs. As of 31 March 2014, there was $421 million outstanding on the US commercial paper programme and no borrowings outstanding on the Euro commercial paper programme.

Overall, we view NG USA as having good liquidity. This reflects as positives: 1) the stable and predictable cash flows generated by its regulated subsidiaries both under the KeySpan group and directly under NG USA; 2) none of the aforementioned facilities have any meaningfully restrictive covenants; and 3) NG USA's ability to borrow up to $4.5bn ($1.5bn from NGNA and a further $3bn, collectively with KeySpan, from National Grid) for working capital needs, including for funding of the money pools. These benefits are somewhat offset: 1) by a large and growing capex programme for its regulated subsidiaries that is expected to total $13-14bn over the next five years, which could rise significantly with successful joint venture applications for transmission projects, and create financing requirements of around $500-800 million per annum over the next four years for the NG USA group; 2) the commercial paper programme and 2) the largest RCF having less than a year to maturity. We expect the EUR 500 million note that sits at NG USA falls due in June to be refinanced out of NGNA, which we also view as having good liquidity.

Rating Outlook

The outlook for NG USA's ratings is stable reflecting: 1) our expectation that NG USA will maintain a financial profile over the next 12-18 months that is broadly in line with historical performance (CFO pre-working capital to debt in the low double digits and debt to capitalization around 40%); and 2) our outlook on the credit quality of the National Grid group as a whole. The stable outlook on National Grid's ratings reflects the 2010 rights issue and 2013 hybrid issuance, which strengthened its balance sheet, establishing a degree of headroom within the current rating categories and our expectation that it too will maintain a financial profile in line with recent historical performance.

What Could Change the Rating - Up

An upgrade of the ratings on NG USA as well as National Grid is unlikely in the medium term, as the rating is constrained by the material capex programme and the dividend policy.

What Could Change the Rating - Down

NG USA's ratings could come under downward pressure if the credit quality of NG USA group were to deteriorate, reflected by a deterioration in its consolidated metrics below our minimum guidance for maintaining a stable outlook. The rating could also be considered for downgrade if National Grid was unable to maintain 1) consolidated Retained Cash Flow (RCF) / Net Debt in excess of 9.0% (10.6% at 31 March 2014) and 2) Funds From Operation (FFO) Interest Coverage in excess of 3.0x in the current financial year and beyond.

Other Considerations

NG USA is rated in accordance with the methodology "Regulated Electric and Gas Utilities" published in December 2013. The outcome of the methodology grid for NG USA considering both historic and projected financial metrics is Baa1, taking into account the notching for structural subordination, in line with the assigned rating.

Rating Factors

National Grid USA

Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 3/31/2014**		[3]**Moody's 12-18 Month Forward ViewAs of 2/20/2015**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**

a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Aa	Aa	Aa	Aa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.5x	Baa	3.7x - 4.6x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	14.8%	Baa	10% - 15%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	12.8%	Baa	8% - 13%	Baa
d) Debt / Capitalization (3 Year Avg)	39.2%	Aa	38% - 42%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 3/31/2014; Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

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MOODY'S
INVESTORS SERVICE

Credit Opinion: National Grid USA

Global Credit Research - 18 Apr 2016

Westborough, Massachusetts, United States

Ratings

Category	**Moody's Rating**
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured MTN	(P)Baa1
Commercial Paper	P-2
Ult Parent: National Grid Plc	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
Parent: National Grid North America Inc.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
ST Issuer Rating	P-2

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Key Indicators

[1]**National Grid USA**

	3/31/2015	**3/31/2014**	**3/31/2013**	**3/31/2012**	**3/31/2011**
CFO pre-WC + Interest / Interest	**4.3x**	**3.0x**	**3.5x**	**4.4x**	**6.4x**
CFO pre-WC / Debt	**13.6%**	**11.9%**	**15.5%**	**19.6%**	**23.5%**
CFO pre-WC - Dividends / Debt	**13.6%**	**9.8%**	**13.2%**	**18.4%**	**17.2%**
Debt / Capitalization	**38.4%**	**39.8%**	**39.6%**	**38.1%**	**37.9%**

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Diverse utility portfolio comprising primarily low business risk electricity and gas activities operating under transparent and established regimes

High visibility of cash flows underpin stable and predictable cash flow generation

Significant amount of debt at holding company constrains rating

Ratings influenced by overall credit quality of the wider group under National Grid plc

Corporate Profile

National Grid USA (NG USA, Baa1 stable) is a wholly owned subsidiary of National Grid plc (National Grid, Baa1/Prime-2, stable), a holding company for a range of largely regulated businesses focusing on the ownership and operation of electricity and gas networks in the UK and transmission and distribution utilities in the US. Its immediate parent is National Grid North America Inc (NGNA, Baa1 stable)

NG USA is itself a holding company for five regulated subsidiaries whose activities cover electricity transmission and the sale and distribution of both natural gas and electricity in New York, Massachusetts and Rhode Island. New England Power Company (NEP, A3 stable) and The Narragansett Electricity Company (NEC, A3 stable) provide electricity transmission services; Massachusetts Electric Company (MECO, A3 stable) and Nantucket Electric Company (Nantucket, not rated) provide electricity distribution; and Niagara Mohawk Power Corporation (NiMo, A2 stable) and NEC provide both electricity and gas distribution. In addition, NG USA is the holding company for KeySpan Corporation (KeySpan, Baa1 stable), a holding company for four regulated subsidiaries that distribute natural gas in New York City, Long Island and Massachusetts, and a number of power generation plants on Long Island via its ownership of National Grid Generation (Genco, Baa1 stable). The combined rate base of NG USA was $17.2 billion at 31 March 2015, with the KeySpan group accounting for around 40% of this.

SUMMARY RATING RATIONALE

Our rating assessment of NG USA reflects, as positives: (1) the low business risk of its electricity and gas activities provided by its operating companies; (2) the stable and predictable cash flows generated under credit supportive regulatory environments; and (3) the diversification in regulatory risk from its varied utility portfolio operating under multiple rate plans that are governed by four different regulators, despite significant exposure to the NYPSC which regulates around 60% of NG USA's rate base. The ratings also take into account, as negatives: (1) the capital intensive nature of the business, with a sizeable investment programme, and the associated financing and refinancing requirements this generates; (2) a high level of additional debt at the holding company level; and (3) structural subordination of the company relative to the operating subsidiaries. We view NG USA's credit quality as similar to that of the wider National Grid group, which we view as commensurate with a rating in the low single A category. The assigned Baa1 rating reflects a one-notch downward adjustment for structural subordination, consistent with our approach to all National Grid group holding companies.

DETAILED RATING CONSIDERATIONS

LOW BUSINESS RISK ELECTRICITY AND GAS ACTIVITIES PROVIDE STABLE AND PREDICTABLE CASH FLOWS

The vast majority of NG USA's rate base, around 86% at 31 March 2015, was comprised of regulated utilities subsidiaries that are dedicated to the delivery of electricity and natural gas to consumers within their specified geographic area, an activity which we regard as having a low business risk. This reflects our view that regulated gas companies typically have more stable cash flows due to their smaller capex programmes and are less susceptible to adverse weather conditions than electricity companies as their infrastructure is below ground. In addition, two of the regulated subsidiaries that sit under NG USA are either wholly (NEP) or partially (NEC) dedicated to providing electricity transmission services, which we also view as having very low business risk. The other regulated subsidiaries within the group all operate under well-established and transparent regulatory regimes providing stability to cash flows.

GENERALLY SUPPORTIVE REGULATORY ENVIRONMENT EXPECTED TO CONTINUE GOING FORWARD

In our view, the overall regulatory environment for US utilities has steadily improved over the past few years and is expected to remain transparent, stable and predictable going forwards. These changes have occurred against a backdrop of (1) regulatory recognition that utility infrastructure requires material investment for maintenance, refurbishment and renovation purposes and that it plays a key role in promoting wider economic growth; and (2) decreased political risk for US regulated utilities as the views of key stakeholders (regulators, politicians, consumer groups and utility companies) become increasingly aligned on the need to invest in energy infrastructure .

NG USA's ownership of a number of regulated utilities diversifies its exposure to regulatory and political risk, which can vary significantly from state to state. As at 31 March 2015, approximately 58% of the rate base is regulated by the New York Public Services Commission (NYPSC), 21% by the Massachusetts Department of Public Utilities (MADPU), 14% by the Federal Energy Regulatory Commission (FERC) and 6% by the Rhode Island Public Utilities Commission (RIPUC).

While our view of regulation in the US has improved generally, we regard New York as one of the most creditor-friendly jurisdictions. Recent rate case settlements have allowed rates to increase and included de-risking provisions such as timely cost recovery, forward-looking test years for operating expenditure and revenue decoupling (designed to provide stable fixed cost recovery). Collectively, these provisions have provided more transparency and will likely result in lower cash flow volatility going forwards. In addition, a number of utilities regulated by the NYPSC are required to maintain a certain financial profile either through explicit leverage restrictions (Keyspan Gas East Corporation, KEDLI, and Brooklyn Union Gas Company, BUG) or are at least required to maintain an investment grade rating (KEDLI, BUG and NiMo). KEDLI, BUG and NiMo are also subject to a "golden share" provision which limits the potential for financial distress at the parent negatively affecting individual subsidiaries.

We also view FERC's regulation of NEP's and NEC's electricity transmission businesses as a credit positive. Supportive provisions include a forward-looking rate setting mechanism, which is designed to reimburse the company for all reasonable operating and maintenance expenditure, tax, depreciation and amortization, and to provide a fair return on assets employed in the provision of transmission services, including construction work-in progress. The formula contains an automatic annual true-up for all operating and capital costs and thus ensures that the company recovers all of its allowed costs and earns a return. The FERC also allows independent transmission systems owners to earn rates of return that tend to be above those allowed for state-regulated utilities. This is still the case for NEP and NEC even after the FERC cut the Return on Equity (RoE) for the independent system operators in New England (ISO-NE) to 10.57% in October 2014.

SCOPE FOR OPPORTUNITY TO EXPAND RATE BASE TO MEET ELECTRICITY TRANSMISSION NEEDS

Across the US, a number of states are reviewing their energy policy, including those in which National Grid already operates. While the precise focus differs from state to state, incentivising the delivery of additional electricity transmission to address reliability and congestion and connect large-scale renewable generation is a common theme. Coupled with FERC Order 1000, where new high voltage projects are open to competition, this means that NG USA could benefit from the need for increased transmission investment. Although increased capex levels weakens cash flows in the short-term, the associated rate base growth and anticipated higher RoEs, likely to be in-line with the prevailing RoEs for transmission owners operating in the independent system operator (ISO) in that area, provides long-term benefits. National Grid intends to enter into 50:50 joint ventures with developers through NG USA for such projects. NG USA has submitted a number of proposals in 2015 and the outcome of these will dictate the scale of growth in this area. For example, ISO-NE selected NG USA and Eversource Energy (Baa1, stable) as its preferred project for the Greater Boston Solution which is worth $740 million. NG USA also submitted a proposal, along with other New York utilities, to the NYPSC to transfer five planned transmission projects, with an estimated cost of $1.7 billion, to a single entity, New York Transco LLC, to develop, own and maintain the projects aimed at addressing reliability and congestion issues in New York.

FINANCIAL METRICS EXPECTED TO STRENGTHEN AS NEW RATE PLANS TAKE EFFECT

The electricity transmission businesses within NG USA have an indeterminate rate plan due to the formula-based rate making process provided by the FERC, and Genco has a long-term power supply agreement. The other operating companies within NG USA had rate plans with a primary term of no more than three years. However, there have no general rate case settlements since early 2013 for any of National Grid's US businesses and the primary term of the rate plan for the non-FERC regulated businesses has expired in all cases except NiMo. As a result, achieved returns have been under pressure, falling from 9.0% in 2013 to 8.4% in 2014, and National Grid gave guidance of around 8% in their half year results in November 2015, primarily due to weaker RoEs of MECO and the two New York LDCs (KEDLI and BUG), which together comprise around 37% of the base at 31 March 2015.

Since new rate case settlements generally incorporate higher operating cost allowances, achieved RoEs have tended to improve following a new rate plan becoming effective. On 11 June 2015, NG filed a new rate plan with MADPU for MECO to increase prices by 7%, which is expected to conclude in September 2016 with new rates becoming effective on 1 October 2016. On 29 January 2016, NG filed a new rate plan with the NYPSC for KEDLI and BUG (which together represent 26% of NG USA's rate base) to increase prices by 12% and 14%, respectively. This is expected to conclude in December 2016, with new rates becoming effective from 1 January 2017.

We expect NG USA's achieved RoE and financial metrics to strengthen from 2017 as these rate plans take effect.

CREDIT QUALITY OF THE WIDER GROUP UNDER NATIONAL GRID PLC INFLUENCES RATINGS

Our rating assessment of NG USA also reflects its ownership by National Grid and the credit quality of the wider group. In addition to the ownership of the US business, National Grid is involved in the ownership and operation of electricity and gas networks in the UK, which also have low business risk and operate under well-developed regulatory frameworks. Together, these provide the National Grid group with a greater diversification of regulatory risk than NG USA alone. The National Grid group has benefitted over recent years from generally increasing returns from its US operations, albeit from a low base, and solid performance by the regulated businesses in the UK.

However, our assessment of the National Grid group reflects, as negatives, (1) the capital-intensive of the group's business and (2) the level of shareholder returns expected to be delivered. The National Grid group has both a large and growing investment program, particularly for the electricity businesses in both the UK and US, with capex projected to be GBP3.3-3.5 billion in 2015-16 (around GBP3.3 billion 2014-15). The management of the capital programme and the associated funding is considered a key challenge for the group, as the plan relates largely to non-discretionary investment. Although National Grid's dividend payout remains high, we note as a positive that, following the introduction of a new dividend policy from 1 April 2013, dividends have grown only in line with inflation, compared to 8% nominal growth in the preceding years.

While we view the consolidated credit quality of the National Grid group as commensurate with a rating the low single-A category, the ratings of all the US holding companies and National Grid plc all reflect a one-notch downwards adjustment for structural subordination. This reflects the fact that creditors at the holding companies are further removed from the operating cash flows, which will first and foremost serve debt sitting directly at the operating company level. In NG USA's case, 12.4% of the external debt at the consolidated NG USA group sat at the holding company at 31 March 2015. This comprises a combination of balances understanding under the commercial paper program ($582 million) and $588 million under the EMTN program . In addition, NG USA also has advances outstanding from NGNA totalling $1.1 billion outstanding.

Liquidity

National Grid manages its financing and liquidity on a fully group basis with a central Finance Committee setting the rules by which individual entities can raise capital. For the US subsidiaries, short-term liquidity requirements are managed via the group's regulated money pool. All of the regulated subsidiaries can lend and borrow from the pool, however, the unregulated holding companies -- NG USA, NGNA and KeySpan -- may only act as lenders. The interest rate for borrowing under the pool is the monthly average of the 30-day A2 commercial paper rate as released by the Federal Reserve Board.

To support the regulated money pool, the parent holding companies have in place bilateral facilities of GBP1.7 billion which mature in May 2021 and on which NG plc, NG USA and NGNA are named borrowers. As of 30 June 2015, the facilities were undrawn. NG USA also has two commercial paper programs totalling USD4 billion denominated equally in US dollars and Euros. Support for these programmes comes from NG USA being a named borrower under the RCFs. As of 31 March 2015, there was $486 million outstanding on the US commercial paper program and EUR90 million outstanding on the Euro commercial paper program.

In addition, as of December 2015 NG USA had in place a $424m Standby Bond Purchase Facility for NEP, MECO and Nantucket expiring in November 2019.

Overall, we view NG USA as having good liquidity. This reflects as positives (1) the stable and predictable cash flows generated by its regulated subsidiaries both under the KeySpan group and directly under NG USA;

(2) none of the aforementioned facilities have any meaningfully restrictive covenants; and (3) NG USA's ability to borrow up to $6bn ($3bn from NGNA and a further $3bn, collectively with KeySpan, from National Grid) for working capital needs, including for funding of the money pools. These benefits are somewhat offset by (1) a large and growing capex programme for its regulated subsidiaries that is expected to total $13-14bn over the next five years, which could rise significantly with successful joint venture applications for transmission projects, and create financing requirements of around $500-800 million per annum over the next four years for the NG USA group; (2) the commercial paper programme and (3) the largest RCF having less than a year to maturity.

Rating Outlook

The outlook for NG USA's ratings is stable reflecting (1) our expectation that NG USA will maintain a financial profile over the next 12-18 months that is broadly in line with historical performance (CFO pre-working capital to debt in the low double digits in percentage terms and debt to capitalization below 40%); and (2) our stable outlook on the credit quality of the National Grid group as a whole.

What Could Change the Rating - Up

An upgrade of the ratings on NG USA as well as National Grid is unlikely in the medium term, as the rating is constrained by the material capex program and the dividend policy.

What Could Change the Rating - Down

NG USA's ratings could come under downward pressure if the credit quality of NG USA group were to deteriorate, to CFO pre-working capital to debt below the low double digits in percentage terms and debt to capitalisation above 40%. The rating could also be considered for downgrade if National Grid plc was unable to maintain (1) consolidated Retained Cash Flow (RCF) / Net Debt in excess of 9.0% (11.3% at 31 March 2015) and (2) Funds From Operation (FFO) Interest Coverage in excess of 3.0x in the current financial year and beyond.

Other Considerations

NG USA is rated in accordance with the methodology "Regulated Electric and Gas Utilities" published in December 2013. The outcome of the methodology grid for NG USA is Baa1 based on both historic and projected financial metrics, taking into account the notching for structural subordination, in line with the assigned rating.

Rating Factors

National Grid USA

Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 3/31/2015**		[3]**Moody's 12-18 Month Forward ViewAs of 4/1/2016**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Aa	Aa	Aa	Aa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.5x	Baa	3.7x - 4.6x	Baa

b) CFO pre-WC / Debt (3 Year Avg)	13.6%	Baa	10% - 15%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	12.1%	Baa	10% - 15%	Baa
d) Debt / Capitalization (3 Year Avg)	39.3%	Aa	38% - 40%	Aa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned				(P)Baa1

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INFRASTRUCTURE AND PROJECT FINANCE

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
20 July 2017

Update

Rate this Research

National Grid USA

Annual Update

Summary Rating Rationale

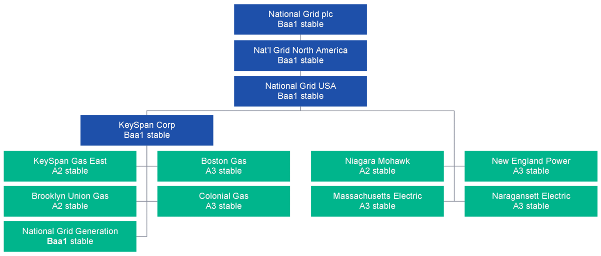
National Grid USA (NG USA) is the holding company for National Grid plc's (Baa1 stable) United States operations, which consist almost entirely of regulated companies involved in the transmission of electricity and the distribution of electricity and gas in New York, Massachusetts and Rhode Island. The combined rate base of NG USA at 31 March 2017 was $19.3 billion.

Our rating assessment of NG USA reflects the low business risk of electricity and gas distribution, supportive regulatory frameworks, and the diversification of regulatory risk across four different regulators. However, NG USA's ratings are constrained by the credit quality of several key operating subsidiaries, which are weakly positioned for their assigned ratings.

Overall, we consider the credit quality of NG USA and its subsidiaries as similar to that of the wider National Grid group, and commensurate with a rating in the low single A category. The assigned Baa1 rating reflects a one-notch downward adjustment for structural subordination, consistent with our approach to all National Grid group holding companies.

NG USA will publish accounts for the year to March 2017 in August.

Exhibit 1
National Grid USA structure



Source: Moody's

RATINGS

National Grid USA

Domicile	Westborough, Massachusetts, United States
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Credit Strengths

- Low business risk of gas and electricity distribution activities
- Modest diversification across four transparent and well-regulated regulatory regimes
- Good visibility of cash flows
- Ratings influenced by overall credit quality of the wider group under National Grid plc

Credit Challenges

- Key operating subsidiaries weakly-positioned for assigned ratings
- Structural subordination relative to the operating subsidiaries and intermediate holding company, KeySpan Corporation (KeySpan Corp, Baa1 stable)
- Additional debt at KeySpan Corp and NG USA, including intercompany borrowings

Rating Outlook

The outlook for NG USA's ratings is stable, reflecting our expectation that NG USA and its operating companies will demonstrate strengthening credit metrics as new rate cases take effect, and our stable outlook on the credit quality of the National Grid group as a whole.

Factors that Could Lead to an Upgrade

- Given weak credit metrics at NG USA's operating companies and significant additional holding company gearing, an upgrade is unlikely in the medium term

Factors that Could Lead to a Downgrade

- Failure of NG USA's key operating subsidiaries to demonstrate expected improvements in achieved returns and credit metrics
- An increase in debt at NG USA or KeySpan Corp
- Failure of National Grid plc to maintain consolidated Retained Cash Flow / Net Debt in excess of 9% and Funds From Operations Interest Coverage in excess of 3.0x

Key Indicators

Exhibit 2

Key Indicators[1]

National Grid USA

	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
CFO pre-WC + Interest / Interest	2.4x	4.2x	3.0x	3.5x	4.4x
CFO pre-WC / Debt	10.3%	12.9%	11.9%	15.5%	19.6%
CFO pre-WC – Dividends / Debt	6.4%	12.9%	9.8%	13.2%	18.4%
Debt / Capitalization	42.3%	38.8%	39.8%	39.6%	38.1%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics™

Detailed Rating Considerations

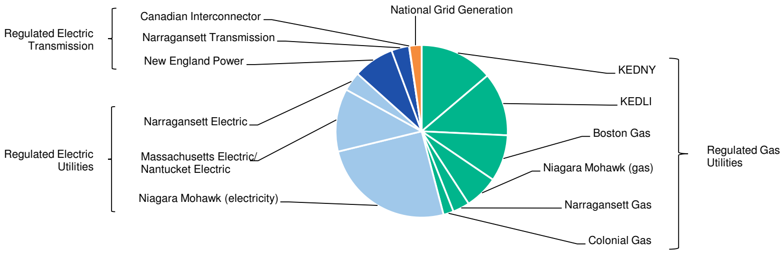
Low business risk electricity and gas activities provide stable and predictable cash flows

The vast majority of NG USA's rate base, around 86% at 31 March 2017, was comprised of regulated utilities subsidiaries that are dedicated to the delivery of electricity and natural gas to consumers within their specified geographic area, an activity which we regard as having a low business risk. This rate base is divided approximately equally between gas and electric utilities. Most of the remainder consists of FERC-regulated electricity distribution businesses, which we also view as having very low business risk.

Exhibit 3

NG USA Rate Base By Asset Type

31 March 2017



Source: Moody's

Generally supportive regulatory environment expected to continue going forward

In our view, the overall regulatory environment for US utilities has steadily improved over the past few years and is expected to remain transparent, stable and predictable. Changes have occurred against a backdrop of (1) regulatory recognition that utility infrastructure requires material investment for maintenance, refurbishment and renovation purposes and that it plays a key role in promoting wider economic growth; and (2) decreased political risk for US regulated utilities as the views of key stakeholders (regulators, politicians, consumer groups and utility companies) become increasingly aligned on the need to invest in energy infrastructure.

NG USA's ownership of a number of regulated utilities diversifies its exposure to regulatory and political risk, which can vary significantly from state to state. As at 31 March 2017, approximately 56% of the rate base is regulated by the New York Public Services Commission (NYPSC), 23% by the Massachusetts Department of Public Utilities (MADPU) and 7% by the Rhode Island Public Utilities Commission (RIPUC). 12% of the rate base consists of rate-regulated transmission assets under the Federal Energy Regulatory Commission (FERC). The remaining 2% of the rate base is provided by generation assets in Long Island operating under contract to the Long Island Power Authority (A3 stable), under which National Grid faces no price or volume risk.

While our view of regulation in the US has improved generally, we regard New York as one of the most creditor-friendly jurisdictions. Recent rate case settlements have allowed rates to increase and included de-risking provisions such as timely cost recovery, forward-looking test years for operating expenditure and revenue decoupling (designed to provide stable fixed cost recovery). Collectively, these provisions have provided more transparency and will likely result in lower cash flow volatility going forwards. In addition, a number of utilities regulated by the NYPSC are required to maintain a certain financial profile either through explicit leverage restrictions (Keyspan Gas East Corporation, known as KEDLI, and Brooklyn Union Gas Company, known as KEDNY) or are at least required to maintain an investment grade rating (KEDLI, KEDNY and Niagara Mohawk Power Corporation, NiMo, A2 stable). KEDLI, KEDNY and NiMo are also subject to a “golden share” provision which limits the potential for financial distress at the parent negatively affecting individual subsidiaries.

We also view FERC's regulation of electricity transmission businesses within New England Power (A3 stable) and Narragansett Electric Company (A3 stable) as a credit positive. Supportive provisions include a forward-looking rate setting mechanism, which is designed to reimburse the company for all reasonable operating and maintenance expenditure, tax, depreciation and amortization, and to provide a fair return on assets employed in the provision of transmission services, including construction work-in progress. The formula contains an automatic annual true-up for all operating and capital costs and thus ensures that the company recovers all of its allowed costs and earns a return. The FERC also allows independent transmission systems owners to earn rates of return that tend to be above those allowed for state-regulated utilities.

Significant opportunity to expand rate base

A number of states, including those in which National Grid already operates, are reviewing their energy policy. While the precise focus differs from state to state, a common theme is integrating renewable electricity and addressing network reliability and congestion issues. NG USA subsidiaries are also making significant investments to replace ageing gas pipes and to connect homes currently heated by oil.

NG USA will also be able to compete for some interstate electricity transmission projects under FERC Order 1000, which it intends to do via joint ventures. NG USA has entered into a joint venture, New York Transco LLC, with other New York Utilities to develop, own and maintain the projects aimed at addressing reliability and congestion issues in New York. In addition, ISO-NE selected NG USA and Eversource Energy (Baa1 stable) as its preferred project for the $740 million “Greater Boston Solution.”

Although increased capex levels may bring some execution risk and weakens cash flows in the short-term, the associated rate base growth will drive NG USA's future cash flows.

Financial metrics expected to strengthen as new rate plans take effect

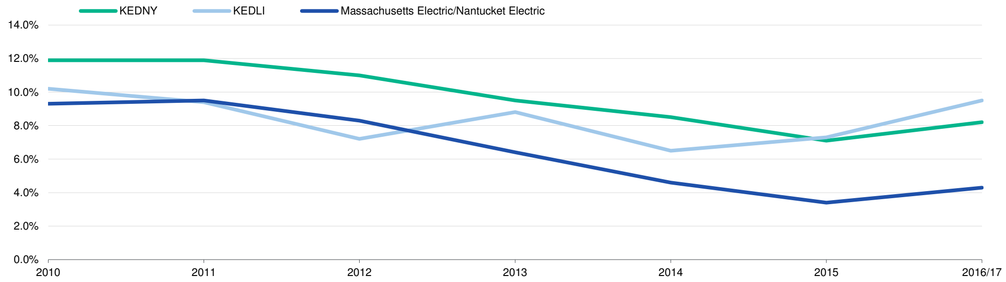
The electricity transmission businesses within NG USA have an indeterminate rate plan due to the formula-based rate making process provided by the FERC, and National Grid Generation LLC (Genco, Baa1 stable) has a long-term power supply agreement. The other operating companies within NG USA had rate plans with a primary term of no more than three years.

Between May 2013 and the October 2015 there was a prolonged period during which National Grid filed no new US rate cases. Since for most of these businesses elements of cost recovery are fixed until a company re-files, achieved returns on equity (RoEs) at National Grid's US operating companies were under pressure, falling from 9.2% in 2012-13 to 8.0% in 2015, compared to an average allowed RoE of 9.6%. In particular, MECO achieved an RoE of just 3.4% in 2015, compared to an allowed RoE of 10.35%.

However, National Grid received new rates plans in 2016 for MECO, KEDNY and KEDLI. In the first partial year of its new plan, MECO's ROE improved to 4.3%, and NG USA's operating companies over all saw an improvement from 8.0% to 8.2%. In 2017, Niagara Mohawk also filed a new rate plan, requesting a 9.79% ROE. We expect NG USA's achieved ROEs and financial metrics to continue to strengthen as the rate plans take effect.

Exhibit 4

ROEs at KEDNY, KEDLI and MECO began to recover in 2016/17 as new rate plans took effect



Note: NG USA moved from reporting on a calendar to a March financial year basis in 2016-17.
Source: National Grid

Credit quality of the wider group under National Grid plc influences ratings

Our rating assessment of NG USA also reflects its ownership by NG plc and the credit quality of the wider group. In addition to the ownership of the US business, National Grid is involved in the ownership and operation of electricity and gas networks in the UK, which also have low business risk and operate under well-developed regulatory frameworks. Together, these provide the National Grid group with a greater diversification of regulatory risk than NG USA alone. The National Grid group has benefitted over recent years from generally increasing returns from its US operations, albeit from a low base, and solid performance by the regulated businesses in the UK.

The National Grid group has a large and growing investment program, particularly for the electricity businesses in the UK and both gas and electricity in the US. The management of the capital programme and the associated funding is a key challenge for the group.

While we view the consolidated credit quality of the National Grid group as commensurate with a rating the low single-A category, the ratings of all the US holding companies and NG plc all reflect a one-notch downwards adjustment for structural subordination. This reflects the fact that creditors at the holding companies are further removed from the operating cash flows, which will first and foremost serve debt sitting directly at the operating company level.

Liquidity Analysis

National Grid manages its financing and liquidity on a fully group basis with a central Finance Committee setting the rules by which individual entities can raise capital. For the US subsidiaries, short-term liquidity requirements are managed via the group's regulated money pool. All of the regulated subsidiaries can lend and borrow from the pool, but the unregulated holding companies – NG USA, NGNA and KeySpan – may only act as lenders. The interest rate for borrowing under the pool is the monthly average of the 30-day A2 commercial paper rate as released by the Federal Reserve Board.

To support the regulated money pool, the parent holding companies have in place bilateral facilities on which NG plc, NG USA and NGNA are named borrowers. NG USA is able to access £2.4 billion of facilities maturing between 2019 and 2022. The facilities were undrawn as of March 2017. NG USA also has two commercial paper programs totalling $4 billion denominated equally in US dollars and Euros. Support for these programmes comes from NG USA being a named borrower under the RCFs. As of March 2017, there is $759 million outstanding on the US commercial paper program and €210 million outstanding on the Euro commercial paper program.

Overall, we view NG USA as having good liquidity. This reflects as positives (1) the stable and predictable cash flows generated by its regulated subsidiaries both under the KeySpan group and directly under NG USA; (2) none of the aforementioned facilities have any meaningfully restrictive covenants; and (3) NG USA's ability to borrow up to $6bn ($3bn from NGNA and a further $3bn, collectively with KeySpan, from National Grid) for working capital needs, including for funding of the money pools.

Corporate Profile

NG USA is a holding company for five regulated subsidiaries whose activities cover electricity transmission and the sale and distribution of both natural gas and electricity in New York, Massachusetts and Rhode Island. New England Power Company (NEP, A3 stable) and Narragansett Electricity Company (NEC, A3 stable) provide electricity transmission services; Massachusetts Electric Company (MECO, A3 stable) and Nantucket Electric Company (Nantucket, not rated) provide electricity distribution; and Niagara Mohawk Power Corporation (NiMo, A2 stable) and NEC provide both electricity and gas distribution. In addition, NG USA is the holding company for KeySpan Corporation (KeySpan, Baa1 stable), a holding company for four regulated subsidiaries that distribute natural gas in New York City, Long Island and Massachusetts, and a number of power generation plants on Long Island via its ownership of National Grid Generation LLC (Genco, Baa1 stable). The combined rate base of NG USA was $19.3 billion at 31 March 2017.

NG USA is wholly owned by NG plc via intermediate holding company NGNA. NG plc owns a range of largely regulated businesses focusing on the ownership and operation of electricity and gas transmission networks in the UK and transmission and distribution utilities in the US.

Rating Methodology and Scorecard Factors

NG USA is rated in accordance with the methodology "Regulated Electric and Gas Utilities" published in June 2017. The outcome of the methodology grid for NG USA is Baa1 based on both historic and projected financial metrics, taking into account the notching for structural subordination, in line with the assigned rating.

Exhibit 5

Rating factors

National Grid USA

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current FY 3/31/2016		Moody's 12-18 Month Forward View As of 4/10/2017 [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Aa	Aa	Aa	Aa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.0x	Ba	2.5x - 3x	Ba
b) CFO pre-WC / Debt (3 Year Avg)	11.6%	Baa	10% - 15%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	9.5%	Baa	7% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	40.3%	A	40% - 45%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned				(P)Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 03/31/2016
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Ratings

Exhibit 6

Category	Moody's Rating
NATIONAL GRID USA	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured MTN	(P)Baa1
Commercial Paper	P-2
ULT PARENT: NATIONAL GRID PLC	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
PARENT: NATIONAL GRID NORTH AMERICA INC.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
ST Issuer Rating	P-2

Source: Moody's Investors Service

REPORT NUMBER 1068470

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Summary:

KeySpan Gas East Corp.

Primary Credit Analyst:
Barbara A Eiseman, New York (1) 212-438-7666; barbara.eiseman@standardandpoors.com

Table Of Contents

Summary:

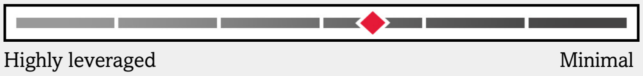
KeySpan Gas East Corp.

Corporate Credit Rating	**A/Stable/--**

Profile Assessments

BUSINESS RISK	**EXCELLENT**

FINANCIAL RISK	**INTERMEDIATE**



Analytical Outcome ("Anchor") And Rating Result

Our issuer rating on KeySpan Gas East Corp. (KEDLI), a core subsidiary of ultimate parent National Grid PLC (NG), reflects its stand-alone credit profile and is derived from the following characteristics:

- KEDLI's anchor rating of 'a' based on our "excellent" business risk profile and "intermediate" financial risk profile assessments using our low volatility table. We assigned KEDLI the lower of the two anchor outcomes because we view its business risk profile to be at the lower end of the "excellent" range due to limited geographic diversity;
- A country risk score that we consider "very low" risk because all the utility's operations are carried out in the U.S.;
- An industry risk score that we consider "very low" risk, reflecting the low-risk nature of regulated natural gas distribution operations; and
- Sufficient regulatory insulation and KEDLI's stronger stand-alone credit profile supports an issuer credit rating that is one notch higher than the group credit profile of 'a-'.

Rationale

Business Risk: Excellent	Financial Risk: Intermediate
• Low-risk regulated natural gas distribution operations • Effective management of regulatory risk in New York, a jurisdiction we view as "strong/adequate" • Predominately residential and commercial customer base that limits susceptibility to economic cyclicality • Potential for additional growth due to conversions from oil to natural gas space heating	• Regulatory reset risk • Accelerating capital spending due to aging infrastructure, storm hardening, and gas conversions • Stand-alone financial measures that fall within the "intermediate" financial risk profile category using our low volatility table

Outlook: Stable

The stable rating outlook on KEDLI reflects Standard & Poor's Ratings Services' baseline forecast that the company's adjusted funds from operations (FFO) to total debt will hover around the high teens to 20% while debt to EBIDTA ranges between 3.9x and 4.1x in 2014. With rate relief in 2015, FFO to total debt could slightly exceed 20% and debt to EBITDA could range between 3.5x and 3.7x. Fundamental to our forecast are expectations of continuing gradual improvement in the company's service area, modest growth due to prospects for gas conversions, and effective management of regulatory risk.

Downside scenario

We could lower the ratings on KEDLI if we downgraded NG and no additional insulatory measures were put in place. We could also lower the ratings on KEDLI if its stand-alone financial condition unexpectedly erodes or if the business risk profile weakens, which would most likely occur if the company's debt leverage increases and regulatory risk rises. Accordingly, we could lower KEDLI's ratings if FFO to total debt fell to less than 13% and debt to EBITDA rose to more than 4x on a sustained basis.

Upside scenario

Absent improvement in bondholder protection measures and further regulatory or structural insulation, higher ratings on KEDLI are unlikely at this time, even if the ratings on parent NG were upgraded.

Standard & Poor's Base-Case Scenario (KEDLI)

Assumptions

- The economic conditions in the company's service territory continue to gradually improve.
- The construction program accelerates with annual capital outlays exceeding $200 million.
- There is modest EBITDA growth due to gas conversions.
- There is a base rate increase in 2015.

Key Metrics

	2013A	2014E	2015E
FFO/total debt (%)	21.4	18-20	21-23
Total debt/EBITDA (x)	3.82	3.9-4.1	3.5-3.7

Fiscal year-end March 31. FFO--Funds from operations. A--Actual. E--Estimate.

Business Risk: Excellent

KEDLI is a subsidiary of ultimate parent, U.K.-based gas and electricity network operator NG. KEDLI is also a direct subsidiary of KeySpan Corp., which is a subsidiary of National Grid USA (NGUSA). NGUSA is a subsidiary of National Grid North America (NGNA) and an indirectly owned subsidiary of NG.

We consider KEDLI's business risk profile to be "excellent," reflecting a "very low" country risk because the company's operations are based in the U.S., and the regulated utility's "very low" industry risk profile. Although diversity is limited, the company has a stable customer base (about 561,000 customers) in a relatively healthy service area, and there is no material industrial exposure or customer concentration. With gradually improving economic conditions in the service area and expectations for increased gas conversions, we expect moderate sales growth. KEDLI has effectively managed regulatory risk in New York, a jurisdiction we view as "strong/adequate." In addition, the New York Public Service Commission (NYPSC) has placed restrictions on KEDLI, which we believe provide insulation to the utility from its parent.

KEDLI has been operating under a rate plan with a primary term of five years (through Dec. 31, 2012) that remains in effect until modified by the NYPSC. Under the plan, the allowed return on equity (ROE) is 9.8%. Although the company fell short of earning its allowed ROE in fiscal year 2013 due to the impact of Superstorm Sandy, historically it has earned at, or above, the authorized level. With continued effective management of regulatory risk and prospects for base rate relief in 2015, coupled with increasing conversions from oil to natural gas space heating, we expect KEDLI's earned ROEs to gradually rebound.

Financial Risk: Intermediate

We based our assessment of KEDLI's financial risk profile on our expectation that the company's financial measures will remain within the intermediate category. We apply the low volatility table to KEDLI based on the "very low" country and industry risk scores as well as the company's ability to more effectively manage regulatory risk compared with its peers. Under our base case projections, we expect adjusted FFO to total debt to range between the high teens to 20% and debt to EBITDA at about 3.9x to 4.1x in 2014. With rate relief in 2015 and continued growth due to conversions from oil to natural gas, FFO to total debt could slightly exceed 20% and debt to EBITDA could range between 3.5x and 3.7x.

Liquidity: Adequate

We analyze KEDLI's liquidity position on a consolidated basis. The 'A-2' short-term rating on NG largely reflects the long-term corporate credit rating and our view of the group's "adequate" liquidity, as defined under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital spending, debt maturities, and dividends) by more than 1.1x.

We understand there are no restrictive covenants in the documentation attached to the group's debt.

Principal Liquidity Sources	Principal Liquidity Uses
• Access to unrestricted short-term cash and short-term marketable securities of about £3 billion, as of Dec. 31, 2013 • An undrawn £2.9 billion of committed credit facilities maturing in more than 12 months, which are available for general corporate purposes • Our expectation that NG will generate about £3.6 billion adjusted FFO during 2014	• About £3.7 billion in capital spending • Dividend payments of about £1 billion (factoring 20% scrip dividend) • £2.6 billion in short-term debt maturing over the next 12 months from Dec. 31, 2013

Group Influence

The combination of KEDLI's business risk and financial risk profiles results in a stand-alone credit profile of 'a', one notch higher than the consolidated group credit profile of 'a-'.

Under our group rating methodology, we consider KEDLI to be integral to the NG family and therefore we designate it as a core entity. We also consider that there are sufficient measures in place that provide insulation to the utility from its parent and prevent the free flow of cash from the utility to the rest of the group. NYPSC has imposed these insulatory measures on the company. Accordingly, the ability of the company to pay dividends to its parent is conditioned on debt not exceeding 58% of total capital, maintenance of investment-grade ratings, and sufficient retained earnings. The NYPSC also authorized the issuance of a Golden Share, to which the holder has voting rights that limit KEDLI's right to commence voluntary bankruptcy or similar proceedings without the holder's consent. The NYPSC's active regulatory oversight of the utility's operations provides additional protection.

The aforementioned measures, and KEDLI's stronger stand-alone credit profile, support a rating on KEDLI that is higher than the group credit profile.

Ratings Score Snapshot

Corporate Credit Rating: A/Stable/--

Business risk: Excellent

- Country risk: Very low risk
- Industry risk: Very low risk
- Competitive position: Strong

Financial risk: Intermediate

- Cash flow/Leverage: Intermediate

Anchor: 'a'

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: 'a'

Group credit profile: 'a-'

Entity status within group: Core subsidiary

Related Criteria And Research

Related Criteria

- General Criteria: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Jan. 2, 2014
- Criteria – Corporates – Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios and Adjustments, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

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Table Of Contents

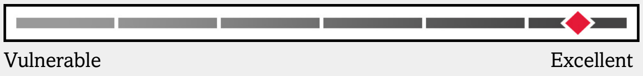
Summary:

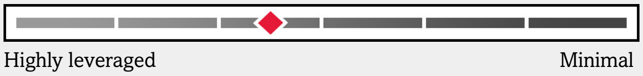
Niagara Mohawk Power Corp.

Corporate Credit Rating	A-/Stable/A-2

Profile Assessments

BUSINESS RISK	**EXCELLENT**
FINANCIAL RISK	**SIGNIFICANT**





Initial Analytical Outcome ("Anchor") And Rating Result

Our issuer credit rating on Niagara Mohawk Power Corp. (NiMo), a core subsidiary of ultimate parent National Grid PLC (NG), is derived from the following characteristics:

- Our anchor of 'a-' based on our "excellent" business risk profile and "significant" financial risk profile assessments for NiMo;
- A country risk score that we consider "very low" risk because all the utility's operations are carried out in the U.S.;
- An industry risk score that we consider "very low" risk, reflecting the low-risk nature of regulated electric transmission and natural gas distribution operations; and
- Although there is sufficient regulatory insulation in place, NiMo's stand-alone financial measures fall within the significant financial risk profile category using our medial volatility table and therefore do not support credit uplift from the group credit profile of 'a-'.

Rationale

Business Risk: Excellent	Financial Risk: Significant
• Focus on low-risk electric transmission and natural gas distribution operations • A largely residential and commercial customer base that limits susceptibility to economic cyclicality • Retail rates are regulated by the New York Public Service Commission (NYPSC), a jurisdiction we view as "strong/adequate"	• Rate certainty through March 2016 due to a multiyear settlement • Annual construction spending of approximately $470 million to $500 million • Stand-alone financial measures that fall comfortably within the significant financial risk profile category using our medial volatility table

Outlook: Stable

The stable rating outlook on NiMo reflects Standard & Poor's Ratings Services' base-case projections of adjusted funds from operations (FFO) to total debt in the high-teens to low-20% range and debt to EBITDA of about 3.7x to 3.9x through 2015. Fundamental to our forecast are expectations of a continued gradual economic improvement in the company's service territory and annual rate hikes in both the electric and gas businesses through 2015.

Downside scenario

Because NiMo's stand-alone financial condition falls comfortably within the "significant" financial risk profile category and due to sufficient regulatory insulation, a downgrade would result only if we lowered the ratings on ultimate parent NG by two notches, which we consider unlikely at this time.

Upside scenario

Absent improvement in NiMo's stand-alone key financial measures or more effective management of regulatory risk, higher ratings on the company are unlikely at this time. However, we could raise the ratings on NiMo if we upgraded NG.

Standard & Poor's Base-Case Scenario (NiMo)

Assumptions

- The economic conditions in the company's service territory continue to gradually improve
- Annual capital spending of about $470 million to $500 million
- Electric and gas rate increases in 2014 and 2015 as approved in the 2013 rate settlement

Key Metrics

	2013A	**2014E**	**2015E**
FFO/total debt (%)	25.06	18-20	19-21
Total debt/EBITDA (x)	3.2	3.7-3.9	3.7-3.9

Fiscal year-end March 31. FFO--Funds from operations. A--Actual. E--Estimate.

Business Risk: Excellent

NiMo is a subsidiary of ultimate parent, U.K.-based gas and electricity network operator NG. It is also a subsidiary of National Grid USA (NGUSA). NGUSA is a subsidiary of National Grid North America (NGNA) and an indirectly owned subsidiary of NG.

We consider NiMo's business risk profile "excellent," reflecting a "very low" country risk because all the company's operations are based in the U.S., and the regulated utility sector's "very low" industry risk. Although diversity is limited to the state of New York, the company has a large customer base, providing electric service to about 1.6 million customers and natural gas service to approximately 600,000 customers. Moreover, the customer base is stable with no material industrial exposure or customer concentration. With gradually improving economic conditions in the service area and prospects for increased gas conversions, offset to some extent by energy efficiency and conservation, we expect flat to modest electric sales growth and moderate growth in gas sales during the next few years.

The company is subject to the jurisdiction of the NYPSC, which we view as "strong/adequate." In 2013, the NYPSC approved a multiyear rate settlement, which provides for rate certainty through March 2016. Accordingly, a $43.3 million electric rate increase and $3.3 million gas rate cut became effective in April 2013. And, a $51.4 million electric and $5.8 million gas rate hike will be implemented in April 2014, and a $28.3 million electric and $6.3 million gas increase will become effective in April 2015. The agreement was based on a 9.3% return on equity (ROE) and a capital structure that includes a 48% common equity layer. Full realization of this rate relief should enable NiMo to lift its subpar earned returns. In addition, continuation of revenue decoupling and weather normalization mechanisms will help to insulate the company from variations in electric and gas revenues.

Financial Risk: Significant

We based our assessment of NiMo's financial risk profile on our expectation that the company's financial measures will remain within the significant category. We apply the medial volatility table to the company to reflect its low-risk regulated transmission and distribution operations, offset by average management of regulatory risk. With continued gradual economic improvement in the company's service area and rate relief under the multi-year settlement, offset by removal of competitive transition charges from rates and expiration of recovery of certain deferral account balances we expect adjusted FFO to total debt to range between 18% to 21% and debt to EBITDA to hover around 3.7x to 3.9x through 2015.

Liquidity: Adequate

We analyze NiMo's liquidity position on a consolidated basis. The 'A-2' short-term rating on NG, NiMo, and certain other subsidiaries largely reflects the long-term corporate credit rating and our view of the group's "adequate" liquidity, as defined under our liquidity criteria for regulated utilities. We forecast the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital spending, debt maturities, and dividends) by more than 1.1x.

We understand there are no restrictive covenants in the documentation attached to the group's debt.

Principal Liquidity Sources	Principal Liquidity Uses
• Access to unrestricted short-term cash and short-term marketable securities of about £3 billion, as of Dec. 31, 2013 • An undrawn £2.9 billion of committed credit facilities maturing in more than 12 months, which are available for general corporate purposes • Our expectation that NG will generate about £3.6 billion adjusted FFO during 2014	• About £3.7 billion in capital spending • Dividend payments of about £1 billion (factoring 20% scrip dividend) • £2.6 billion in short-term debt maturing over the next 12 months from Dec. 31, 2013

Group Influence

The combination of NiMo's business risk and financial risk profiles result in a stand-alone credit profile of 'a-', which mirrors that of the consolidated group credit profile.

Under our group rating methodology we consider NiMo to be integral to the NG family and therefore we designate it as a core entity. We also consider that there are sufficient measures in place that provide insulation to the utility from its parent and prevent the free flow of cash from the utility to the rest of the group. The NYPSC has imposed these insulatory measures on the company. Accordingly, the ability of the company to pay dividends to its parent is conditioned on debt not exceeding 55% to 57% of total capital (depending on the period), maintenance of investment-grade ratings, and sufficient retained earnings. The NYPSC also authorized the issuance of a Golden Share, to which the holder has voting rights that limit NiMo's right to commence voluntary bankruptcy or similar proceedings without the holder's consent. The NYPSC's active regulatory oversight of the utility's operations provides additional protection. Notwithstanding the insulator protections, NiMo's financial measures fall within the "significant" financial risk profile category and therefore do not support credit uplift.

Ratings Score Snapshot

Corporate Credit Rating: A-/Stable/A-2

Business risk: Excellent

- Country risk: Very low risk
- Industry risk: Very low risk
- Competitive position: Strong

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: 'a-'

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: 'a-'

Group credit profile: 'a-'

Entity status within group: Core subsidiary

Recovery Analysis

We assign recovery ratings to first mortgage bonds (FMBs) issued by U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating depending on the rating category and the extent of the collateral coverage.

- The FMBs issued by U.S. utilities are a form of "secured utility bond" (SUB) that qualify for a recovery rating as defined in our criteria.
- The recovery methodology is supported by the ample historical record of 100% recovery for secured bondholders in utility bankruptcies in the U.S. and our view that the factors that enhanced those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future.
- Under our SUB criteria, we calculate a ratio of our estimate of the value of the collateral pledged to bondholders relative to the amount of FMBs outstanding. FMB ratings can exceed a utility's corporate credit ratings by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories depending on the calculated ratio. We do not notch FMB ratings for companies with corporate credit ratings in the 'AA' category.
- NiMo's FMBs benefit from a first-priority lien on substantially all the utility's real property owned or subsequently acquired. Collateral coverage of over 1.5x supports a recovery rating of '1+' and an issue rating of one notch above the corporate credit rating.

Related Criteria And Research

Related Criteria

- General Criteria: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Jan. 2, 2014
- Criteria – Corporates – Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios and Adjustments, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Collateral Coverage And Issue Notching Rules For ‘1+’ And ‘1’ Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013

- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Use of CreditWatch And Outlooks, Sept. 14, 2009

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Summary:

The Brooklyn Union Gas Co.

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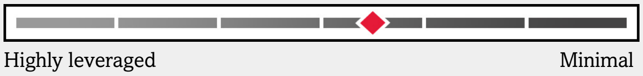
Table Of Contents

Summary:

The Brooklyn Union Gas Co.

Corporate Credit Rating	**A/Stable/NR**
Profile Assessments	
BUSINESS RISK	**EXCELLENT**
FINANCIAL RISK	**INTERMEDIATE**



Initial Analytical Outcome ("Anchor") And Rating Result

Our issuer credit rating on The Brooklyn Union Gas Co. (BUG), a core subsidiary of ultimate parent National Grid PLC (NG), reflects its stand-alone credit profile and is derived from the following characteristics:

- BUG's anchor rating of 'a' based on our "excellent" business risk profile and "intermediate" financial risk profile assessments using our low-volatility table. We assigned BUG the lower of the two anchor outcomes because we view its business risk profile to be at the lower end of the excellent range due to limited geographic diversity;
- A country risk score that we consider "very low" risk because all of the utility's operations are carried out in the U.S.;
- An industry risk score that we consider "very low" risk, reflecting the low-risk nature of regulated natural gas distribution operations; and
- Sufficient regulatory insulation and BUG's stronger stand-alone credit profile, supports an issuer credit rating that is one notch higher than the group credit profile of 'a-'.

Rationale

Business Risk: Excellent	Financial Risk: Intermediate
• Low-risk regulated natural gas distribution operations • Effective management of regulatory risk in New York, a jurisdiction we view as "strong/adequate" • Predominately residential and commercial customer base that limits susceptibility to economic cyclicality • Potential for additional growth due to conversions from oil to natural gas space heating	• Regulatory reset risk in 2015 • Accelerating capital spending due to aging infrastructure, storm hardening, and gas conversions • Stand-alone financial measures that fall within the "intermediate" financial risk profile category using our low volatility table

Outlook: Stable

The stable rating outlook on BUG reflects Standard & Poor's Ratings Services' baseline forecast that the company's adjusted funds from operations (FFO) to total debt will hover around the low 20% range and debt to EBITDA at about 4.0x in 2014 and between 3.6x and 3.8x in 2015. Fundamental to our forecast are expectations of continuing gradual improvement in the company's service area, modest growth due to prospects for gas conversions, and effective management of regulatory risk.

Downside scenario

We could lower the ratings on BUG if we downgraded ultimate parent NG and no additional insulatory protections were put in place. We could also lower the ratings if the company's stand-alone financial measures unexpectedly erode or if the business risk profile weakens. This would most likely occur if there is a material increase in forecasted capital spending, debt leverage increases, and regulatory risk rises. Accordingly, we could lower BUG's ratings if FFO to total debt fell to less than 13% and debt to EBITDA rose to more than 4x on a sustained basis.

Upside scenario

Absent improvement in key bondholder protection measures and further regulatory or structural insulation, higher ratings on BUG are unlikely at this time, even if the ratings on parent NG were upgraded.

Standard & Poor's Base-Case Scenario (BUG)

Assumptions

- Economic conditions in the company's service territory continue to gradually improve
- Capital spending at about $320 million in 2014 and nearly $300 million in 2015
- EBITDA grows modestly due to gas conversions
- Continued effective management of regulatory risk, with a base rate increase in 2015

Key Metrics

	2013A	2014E	2015E
FFO/total debt (%)	20.9	20-22	21-23
Total debt/EBITDA (x)	3.91	3.9-4.1	3.6-3.8

Fiscal year-end March 31. FFO--Funds from operations. A--Actual. E--Estimate.

Business Risk: Excellent

BUG is a subsidiary of ultimate parent, U.K.-based gas and electricity network operator NG. BUG is also direct subsidiary of KeySpan Corp., which is a subsidiary of National Grid USA (NGUSA). NGUSA is a subsidiary of National Grid North America (NGNA) and an indirectly owned subsidiary of NG.

We consider BUG's business risk profile "excellent," reflecting a "very low" country risk because the company's operations are based in the U.S., and the regulated utility sector's "very low" industry risk profile. Although diversity is limited, the company has a large customer base, providing natural gas service to more than 1 million customers.

Moreover, the customer base is stable with no material industrial exposure or customer concentration. With gradually improving economic conditions in the service area and expectations for increased gas conversions, we expect modest sales growth. BUG has effectively managed regulatory risk in New York, a jurisdiction we view as "strong/adequate." In addition, the New York Public Service Commission (NYPSC) has placed restrictions on BUG, which we believe provide insulation to the utility from its parent.

BUG has operated under multiyear rate plans that have enabled the company to actually earn at or above its regulated allowed return on equity (ROE). In June 2013, the NYPSC approved a two-year extension of BUG's settlement agreement. The extension is effective as of Jan. 1, 2013, and terminates at the end of 2014. The agreement includes no change in base delivery rates other than revenue-neutral changes, implements new gas performance measures, and includes a doubling of capital outlays from previous allowances. Higher capital spending is needed to address aging infrastructure, storm hardening, and natural gas conversions, including a new pipeline installation, the Brooklyn/Queens Interconnect. The settlement is based on an ROE of 9.4% and a 48% equity ratio, with 80% of earnings above a 9.4% ROE to be used to offset environmental deferrals. The remaining 20% will be retained by BUG. In light of incremental investment and rising costs, we expect the company to file for rate relief to become effective in 2015.

Financial Risk: Intermediate

We based our assessment of BUG's financial risk profile on our expectation that the company's financial measures will remain within the intermediate category. We apply the low volatility table to BUG based on the "very low" country and industry risk scores as well as the company's ability to more effectively manage regulatory risk compared with its peers. We expect annual capital spending to be about $320 million in 2014 and $295 million in 2015, reflecting increasing investment in new customer connections, aging infrastructure, and system resilience following a significant number of extreme weather events over the past few years. Under our base case projections, we expect FFO to total debt to hover around the low-20% area and debt to EBITDA at about 4.0x in 2014 and between 3.6x and 3.8x in 2015.

Liquidity: Adequate

We analyze BUG's liquidity position on a consolidated basis. The 'A-2' short-term rating on NG largely reflects the long-term corporate credit rating and our view of the group's "adequate" liquidity, as defined under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital spending, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand there are no restrictive covenants in the documentation attached to the group's debt.

Principal Liquidity Sources	Principal Liquidity Uses
• Access to unrestricted short-term cash and short-term marketable securities of about £3 billion, as of Dec. 31, 2013 • An undrawn £2.9 billion of committed credit facilities maturing in more than 12 months, which are available for general corporate purposes • Our forecast that NG will generate about £3.6 billion of adjusted FFO during 2014	• About £3.7 billion in capital spending • Dividend payments of about £1 billion (factoring in a 20% scrip dividend) • £2.6 billion in short-term debt maturing over the next 12 months from Dec. 31, 2013

Group Influence

The combination of BUG's business risk and financial risk profiles results in a stand-alone credit profile of 'a', which is one notch higher than the consolidated group credit profile, which is currently 'a-'.

Under our group rating methodology we consider BUG to be integral to the NG family and therefore we designate it as a core entity. We also consider there to be sufficient measures in place that provide insulation to the utility from its parent and prevent the free flow of cash from the utility to the rest of the group. NYPSC has imposed these insulatory measures on the company. Accordingly, the ability of BUG to pay dividends to its parent is conditioned on debt not exceeding 56% of total capital, maintenance of investment-grade ratings, and sufficient retained earnings. The NYPSC also authorized the issuance of a Golden Share, to which the holder has voting rights that limit BUG's ability to commence a voluntary bankruptcy or similar proceedings without the holder's consent. The NYPSC's active regulatory oversight of the utility's operations provides additional protection.

The aforementioned measures and BUG's stronger stand-alone credit profile support a rating on BUG that is higher than the group credit profile.

Ratings Score Snapshot

Corporate Credit Rating: A/Stable/--

Business risk: Excellent

- Country risk: Very low risk
- Industry risk: Very low risk
- Competitive position: Strong

Financial risk: Intermediate

- Cash flow/Leverage: Intermediate

Anchor: 'a'

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: 'a'

Group credit profile: 'a-'

Entity status within group: Core subsidiary

Related Criteria And Research

Related Criteria

- General Criteria: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Jan. 2, 2014
- Criteria – Corporates – Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios and Adjustments, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

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Research Update:

Brooklyn Union Gas Co. Ratings Lowered To 'A-' From 'A'; Outlook Stable

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Table Of Contents

Research Update:

Brooklyn Union Gas Co. Ratings Lowered To 'A-' From 'A'; Outlook Stable

Overview

- The Brooklyn Union Gas Co. (Brooklyn Union Gas) has been less effective in managing regulatory risk than in the past, as manifested by rates that have remained effectively unchanged since 2008 and earned returns that are trending below authorized levels.
- We are revising our assessment of the company's financial risk profile to "significant" from "intermediate" because of Brooklyn Union Gas' less-effective management of regulatory risk and reduced ability to earn at or above its authorized return.
- We are lowering the issuer credit and senior unsecured debt ratings on The Brooklyn Union Gas Co. (Brooklyn Union Gas) to 'A-' from 'A'. The outlook is stable.
- Our ratings on parent National Grid North America Inc. are unchanged.
- The stable outlook on Brooklyn Union Gas reflects our base-case scenario that the company will maintain its "excellent" business and "significant" financial risk profiles over the next 12 to 24 months.

Rating Action

On Oct. 15, 2015, Standard & Poor's Ratings Services lowered its issuer credit and senior unsecured debt ratings on Brooklyn Union Gas Co. to 'A-' from 'A'. The outlook is stable.

Our ratings on parent National Grid North America Inc. are unchanged.

Rationale

The rating action incorporates Brooklyn Union Gas' less-effective management of regulatory risk than in the past, with earned returns that are trending below authorized levels and incrementally weaker levels of financial performance. While in our view the company's business risk profile remains "excellent," we are revising our assessment of its financial risk profile to "significant" from "intermediate".

Brooklyn Union Gas is operating under an extension to its existing rate plan that effectively preserved the company's revenue requirement by incorporating a lower authorized return and a higher equity layer in the capital structure, but importantly a less-favorable earnings sharing arrangement. Moreover, Brooklyn Union Gas' increasing capital spending program to address infrastructure reliability, storm hardening, and new customer conversions, combined with base rates that are effectively unchanged since the last approved rate case in 2008 have contributed to incremental weakening in the company's core credit ratios while challenging the company to earn at or above its authorized returns as it has done in the past. We expect that Brooklyn Union Gas will file for new base rates in the next few years in order to begin recovery of recently completed investments and to true up other operating expenses. While it is likely that any future rate case decision will preserve elements of an earnings sharing arrangement, it is not clear that the company will be able to maintain the level of outperformance that it has achieved historically in terms of earned returns.

We assess Brooklyn Union Gas' business risk profile as "excellent," which accounts for the company's low operating risk regulated gas distribution operations in U.S., its large customer base (more than 1 million) that largely lacks geographic and operating diversity, a customer base that is predominately residential and commercial (which tend to have more stable and predictable usage patterns), and a generally constructive regulatory framework. Brooklyn Union Gas operates under a decoupling framework that enables the company to benefit from customer additions, and rates that historically have enabled the company to earn above its authorized return, supporting its financial risk profile.

Brooklyn Union Gas' financial risk profile is in the "significant" category using the medial volatility financial ratio benchmarks. We are now assessing the company's financial risk profile against the medial benchmarks because Brooklyn Union Gas' less-effective management of regulatory risk can make it more difficult for the company to achieve the forecasted metrics. Under our base-case scenario, we project the company will maintain credit protection measures that are in the middle of the category, with funds from operations (FFO) to debt of about 18% and debt to EBITDA that is somewhat weaker at about 4.5x. Over the next few years, we expect Brooklyn Union Gas' financial risk profile will benefit from a rate case filing, primarily supporting the company's financial performance within the stated range.

Our base-case scenario assumes:
- Gross margins grow over the next few years in the low- to mid-single digits, largely benefiting from customer additions, investment recovery and updated base rates;
- Capital spending that averages about $350 million annually; and
- Ongoing earned returns remain below authorized levels.

Based on these assumptions, we arrive at the following credit measures:
- FFO to debt of 17% to 18% annually, and
- Debt to EBITDA of about 4.5x

Group influence:
Under our group rating methodology criteria we assess National Grid PLC as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of Brooklyn Union Gas as a core subsidiary of National Grid PLC and its stand-alone credit profile as 'a-'. As a result, although we

assess Brooklyn Union Gas as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent, the issuer credit rating of Brooklyn Union Gas is 'A-', in line with that of its ultimate parent.

Liquidity

We assess Brooklyn Union Gas' liquidity on a consolidated basis with that of ultimate parent, National Grid PLC, given the company's status as a core subsidiary and the availability of intracompany money pools that facilitate the liquidity needs of the subsidiaries.

The 'A-2' short-term rating on National Grid PLC largely reflects the long-term issuer credit rating and our view of the group's "adequate" liquidity, as we define the term under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital expenditures, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal liquidity sources:

- Access to unrestricted short-term cash and short-term marketable securities of about £3.0 billion.
- An undrawn £2.0 billion of committed credit facilities maturing in more than 12 months' time, which are available for general corporate purposes.
- Our forecast that National Grid will generate about £3.3 billion of adjusted FFO.

Principal liquidity uses:

- About £3.4 billion in capital expenditures.
- Dividend payments of about £1.3 billion (factoring in a 20% scrip dividend).
- About £1.3 billion in maturing short-term debt.

Outlook

The stable outlook on Brooklyn Union Gas reflects our base-case scenario that the company will maintain its "excellent" business and "significant" financial risk profiles over the next 12 to 24 months. While Brooklyn Union Gas could remain challenged to earn its authorized return, we project that the company will still be able to achieve FFO to debt of 17% to 18% on a consistent basis, supporting its overall credit profile.

Downside scenario

We could lower the issuer credit rating on Brooklyn Union Gas if we lower the ratings on ultimate parent National Grid PLC by two or more notches, an event that is not currently under consideration. If the parent rating were to fall by one notch, we could lower the ratings on Brooklyn Union Gas by one notch if its credit profile also deteriorated, such that FFO to debt declined to consistently below 15%.

Upside scenario

Given our expectations for financial performance, we do not anticipate higher ratings over the next 12 to 24 months. Nevertheless, should Brooklyn Union Gas be able to achieve FFO to debt of well over 20% on a consistent basis or begins regularly earning at or above its authorized returns, then we could consider raising the ratings on the company by one notch.

Ratings Score Snapshot

Corporate Credit Rating: A-/Stable/--

Business risk: Excellent
- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant
- Cash flow/leverage: Significant

Anchor: a-

Modifiers
- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a-
- Group credit profile: a-
- Entity status within group: Insulated core subsidiary

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013

- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Ratings List

Downgraded; CreditWatch/Outlook Action; Ratings Affirmed

	To	From
The Brooklyn Union Gas Company		
Corporate Credit Rating	A-/Stable/--	A/Negative/--

	To	From
The Brooklyn Union Gas Company		
Analytical Factors		
Local Currency	a-	a

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Research Update:

KeySpan Gas East Corp. 'A' Rating Affirmed, Outlook Revised To Negative On Weakening Performance

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Table Of Contents

Research Update:

KeySpan Gas East Corp. 'A' Rating Affirmed, Outlook Revised To Negative On Weakening Performance

Overview

- We expect KeySpan Gas East's financial performance to weaken over time, largely as a result of the company's inability to earn in excess of authorized returns on a consistent basis going forward.
- We are affirming our 'A' issuer credit rating on KeySpan Gas East Corp. and we are revising the outlook on the company to negative from stable
- The outlook revision reflects the potential for lower ratings by as much as one notch absent indications that the company will be able to maintain its historical levels of financial performance while consistently earning at levels above its authorized returns.
- The ratings on National Grid North America Inc. remain unaffected.

Rating Action

On Feb. 27, 2015, Standard & Poor's Ratings Services affirmed its 'A' issuer credit rating on KeySpan Gas East Corp. and revised the outlook on the company to negative from stable. The rating action reflects the potential for lower ratings in the absence of indications that the company will be able to maintain its historical levels of financial performance while consistently earning at levels above its authorized returns. The ratings on parent, National Grid North America Inc., remain unaffected.

Rationale

The rating affirmation on KeySpan Gas East reflects our current assessment of the company's business risk profile as "excellent" and its financial risk profile as "intermediate". The combination of the "excellent" business and "intermediate" financial risk profiles leads to an anchor score of 'a/a+'. We select the 'a' anchor to reflect our view that KeySpan Gas East's business risk profile is at the lower end of the "excellent" category, primarily incorporating the company's very limited geographic and operating diversity.

The outlook revision reflects the potential for lower ratings by up to one notch in the absence of indications that the company will be able to maintain its historical levels of financial performance that were driven, historically, in large part by its ability to consistently earn at levels above its authorized returns. KeySpan Gas East's financial performance has weakened somewhat in recent years, both relative to expectations and relative to historical trends, in part because of base rates that have remained largely unchanged since the last approved rate case in 2008, while capital spending has been increasing to address system integrity and reliability, storm hardening, and new customer conversions. We expect KeySpan Gas East will file for new base rates over the next few years, in large part to begin recovery of recently completed investments. However, given the trend of declining authorized returns and the likely revision of the existing favorable earnings sharing mechanisms to be in line with those of other utilities in New York state, including its affiliate The Brooklyn Union Gas Co., we believe it is unlikely that the company will be able to continue earning above its authorized return in the future on a consistent basis.

We assess Keyspan Gas East's business risk profile as "excellent", which accounts for the the company's low operating risk regulated gas distribution operations in the U.S. its somewhat small service territory with about 550,000 customers that lacks geographic and operating diversity, a predominately residential and commercial customer base (which tends to have more stable and predictable usage patterns), and a generally constructive regulatory framework. KeySpan Gas East operates under a decoupling framework that enables it to benefit from customer additions, and which, historically, has enabled the company to consistently earn above its authorized returns, supporting its financial risk profile.

We currently view KeySpan Gas East's financial risk profile as "intermediate", using the low volatility financial ratio benchmarks. Under our base-case scenario, we project that the company will maintain credit protection measures largely in the middle of the category, with FFO to debt of 17% to 18% and debt to EBITDA in the 4.5x to 5x range. Over the next few years, we expect the financial risk profile will benefit from a rate case filing, with such improvement strengthening the company's financial performance within the stated range.

Our base-case scenario assumes:

- Gross margins grow in the low- to mid-single digits, largely benefiting from customer additions as well as a base rate filing in fiscal year 2016 with new rates going into effect in fiscal year 2017;
- Capital spending that averages about $250 million annually; and
- Ongoing earned returns below authorized levels until new base rates go into effect in fiscal year 2017.

Based on these assumptions, we arrive at the following credit measures:

- FFO/debt of 17% to 18% annually;
- Debt/EBITDA of 4.5x to 5x; and
- Cash from operations (CFO)/debt of 15% to 16%.

Liquidity

We assess KeySpan Gas East's liquidity on a consolidated basis with that of ultimate parent, National Grid plc, given the company's status as a core subsidiary and the availability of intracompany money pools that facilitate the liquidity needs of the subsidiaries.

The 'A-2' short-term rating on National Grid largely reflects the long-term issuer credit rating and our view of the group's "adequate" liquidity, as we define the term under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capex, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal Liquidity Sources

- Access to unrestricted short-term cash and short-term marketable securities of about £3.0 billion as of December 31, 2014.
- An undrawn £2.0 billion of committed credit facilities maturing in more than 12 months' time, which are available for general corporate purposes.
- Our forecast that National Grid will generate about £3.3 billion of adjusted FFO.

Principal Liquidity Uses

- About £3.4 billion in capex.
- Dividend payments of about £1.3 billion (factoring in a 20% scrip dividend).
- About £1.3 billion in short-term debt maturing over the 12 months from Dec. 31, 2014.

Outlook

The negative outlook on KeySpan Gas East reflects the potential for lower ratings by up to one notch absent indications that the company will be able to maintain its historical levels of financial performance supported by its ability to earn at levels consistently above its authorized returns. Under our base-case scenario, we expect KeySpan Gas East will achieve FFO/debt of 17% to 18% with debt to EBITDA in the 4.5x to 5x range.

Downside

We expect to lower the issuer credit rating on KeySpan Gas East by up to one notch over the next six to 12 months, absent indications that the company can maintain its historical level of financial performance supported by the ability to earn at levels consistently above its authorized returns.

Upside

Given our expectations for financial performance, we do not anticipate higher ratings over the next six to 12 months. Nevertheless, should KeySpan Gas East be able to achieve FFO/debt of well over 20% or is able to earn in excess of its authorized returns on a consistent basis, then we could revise the outlook to stable from negative.

Group Influence

Under our group rating methodology we assess National Grid plc as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of KeySpan Gas East as core to National Grid plc. At the same time, we assess KeySpan Gas East as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, KeySpan Gas East' current standalone credit profile of 'a' and the GCP of 'a-', the issuer credit rating is 'A'.

Ratings Score Snapshot

Corporate Credit Rating: A/Negative/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Intermediate

- Cash flow/leverage: Intermediate

Anchor: a

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a

- Group credit profile: a-
- Entity status within group: Insulated core subsidiary

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Group Rating Methodology - November 19, 2013
- Criteria - Corporates - General: Corporate Methodology - November 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments -

November 19, 2013

- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers - November 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue - April 15, 2008

Ratings List

	Ratings	
	To	From
KeySpan Gas East Corp.		
Corporate credit rating		
Foreign and Local Currency	A/Negative/--	A/Stable/--
Senior Unsecured		
Local Currency	A	A

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Research Update:

KeySpan Gas East Corp. Ratings Lowered To 'A-' From 'A' ; Outlook Stable

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Table Of Contents

Research Update:

KeySpan Gas East Corp. Ratings Lowered To 'A-' From 'A' ; Outlook Stable

Overview

- KeySpan Gas East Co. (KeySpan Gas East) has been less effective in managing regulatory risk than in the past, as manifested by rates that have not been updated since 2008 and returns that remain below the authorized levels.
- We are revising our assessment of the company's financial risk profile to "significant" from "intermediate" because of KeySpan Gas East's less-effective management of regulatory risk and reduced ability to earn close to its authorized return.
- We are lowering the issuer credit and senior unsecured debt ratings on KeySpan Gas East to 'A-' from 'A'. The outlook is stable.
- Our ratings on parent National Grid North America Inc. are unchanged.
- The stable outlook on KeySpan Gas East reflects our base-case scenario that the company will maintain its "excellent" business and "significant" financial risk profiles over the next 12 to 24 months.

Rating Action

On Oct. 15, 2015, Standard & Poor's Ratings Services lowered its issuer credit and senior unsecured debt ratings on KeySpan Gas East Corp. to 'A-' from 'A'. The outlook is stable.

Our ratings on parent National Grid North America Inc. are unchanged.

Rationale

The ratings downgrade on KeySpan Gas East is based on the company's less-effective management of regulatory risk than in the past, while consistently earning at levels that are below its authorized returns and contributing to weakening financial performance. While in our view the company's business risk profile remains "excellent," we are revising our assessment of its financial risk profile to "significant" from "intermediate".

KeySpan Gas East's financial performance has consistently weakened in recent years, both relative to expectations and relative to historical trends, in part because of base rates that have remained largely unchanged since the last approved rate case in 2008. At the same time, capital spending has been increasing to address system integrity and reliability, storm hardening, and new customer conversions, with increasing costs challenging the company's ability to earn its authorized return. We expect KeySpan Gas East will file for new base rates over the next few years in order to begin recovery of recently completed investments and true up other expenses, although it is not clear that the company will be able to maintain its historical level of outperformance in terms of earned returns.

We assess Keyspan Gas East's business risk profile as "excellent," which accounts for the company's low operating risk, regulated gas distribution operations in the U.S., its somewhat small service territory with about 550,000 customers that lacks geographic and operating diversity, a predominately residential and commercial customer base (which tends to have more stable and predictable usage patterns), and a generally constructive regulatory framework in New York. KeySpan Gas East operates under a decoupling framework that enables it to benefit from customer additions.

KeySpan Gas East's financial risk profile is in the "significant" category using the medial volatility financial ratio benchmarks. We are now assessing the company's financial risk profile against the medial benchmarks because KeySpan Gas East's less-effective management of regulatory risk can make it more difficult for the company to achieve the forecasted metrics. Under our base-case scenario, we project that the company will maintain credit protection measures largely in the middle of the category, with funds from operations (FFO) to debt of 17% to 18% and debt to EBITDA that averages about 4x. Over the next few years, we expect the financial risk profile will benefit from updated rates, with such improvement supporting the company's financial performance within the stated range.

Our base-case scenario assumes:
- Gross margins grow over the next few years in the low- to mid-single digits, largely benefiting from customer additions, investment recovery and updated base rates;
- Capital spending averages about $250 million annually; and
- Ongoing earned returns remain below authorized levels.

Based on these assumptions, we arrive at the following credit measures:
- FFO to debt of 17% to 18% annually; and
- Debt to EBITDA of about 4x

Group influence:
Under our group rating methodology we assess National Grid PLC as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of KeySpan Gas East as a core subsidiary of National Grid PLC and its stand-alone credit profile as 'a-'. As a result, although we assess KeySpan Gas East as insulated, with existing insulation measures supporting a one-notch separation between the subsidiary and its parent, the issuer credit rating of KeySpan Gas East is 'A-', in line with that of its ultimate parent.

Liquidity

We assess KeySpan Gas East's liquidity on a consolidated basis with that of ultimate parent, National Grid PLC, given the company's status as a core subsidiary and the availability of intracompany money pools that facilitate the liquidity needs of the subsidiaries.

The 'A-2' short-term rating on National Grid largely reflects the long-term issuer credit rating and our view of the group's "adequate" liquidity, as we define the term under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital expenditures, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal liquidity sources:
- Access to unrestricted short-term cash and short-term marketable securities of about £3.0 billion.
- An undrawn £2.0 billion of committed credit facilities maturing in more than 12 months' time, which is available for general corporate purposes.
- Our forecast that National Grid will generate about £3.3 billion of adjusted FFO.

Principal liquidity uses:
- About £3.4 billion in capital expenditures.
- Dividend payments of about £1.3 billion (factoring in a 20% scrip dividend).
- About £1.3 billion in maturing short-term debt.

Outlook

The stable outlook on KeySpan Gas East reflects our base-case scenario that the company will maintain its "excellent" business and "significant" financial risk profiles over the next 12 to 24 months. While KeySpan Gas East could remain challenged to earn its authorized return, we project that the company will be able to achieve FFO to debt of 17% to 18% on a consistent basis, supporting its overall credit profile.

Downside scenario

We could lower the ratings on KeySpan Gas East if we lower the ratings on ultimate parent National Grid PLC by two or more notches, an event that is not currently under consideration. If the parent rating were to fall by one notch, we could lower the ratings on KeySpan East by one notch if its credit profile also deteriorated, such that FFO to debt declined to consistently below 15%.

Upside scenario

Given our expectations for financial performance, we do not anticipate higher ratings over the next 12 to 24 months. Nevertheless, should KeySpan Gas East be able to achieve FFO to debt of well over 20% on a consistent basis or begins earning at or above its authorized returns, then we could consider raising the ratings by one notch if ratings at the parent remain unchanged.

Ratings Score Snapshot

Corporate Credit Rating: A-/Stable/--

Business risk: Excellent
- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant
- Cash flow/leverage: Significant

Anchor: a-

Modifiers
- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a-
- Group credit profile: a-
- Entity status within group: Insulated core subsidiary

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Ratings List

Downgraded; CreditWatch/Outlook Action

	To	From
KeySpan Gas East Corp.		
Corporate Credit Rating	A-/Stable/--	A/Negative/--

	To	From
KeySpan Gas East Corp.		
Senior Unsecured	A-	A

	To	From
KeySpan Gas East Corp.		
Analytical Factors		
Local Currency	a-	a

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Research Update:

The Brooklyn Union Gas Co. 'A' Rating Affirmed, Outlook Revised To Negative On Expectations For Weakening Performance

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Table Of Contents

Research Update:

The Brooklyn Union Gas Co. 'A' Rating Affirmed, Outlook Revised To Negative On Expectations For Weakening Performance

Overview

- We expect The Brooklyn Union Gas Co.'s financial performance to weaken somewhat over time as a result of the company's inability to earn in excess of authorized returns on a consistent basis going forward.
- We are affirming our 'A' issuer credit rating on Brooklyn Union Gas and we are revising the outlook on the company to negative from stable .
- The outlook revision reflects the potential for lower ratings by as much as one notch absent indications that the company will be able to maintain its historical levels of financial performance while consistently earning at levels above its authorized returns.
- The ratings on National Grid North America Inc. remain unaffected.

Rating Action

On Feb. 27, 2015, Standard & Poor's Ratings Services affirmed its 'A' issuer credit rating on Brooklyn Union Gas and revised the outlook on the company to negative from stable. The rating action reflects the potential for lower ratings absent indications that the company will be able to maintain its historical levels of financial performance while consistently earning at levels above its authorized returns. The ratings on parent National Grid North America Inc. remain unaffected.

Rationale

The ratings affirmation on Brooklyn Union Gas reflects our current assessment of the company's business risk profile as "excellent" and its financial risk profile as "intermediate". The combination of the "excellent" business and "intermediate" financial risk profiles leads to an anchor score of 'a/a+'. We select the 'a' anchor to reflect our view that Brooklyn Union Gas' business risk profile is at the lower end of the "excellent" category, primarily incorporating the company's limited geographic and operating diversity despite the relatively large customer base.

The outlook revision reflects the potential for lower ratings by up to one notch absent indications that the company will be able to maintain its historical levels of financial performance that were driven in large part by its ability to consistently earn at levels above its authorized returns. Brooklyn Union Gas is operating under an extension to its existing rate plan that effectively preserved the company's revenue requirement but incorporated a lower authorized return, a higher equity layer in the capital structure, and importantly a less favorable earnings sharing arrangement. Moreover, Brooklyn Union Gas' increasing capital spending program to address infrastructure reliability, storm hardening, and new customer conversions, combined with base rates that are effectively unchanged since the last approved rate case in 2008 will also adversely affect the company's financial performance. We expect Brooklyn Union Gas will file for new base rates in the next few years in large part to begin recovery of recently completed invested capital. However, given the trend of declining authorized returns and the likely preservation of the existing earnings sharing mechanism, we expect the company will likley continue earning at or below its authorized return.

We assess Brooklyn Union Gas' business risk profile as "excellent", which accounts for the company's low operating risk regulated gas distribution operations in U.S., its large customer base (more than one million) that largely lacks geographic and operating diversity, a customer base that is predominately residential and commercial (which tend to have more stable and predictable usage patterns), and a generally constructive regulatory framework. Brooklyn Union Gas operates under a decoupling framework that enables the company to benefit from customer additions, and historically has enabled the company to earn above its authorized return, supporting its financial risk profile.

We view Brooklyn Union Gas' financial risk profile as "intermediate", using the low volatility financial ratio benchmarks. Under our base-case scenario, we project the company will maintain FFO/debt of 18% to 19% (largely in the middle of the category), while debt/EBITDA will be weaker at 4.0x to 4.5x. Over the next few years, we expect Brooklyn Union Gas' financial risk profile will benefit from a rate case filing, with such improvement primarily strengthening the company's financial performance within the stated range.

Our base-case scenario assumes:

- Gross margins grow in the low- to mid-single digits, largely benefiting from customer additions and a base rate filing in fiscal year 2016 with new rates going into effect in fiscal year 2017;
- Capital spending that averages about $350 million annually; and
- Ongoing earned returns below authorized returns until new base rates go into effect in fiscal year 2017.

Based on these assumptions, we arrive at the following credit measures:

- FFO/debt of 18% to 19% annually;
- Debt/EBITDA of 4.0x to 4.5x; and
- Cash from operations (CFO)/debt of 14% to 15%.

Liquidity

We assess Brooklyn Union Gas' liquidity on a consolidated basis with that of ultimate parent, National Grid plc, given the company's status as a core subsidiary and the availability of intracompany money pools that facilitate the liquidity needs of the subsidiaries.

The 'A-2' short-term rating on National Grid largely reflects the long-term issuer credit rating and our view of the group's "adequate" liquidity, as we define the term under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capex, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal Liquidity Sources

- Access to unrestricted short-term cash and short-term marketable securities of about £3.0 billion as of December 31, 2014.
- An undrawn £2.0 billion of committed credit facilities maturing in more than 12 months' time, which are available for general corporate purposes.
- Our forecast that National Grid will generate about £3.3 billion of adjusted FFO.

Principal Liquidity Uses

- About £3.4 billion in capex.
- Dividend payments of about £1.3 billion (factoring in a 20% scrip dividend).
- About £1.3 billion in short-term debt maturing over the 12 months from Dec. 31, 2014.

Outlook

The negative outlook Brooklyn Union Gas reflects the potential for lower ratings by up to one notch absent indications that the company will be able to maintain its historical levels of financial performance supported by its ability to earn at levels consistently above its authorized returns. Under our base-case scenario, we expect that Brooklyn Union Gas will achieve FFO/debt of 18% to 19% and debt to EBITDA in the 4.0x to 4.5x range.

Downside

We expect to lower the issuer credit rating on Brooklyn Union Gas by up to one notch over the next six to 12 months, absent indications that the company can maintain historical level of financial performance supported by its ability to earn at levels consistently above its authorized returns.

Upside

Given our expectations for financial performance, we do not anticipate higher ratings over the next six to 12 months. Nevertheless, should Brooklyn Union Gas be able to achieve FFO/debt of well over 20% or is able to earn in excess of its authorized returns on a consistent basis, then we could revise the outlook to stable from negative.

Group Influence

Under our group rating methodology we assess National Grid plc as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of Brooklyn Union Gas as core to National Grid plc. At the same time, we assess Brooklyn Union Gas as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, Brooklyn Union Gas' current standalone credit profile of 'a' and the GCP of 'a-', the issuer credit rating is 'A'.

Ratings Score Snapshot

Corporate Credit Rating: A/Negative/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Intermediate

- Cash flow/leverage: Intermediate

Anchor: a

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a

- Group credit profile: a-
- Entity status within group: Insulated core subsidiary

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry - November 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Group Rating Methodology - November 19, 2013

- Criteria - Corporates - General: Corporate Methodology - November 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers - November 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue - April 15, 2008

Ratings List

	Ratings	
	To	From
The Brooklyn Union Gas Company		
Corporate credit rating		
Foreign and Local Currency	A/Negative/--	A/Stable/--
Senior Unsecured		
Local Currency	AA-/Stable	AA-/Stable
SPUR	A	A
Local Currency	A	A
Local Currency	A	A
SPUR	A	A

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Summary:

KeySpan Gas East Corp.

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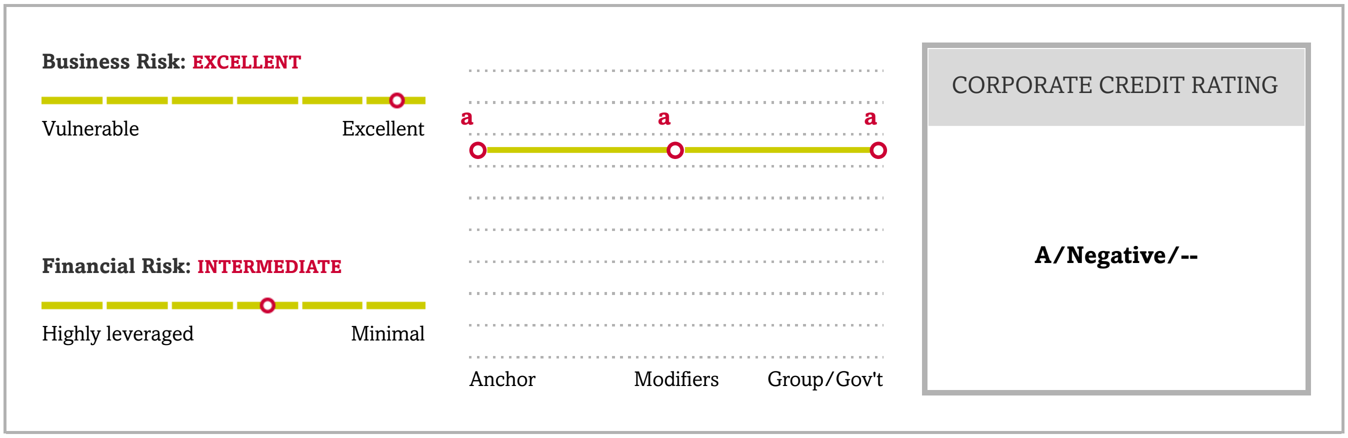
Table Of Contents

Summary:

KeySpan Gas East Corp.



CORPORATE CREDIT RATING

A/Negative/--

Rationale

Business Risk: Excellent	Financial Risk: Intermediate
• Low operating risk regulated natural gas distribution operations • Historically effective management of regulatory risk • Predominately residential and commercial customer base limiting susceptibility to economic cyclicality	• Accelerating capital spending due to aging infrastructure, storm hardening, and gas conversions • Stand-alone financial measures that currently fall within the "intermediate" financial risk profile category

Outlook: Negative

The negative outlook on KeySpan Gas East reflects the potential for lower ratings by up to one notch absent indications that the company will be able to maintain its historical levels of financial performance supported by its ability to earn at levels consistently above its authorized returns. Under our base-case scenario, we expect KeySpan Gas East will achieve funds from operations (FFO) to debt of 17% to 18% with debt to EBITDA in the 4.5x to 5x range.

Downside scenario

We expect to lower the issuer credit rating on KeySpan Gas East by up to one notch over the next six to 12 months, absent indications that the company can maintain its historical level of financial performance supported by the ability to earn at levels consistently above its authorized returns.

Upside scenario

Given our expectations for financial performance, we do not anticipate higher ratings over the next six to 12 months. Nevertheless, should KeySpan Gas East be able to achieve FFO to debt of well over 20% or is able to earn in excess of its authorized returns on a consistent basis, then we could revise the outlook to stable from negative.

Standard & Poor's Base-Case Scenario

Assumptions

- Gross margins grow in the low- to mid-single digits, largely benefiting from customer additions, as well as a base rate filing in fiscal year 2016 with new rates going into effect in fiscal year 2017
- Capital spending averages about $250 million annually
- Ongoing earned returns below authorized levels until new base rates go into effect in fiscal year 2017

Key Metrics

	2014A	2015E	2016E
FFO/total debt (%)	17.3	17-18	17-18
Total debt/EBITDA (x)	5	4.5-5	4.5-5

Fiscal year-end March 31. A--Actual. E--Estimate.

Anchor determination

The combination of KeySpan Gas East's "excellent" business and "intermediate" financial risk profiles leads to an anchor score of 'a/a+'. We select the 'a' anchor to reflect our view that KeySpan Gas East's business risk profile is at the lower end of the excellent category, primarily incorporating the company's very limited geographic and operating diversity.

Business Risk: Excellent

We assess Keyspan Gas East's business risk profile as "excellent", which reflects the company's low operating risk regulated gas distribution operations in the U.S., the somewhat small service territory with about 560,000 customers that lacks geographic and operating diversity, a predominately residential and commercial customer base (which tends to have more stable and predictable usage patterns), and a generally constructive regulatory framework. KeySpan Gas East operates under a decoupling framework that enables it to benefit from customer additions, and that, historically, has enabled the company to consistently earn above its authorized returns, supporting its financial risk profile.

We expect KeySpan Gas East will file for new base rates over the next few years, in large part to begin recovery of recently completed investments. However, given the trend of declining authorized returns and the likely revision of the existing favorable earnings sharing mechanisms to be in line with those of other utilities in New York state, including its affiliate The Brooklyn Union Gas Co., we believe it is unlikely that the company will be able to continue earning above its authorized return in the future on a consistent basis.

Financial Risk: Intermediate

KeySpan Gas East's financial performance has weakened somewhat in recent years, both relative to expectations and relative to historical trends, in part because of base rates that have remained largely unchanged since the last approved rate case in 2008, while capital spending has been increasing to address system integrity and reliability, storm hardening, and new customer conversions. We currently view KeySpan Gas East's financial risk profile as "intermediate", using the low volatility financial ratio benchmarks. Under our base-case scenario, we project that the company will maintain credit protection measures largely in the middle of the category, with FFO to debt of 17% to 18% and debt to EBITDA in the 4.5x to 5x range. Over the next few years, we expect the financial risk profile will benefit from a rate case filing, with such improvement strengthening the company's financial performance within the stated range.

Liquidity: Adequate

We assess KeySpan Gas East's liquidity on a consolidated basis with that of ultimate parent, National Grid PLC, given the company's status as a core subsidiary and the availability of intracompany money pools that facilitate the liquidity needs of the subsidiaries.

The 'A-2' short-term rating on National Grid largely reflects the long-term corporate credit rating and our view of the group's "adequate" liquidity, as we define the term under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital spending, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal Liquidity Sources	Principal Liquidity Uses
• Access to unrestricted short-term cash and short-term marketable securities of about £3.0 billion as of Dec. 31, 2014. • An undrawn £2.0 billion of committed credit facilities maturing in more than 12 months' time, which are available for general corporate purposes. • Our forecast that National Grid will generate about £3.3 billion of adjusted FFO.	• About £3.4 billion in capital spending. • Dividend payments of about £1.3 billion (factoring in a 20% scrip dividend). • About £1.3 billion in debt maturing over the 12 months from Dec. 31, 2014.

Other Modifiers

We assess all modifiers as "neutral," with no additional impact on the anchor score.

Group Influence

Under our group rating methodology, we assess National Grid PLC as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of KeySpan Gas East as core to National Grid PLC. At the same time, we assess KeySpan Gas East as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, KeySpan Gas East's current standalone credit profile of 'a' and National Grid PLC's group credit profile of 'a-', the issuer credit rating on KeySpan Gas East is 'A'.

Ratings Score Snapshot

Corporate Credit Rating

A/Negative/--

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: a

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)

- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a

- **Group credit profile:** a-
- Entity status within group: Insulated (+1 notch from group credit profile)

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
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- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	**a+/a**	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

S&P Global Ratings

RatingsDirect®

Summary:

Niagara Mohawk Power Corp.

Primary Credit Analyst:
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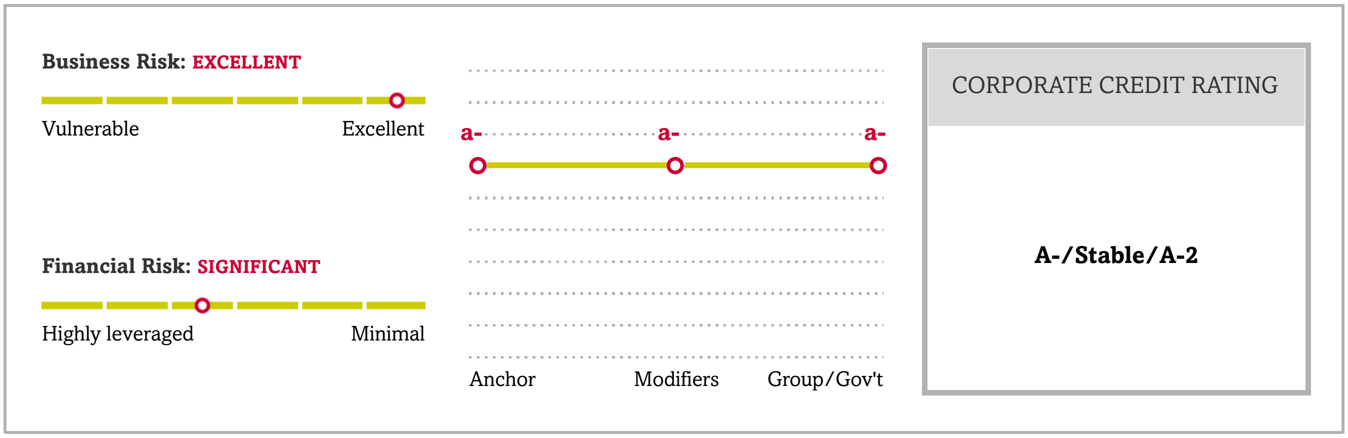
Secondary Contact:
Tania Tsoneva, CFA, London (44) 20-7176-3489; tania.tsoneva@standardandpoors.com

Table Of Contents

Summary:

Niagara Mohawk Power Corp.



Rationale

Business Risk: Excellent	Financial Risk: Significant
• Low operating risk transmission and distribution operations for electricity and natural gas • Large customer base with no meaningful growth • Operations under a generally constructive regulatory framework	• Reasonably large capital spending program necessitates ongoing effective management of regulatory risk and timely rate relief. • Stand-alone financial measures that fall within the "significant" financial risk profile category

Outlook: Stable

The stable outlook on Niagara Mohawk Power Corp. (Niagara Mohawk) mirrors the outlook on its ultimate parent, National Grid PLC (National Grid). The stable outlook on National Grid PLC reflects our view that the group's operations will remain satisfactory and that it will continue to derive the vast majority of its earnings from highly supportive regulatory regimes. Moreover, we anticipate that National Grid will successfully complete a remediation plan to rectify weaknesses that auditors identified in its internal controls. We view consolidated Standard & Poor's-adjusted funds from operations (FFO) to debt of more than 12% as commensurate with a "significant" financial risk profile. Our base-case scenario does not assume any significant debt-funded acquisitions, and we believe that management would mitigate any unexpected increase in the group's already high investment and dividend levels with offsetting measures that would lead to a swift recovery in credit measures.

Downside scenario

While unlikely at this time, a downgrade on Niagara Mohawk would result if we lowered the ratings on National Grid by two notches. This is because we currently assess Niagara Mohawk's stand-alone credit profile as 'a-' and because we assess the company as insulated, with current insulation measures providing for one notch of separation between the subsidiary and its parent.

Upside scenario

We could raise the ratings on Niagara Mohawk if the company's stand-alone credit profile improves by one or more notches or if we raise the ratings on ultimate parent, National Grid. We view both events as unlikely at this time.

Standard & Poor's Base-Case Scenario

Assumptions

- Annual capital spending of about $600 million to $650 million
- Electric and gas rate increases in 2014 and 2015 as approved in the 2013 rate case settlement

Key Metrics

	2014A	2015E	2016E
FFO/total debt (%)	19.4	17–18	19-20
Total debt/EBITDA (x)	4	4–4.5	3.5-4

Fiscal year-end March 31. FFO--Funds from operations. A--Actual. E--Estimate.

Business Risk: Excellent

We assess Niagara Mohawk's business risk profile as "excellent" reflecting the company's regulated utility operations under a generally constructive regulatory framework, its large service territory that demonstrates no meaningful growth, and its low-operating risk transmission and distributions operations for electricity and natural gas.

Niagara Mohawk serves about 1.6 million electric and about 600,000 gas customers in the northern and western parts of New York State. The company's service territory and customer base are large and mostly residential and commercial, with natural gas customers providing only modest load growth. Niagara Mohawk has generally managed regulatory risk effectively over time and is currently operating under a decoupling framework that enables timely recovery of fuel costs. While the regulatory framework provides for some upside through earnings sharing, Niagara Mohawk's earned returns continue to be below authorized returns for the electric operations, which generate the majority of operating income.

Niagara Mohawk is a subsidiary of National Grid USA, which in turn is subsidiary of U.K.-based National Grid plc.

Financial Risk: Significant

We assess Niagara Mohawk's financial risk profile as "significant" using the medial volatility benchmark table. We expect that Niagara Mohawk's FFO to debt will range from 18% to 20% annually over the next few years, while its debt to EBITDA will be in the 4x to 4.5x range. Both measures are adequate to support the "significant" financial risk profile assessment.

Liquidity: Adequate

We analyze Niagara Mohawk's liquidity position on a consolidated basis with that of parent National Grid, given the company's status as a core subsidiary and its access to the parent's resources. The 'A-2' short-term rating on National Grid largely reflects the long-term corporate credit rating and our view of the group's "adequate" liquidity, as we define the term under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital spending, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal Liquidity Sources	Principal Liquidity Uses
• Access to unrestricted short-term cash and short-term marketable securities of about £3.0 billion as of Dec. 31, 2014. • An undrawn £2.0 billion of committed credit facilities maturing in more than 12 months' time, which are available for general corporate purposes. • Our forecast that National Grid will generate about £3.3 billion of adjusted FFO.	• About £3.4 billion in capital spending. • Dividend payments of about £1.3 billion (factoring in a 20% scrip dividend). • About £1.3 billion in debt maturing over the 12 months from Dec. 31, 2014.

Other Credit Considerations

We assess all modifiers as "neutral" with no additional impact on the anchor score.

Group Influence

Under our group rating methodology, we assess National Grid PLC as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of Niagara Mohawk as core to National Grid PLC. At the same time, we assess Niagara Mohawk as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, Niagara Mohawk's current stand-alone credit profile of 'a-' and National Grid's group credit profile of 'a-', the issuer credit rating on Niagara Mohawk is 'A-'.

Ratings Score Snapshot

Corporate Credit Rating

A-/Stable/A-2

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: a-

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a-

- **Group credit profile:** a-
- **Entity status within group:** Insulated (no impact)

Recovery Analysis

We assign recovery ratings to first-mortgage bonds (FMBs) issued by U.S. utilities, which can result in issue ratings being notched above the corporate credit rating on a utility, depending on the rating category and the extent of the collateral coverage.

- The FMBs issued by U.S. utilities are a form of "secured utility bond" (SUB) that qualify for a recovery rating as defined in our criteria.
- The recovery methodology is supported by the ample historical record of 100% recovery for secured bondholders in utility bankruptcies in the U.S. and our view that the factors that enhanced those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future.
- Under our SUB criteria, we calculate a ratio of our estimate of the value of the collateral pledged to bondholders relative to the amount of FMBs outstanding. FMB ratings can exceed the corporate credit rating on a utility by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories depending on the calculated ratio. We do not notch FMB ratings for companies with corporate credit ratings in the 'AA' category.
- Niagara Mohawk's FMBs benefit from a first-priority lien on substantially all the utility's real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue rating of one notch above the corporate credit rating.

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
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Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

S&P Global
Ratings

RatingsDirect®

Summary:

The Brooklyn Union Gas Co.

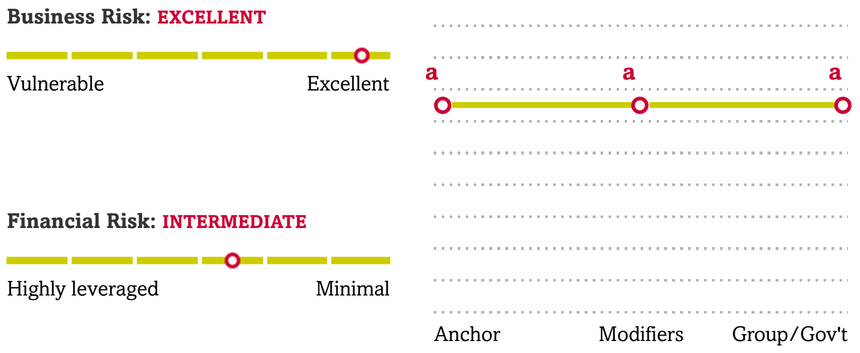
Primary Credit Analyst:
Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@standardandpoors.com

Secondary Contact:
Tania Tsoneva, CFA, London (44) 20-7176-3489; tania.tsoneva@standardandpoors.com

Table Of Contents

Summary:

The Brooklyn Union Gas Co.



CORPORATE CREDIT RATING

A/Negative/NR

Rationale

Business Risk: Excellent	Financial Risk: Intermediate
• Low operating risk regulated natural gas distribution operations • Historically effective management of regulatory risk • Predominately residential and commercial customer base limiting the impact of economic cyclicality • Large customer base over a service territory that lacks geographic and regulatory diversity	• Accelerating capital spending due to aging infrastructure, storm hardening, and gas conversions • Stand-alone financial measures that currently fall within the "intermediate" financial risk profile category

Outlook: Negative

The negative outlook on Brooklyn Union Gas reflects the potential for lower ratings by up to one notch absent indications that the company will be able to maintain its historical levels of financial performance supported by its ability to earn at levels consistently above its authorized returns. Under our base-case scenario, we expect that Brooklyn Union Gas will achieve funds from operations (FFO) to debt of 18% to 19% and debt to EBITDA in the 4.0x to 4.5x range.

Downside scenario

We expect to lower the issuer credit rating on Brooklyn Union Gas by up to one notch over the next six to 12 months, absent indications that the company can maintain historical levels of financial performance supported by its ability to earn consistently above its authorized returns.

Upside scenario

Given our expectations for financial performance, we do not anticipate higher ratings over the next six to 12 months. Nevertheless, should Brooklyn Union Gas be able to achieve FFO to debt of well over 20% or is able to earn in excess of its authorized returns on a consistent basis, we could revise the outlook to stable from negative.

Standard & Poor's Base-Case Scenario

Assumptions

- Gross margins grow in the low- to mid-single digits, largely benefiting from customer additions and a base rate filing in fiscal year 2016 with new rates going into effect in fiscal year 2017
- Capital spending that averages about $350 million annually
- Ongoing earned returns below authorized returns until new base rates go into effect in fiscal year 2017

Key Metrics

	2014A	2015E	2016E
FFO/total debt (%)	20.2	19-20	17-18
Total debt/EBITDA (x)	3.9	4-4.5	4.5-5

Fiscal year-end March 31. A--Actual. E--Estimate.

Anchor determination

The combination of Brooklyn Union Gas' "excellent" business and "intermediate" financial risk profiles leads to an anchor score of 'a/a+'. We select the 'a' anchor to reflect our view that Brooklyn Union Gas' business risk profile is at the lower end of the excellent category, primarily incorporating the company's limited geographic and operating diversity despite the relatively large customer base.

Business Risk: Excellent

We assess Brooklyn Union Gas' business risk profile as "excellent", which reflects the company's low operating risk regulated gas distribution operations in the U.S., its large customer base (more than one million customers) over a service territory that lacks geographic and operating diversity, a customer base that is predominately residential and commercial (which tends to have more stable and predictable usage patterns), and a generally constructive regulatory framework.

Brooklyn Union Gas is operating under a decoupling framework that enables the company to benefit from customer additions and historically has enabled the company to earn above its authorized return, supporting its financial risk profile. The company's base rates reflect an extension of its existing rate plan that effectively preserved the revenue requirement but incorporated a lower authorized return; a higher equity layer in the capital structure; and, notably, a less favorable earnings sharing arrangement. Moreover, Brooklyn Union Gas' increasing capital spending program to address infrastructure reliability, storm hardening, and new customer conversions, combined with base rates that are effectively unchanged since the last approved rate case in 2008, will adversely affect the company's financial performance.

We expect Brooklyn Union Gas will file for new base rates in the next few years, in large part to begin recovery of recently completed invested capital. However, given the trend of declining authorized returns and the likely preservation of the existing earnings sharing mechanism, we expect the company will likely continue earning at or below its authorized return.

Financial Risk: Intermediate

We currently view Brooklyn Union Gas' financial risk profile as "intermediate", using the low volatility financial ratio benchmarks. Under our base-case scenario, we project the company will maintain FFO to debt of 18% to 19% (largely in the middle of the category), while debt to EBITDA will be weaker at 4.0x to 4.5x. Over the next few years, we expect Brooklyn Union Gas' financial risk profile will benefit from a rate case filing, with such improvement primarily strengthening the company's financial performance within the stated range.

Liquidity: Adequate

We assess Brooklyn Union Gas' liquidity on a consolidated basis with that of ultimate parent, National Grid plc, given the company's status as a core subsidiary and the availability of intracompany money pools that facilitate the liquidity needs of the subsidiaries.

The 'A-2' short-term rating on National Grid largely reflects the long-term corporate credit rating and our view of the group's "adequate" liquidity, as we define the term under our liquidity criteria for regulated utilities. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capital spending, debt maturities, and dividends) by more than 1.1x in the next 12 months.

We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal Liquidity Sources	Principal Liquidity Uses
• Access to unrestricted short-term cash and short-term marketable securities of about £3.0 billion as of Dec. 31, 2014. • An undrawn £2.0 billion of committed credit facilities maturing in more than 12 months' time, which are available for general corporate purposes. • Our forecast that National Grid will generate about £3.3 billion of adjusted FFO.	• About £3.4 billion in capital spending. • Dividend payments of about £1.3 billion (factoring in a 20% scrip dividend). • About £1.3 billion in debt maturing over the 12 months from Dec. 31, 2014.

Other Modifiers

We assess all modifiers as "neutral," with no further impact on the anchor score.

Group Influence

Under our group rating methodology, we assess National Grid PLC as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of Brooklyn Union Gas as core to National Grid plc. At the same time, we assess Brooklyn Union Gas as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, Brooklyn Union Gas' current stand-alone credit profile of 'a' and National Grid plc's group credit profile of 'a-', the issuer credit rating on Brooklyn Union Gas is 'A'.

Ratings Score Snapshot

Corporate Credit Rating

A/Negative/NR

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: a

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)

- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a

- **Group credit profile:** a-
- Entity status within group: Insulated (+1 notch from group credit profile)

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
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- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	**a+/a**	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

S&P Global
Ratings

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Summary:

KeySpan Gas East Corp.

Primary Credit Analyst:
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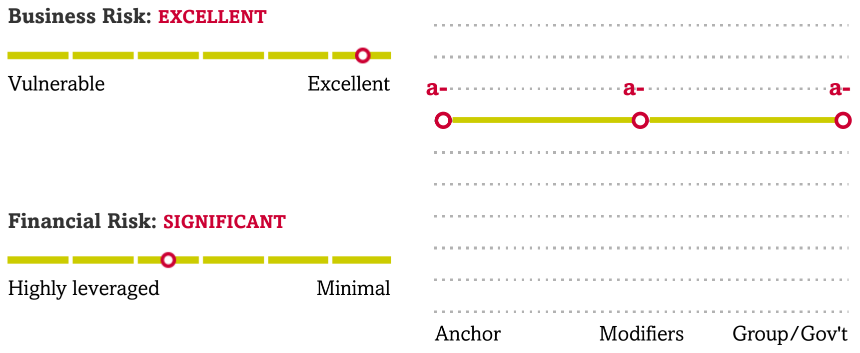
Secondary Contact:
Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@standardandpoors.com

Table Of Contents

Summary:

KeySpan Gas East Corp.



CORPORATE CREDIT RATING

A-/Stable/--

Rationale

Business Risk: Excellent	Financial Risk: Significant
• Low-operating-risk regulated natural gas distribution operations; • Predominately residential and commercial customer base, limiting susceptibility to economic cyclicality; and • Benefits from a revenue decoupling mechanism that supports cash flow generation.	• Robust capital spending pressures credit profile; and • Stand-alone financial measures that currently fall within the significant financial risk profile category.

Outlook: Stable

The stable outlook on Keyspan Gas East Corp. mirrors the outlook on its ultimate parent, National Grid PLC. The stable outlook on National Grid reflects S&P Global Ratings' view that the group's operations will remain satisfactory and it will continue to derive most of its earnings from relatively supportive regulatory regimes. Moreover, we anticipate National Grid will successfully complete a remediation plan to rectify weaknesses that auditors identified in its internal controls. We view consolidated adjusted funds from operations (FFO) to debt of more than 13% as commensurate with a significant financial risk profile. Our base-case scenario does not assume any significant debt-funded acquisitions or the announced disposal of the U.K. gas distribution networks, and we believe management would mitigate any unexpected increase in the group's already high investment and dividend levels with offsetting measures that would lead to a swift recovery in credit metrics.

Downside scenario

Although unlikely at this time, we could lower the ratings on Keyspan Gas East if we lowered the ratings on National Grid by two notches. This is because we currently assess Keyspan Gas East's stand-alone credit profile (SACP) as 'a-' and we assess the company as insulated, with current insulation measures providing for a one notch separation between the subsidiary and its parent.

Upside scenario

We could raise the ratings on Keyspan Gas East if the company's SACP improves by one or more notches or if we raise the ratings on National Grid. We view both events as unlikely at this time.

S&P Global Ratings' Base-Case Scenario

Assumptions

- Gross margins remain flat through 2016, and then grow significantly in 2017 and 2018, largely due to new base rates going into effect; and
- Capital spending of about $200 million–$250 million.

Key Metrics

	2015A	2016E	2017E
FFO/debt (%)	16.5	15-16	17-18
Debt/EBITDA (x)	4.2	5–5.5	4.5-5

A--Actual. E--Estimate. FFO--Funds from operations.

Business Risk: Excellent

We assess Keyspan Gas East's business risk profile as excellent, which reflects the company's low-operating-risk regulated gas distribution operations in the U.S., the somewhat small service territory with about 560,000 customers that lacks geographic and operating diversity, a predominately residential and commercial customer base (which tends to have more stable and predictable usage patterns), and a generally constructive regulatory framework. KeySpan Gas East operates under a decoupling framework that enables growth by allowing the company to benefit from revenue increases associated with oil-to-gas conversions and other customer additions.

In recent years, the company hasn't been able to earn its allowed return because of a regulatory rate freeze that ended in 2015. A pending rate case is likely to increase rates in 2017, which would support profitability measures and the company's financial risk profile. Although the rate case filing should improve the level of earned returns, it is not clear if the company will be able to maintain its historical level of outperformance in terms of earned returns.

Financial Risk: Significant

In recent years, KeySpan Gas East's financial performance has weakened somewhat, both relative to expectations and relative to historical trends. This is, in part, because of base rates that have remained largely unchanged since the last approved rate case in 2008, while capital spending has been increasing to address system integrity and reliability and new customer conversions. We currently view KeySpan Gas East's financial risk profile as significant, using the medial volatility financial ratio benchmarks. Under our base-case scenario, we project the company will maintain credit protection measures largely in the middle of the category, with FFO to debt of 15% to 18% and debt to EBITDA that remains elevated around 5.0x. Over the next few years, we expect the financial risk profile to benefit from the current rate case filing, with such improvement strengthening the company's financial performance within the stated range.

Liquidity: Adequate

We assess Keyspan Gas East's liquidity as adequate, reflecting the direct support already committed from and the influence of ongoing interactions with the group, including the provision of various corporate services, along with the availability of centralized liquidity resources, especially since parent National Grid arranges for all of its subsidiaries' liquidity needs. We expect liquidity sources to exceed uses by 1.1x or more, the minimum threshold for regulated utilities under our criteria, and that the company will also meet our other requirements for such a designation. Keyspan Gas East's liquidity benefits from stable cash flow generation, sufficient liquidity in the form of parent-provided intercompany loans to meet ongoing needs, and manageable debt maturities over the next few years

Other Credit Considerations

We assess all modifiers as neutral, with no additional impact on the anchor score.

Group Influence

Under our group rating methodology, we assess National Grid as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of Keyspan Gas East as core to National Grid. At the same time, we assess Keyspan Gas East as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, Keyspan Gas East's current SACP of 'a-' and National Grid's group credit profile of 'a-', the issuer credit rating on Keyspan Gas East is 'A-'.

Ratings Score Snapshot

Corporate Credit Rating

A-/Stable/--

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Aggressive

Anchor: a-

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a-

- **Group credit profile:** a-
- **Entity status within group:** Insulated

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
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- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

S&P Global
Ratings

RatingsDirect®

Summary:

Niagara Mohawk Power Corp.

Primary Credit Analyst:
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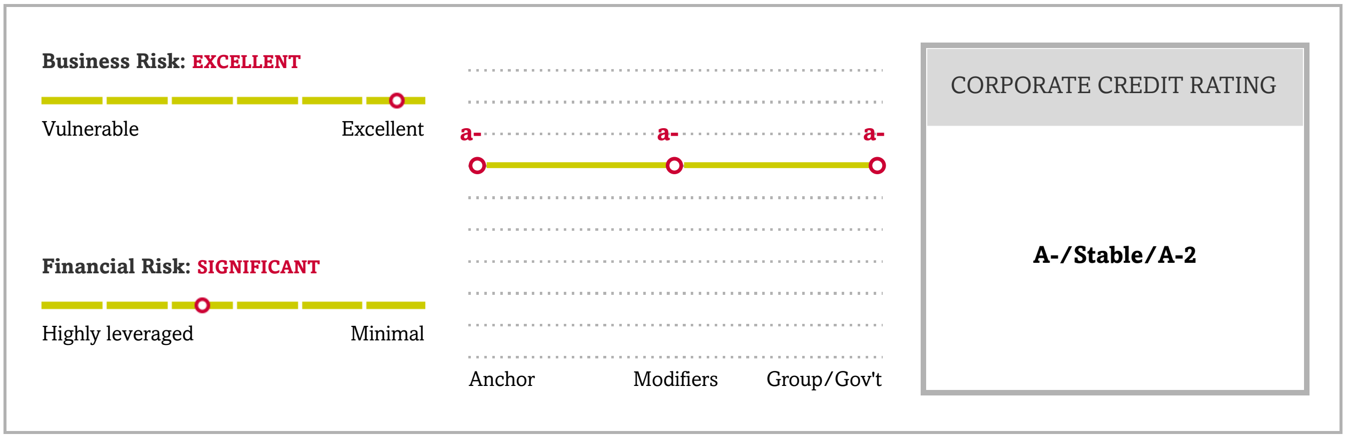
Secondary Contact:
Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@standardandpoors.com

Table Of Contents

Summary:

Niagara Mohawk Power Corp.



Rationale

Business Risk: Excellent	Financial Risk: Significant
• Low-operating-risk transmission and distribution operations for electricity and natural gas; • Large customer base with no meaningful growth; and • Operations under a generally constructive regulatory framework.	• Reasonably large capital spending program necessitates ongoing effective management of regulatory risk and timely rate relief; and • Stand-alone financial measures that fall within the significant financial risk profile category.

Outlook: Stable

The stable outlook on Niagara Mohawk Power Corp. mirrors the outlook on its ultimate parent, National Grid PLC. The stable outlook on National Grid reflects S&P Global Ratings' view that the group's operations will remain satisfactory and that it will continue to derive most of its earnings from relatively supportive regulatory regimes. Moreover, we anticipate National Grid will successfully complete a remediation plan to rectify weaknesses that auditors identified in its internal controls. We view consolidated adjusted funds from operations (FFO) to debt of more than 13% as commensurate with a significant financial risk profile. Our base-case scenario does not assume any significant debt-funded acquisitions or the announced disposal of the U.K. gas distribution networks. We believe management would mitigate any unexpected increase in the group's already high investment and dividend levels with offsetting measures that would lead to a swift recovery in credit metrics.

Downside scenario

Although unlikely at this time, we could lower the ratings on Niagara Mohawk if we lowered the ratings on National Grid by two notches. This is because we currently assess Niagara Mohawk's stand-alone credit profile as 'a-' and because we assess the company as insulated, with current insulation measures providing for one notch of separation between the subsidiary and its parent.

Upside scenario

We could raise the ratings on Niagara Mohawk if the company's stand-alone credit profile improves by one or more notches or if we raise the ratings on ultimate parent, National Grid. We view both events as unlikely at this time.

S&P Global Ratings' Base-Case Scenario

Assumptions

- Intermittent electric and gas rate increases driving gross margin growth in the low- to mid-single digits; and
- Annual capital spending of about $550 million to $600 million

Key Metrics

	2015A	2016E	2017E
FFO/debt (%)	15.2	18–20	17–19
Debt/EBITDA (x)	5.1	4–4.5	4–4.5

A--Actual. E--Estimate. FFO--Funds from operations.

Business Risk: Excellent

We assess Niagara Mohawk's business risk profile as excellent, reflecting the company's regulated utility operations under a generally constructive regulatory framework, its large service territory that demonstrates no meaningful growth, and its low-operating-risk transmission and distributions operations for electricity and natural gas.

Niagara Mohawk serves about 1.6 million electric and about 600,000 gas customers in the northern and western parts of New York State. The company's service territory and customer base are large and mostly residential and commercial, with natural gas customers providing only modest load growth. Niagara Mohawk has generally managed regulatory risk effectively over time and is currently operating under a decoupling framework that enables timely recovery of fuel costs. Although the regulatory framework provides some upside through earnings sharing, Niagara Mohawk's earned returns continue to be below authorized returns for the electric operations, which generate the majority of operating income.

Niagara Mohawk is a subsidiary of National Grid USA, which in turn is subsidiary of U.K.-based National Grid PLC.

Financial Risk: Significant

We assess Niagara Mohawk's financial risk profile as significant using the medial volatility benchmark table. We expect that Niagara Mohawk's FFO to debt will range from 17% to 20% annually over the next few years, while its debt to EBITDA will be in the 4.0x to 4.5x range. Both measures are adequate to support the significant financial risk profile assessment.

Liquidity: Adequate

We assess Niagara Mohawk's liquidity as adequate, reflecting the direct support already committed from and the influence of ongoing interactions with the group, including the provision of various corporate services, along with the availability of centralized liquidity resources, especially since parent National Grid arranges for all of its subsidiaries' liquidity needs. We expect liquidity sources to exceed uses by 1.1x or more, the minimum threshold for regulated utilities under our criteria, and the company will also meet our other requirements for such a designation. Niagara Mohawk's liquidity benefits from stable cash flow generation, sufficient liquidity in the form of parent-provided intercompany loans to meet ongoing needs, and manageable debt maturities over the next few years. Based on these factors and because we assess Niagara Mohawk as a core group member of National Grid, the liquidity assessment of Niagara Mohawk mirrors that of its parent, which we assess as adequate.

Other Credit Considerations

We assess all modifiers as neutral with no additional impact on the anchor score.

Group Influence

Under our group rating methodology, we assess National Grid PLC as the ultimate parent of the group with a group credit profile of 'a-'. We assess the group status of Niagara Mohawk as core to National Grid PLC. At the same time, we assess Niagara Mohawk as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, Niagara Mohawk's current stand-alone credit profile of 'a-' and National Grid's group credit profile of 'a-', the issuer credit rating on Niagara Mohawk is 'A-'.

Ratings Score Snapshot

Corporate Credit Rating

A-/Stable/A-2

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: a-

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a-

- **Group credit profile:** a-
- **Entity status within group:** Insulated

Recovery Analysis

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Methodology: Industry Risk, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 07, 2013

- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

S&P Global
Ratings

RatingsDirect®

Summary:

The Brooklyn Union Gas Company

Primary Credit Analyst:
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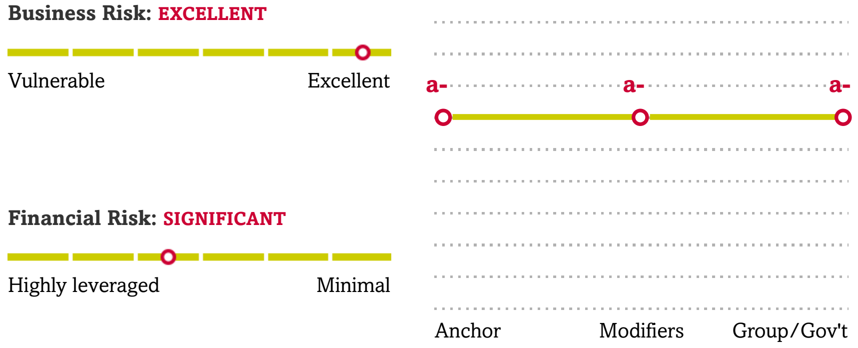
Secondary Contact:
Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@standardandpoors.com

Table Of Contents

Summary:

The Brooklyn Union Gas Company



CORPORATE CREDIT RATING

A-/Stable/NR

Rationale

Business Risk: Excellent	Financial Risk: Significant
• Low operating risk regulated natural gas distribution operations; • Predominately residential and commercial customer base limiting the impact of economic cyclicality; and • Large customer base over a service territory that lacks geographic and regulatory diversity.	• Robust capital spending plans focus on upgrading aging infrastructure; and • Stand-alone financial measures that currently fall within the significant financial risk profile category.

Outlook: Stable

The stable outlook on The Brooklyn Union Gas Company mirrors the outlook on its ultimate parent, National Grid PLC. The stable outlook on National Grid reflects S&P Global Ratings' view that the group's operations will remain satisfactory and continue to derive most of its earnings from relatively supportive regulatory regimes. Moreover, we anticipate National Grid will successfully complete a remediation plan to rectify weaknesses that auditors identified in its internal controls. We view consolidated adjusted funds from operations (FFO) to debt of more than 13% as commensurate with a significant financial risk profile. Our base-case scenario does not assume any significant debt-funded acquisitions or the announced disposal of the U.K. gas distribution networks, and we believe management would mitigate any unexpected increase in the group's already high investment and dividend levels with offsetting measures that would lead to a swift recovery in credit metrics.

Downside scenario

Although unlikely at this time, we could lower the ratings on Brooklyn Union Gas if we lowered the ratings on National Grid by two notches. This is because we currently assess Brooklyn Union Gas' stand-alone credit profile as 'a-' and because we assess the company as insulated, with current insulation measures providing a one notch separation between the subsidiary and its parent.

Upside scenario

We could raise the ratings on Brooklyn Union Gas if the company's stand-alone credit profile improves by one or more notches or if we raise the ratings on National Grid. We view both events as unlikely at this time.

S&P Global Ratings' Base-Case Scenario

Assumptions

- Gross margins growth in the low- to mid-single digits, largely benefiting from a pending base rate filing with new rates likely going into effect in fiscal year 2017; and
- Capital spending that averages about $400 million annually.

Key Metrics

	2015A	2016E	2017E
FFO/debt (%)	18.5	17–18	17–18
Debt/EBITDA (x)	4.3	4.5-5.0	4.5-5.0

A--Actual. E--Estimate. FFO--Funds from operations.

Business Risk: Excellent

We assess Brooklyn Union Gas' business risk profile as excellent, reflecting the company's low operating risk regulated gas distribution operations in the U.S., large customer base (more than one million customers) over a service territory that lacks geographic and operating diversity, a customer base that is predominately residential and commercial (which tends to have more stable and predictable usage patterns), and a generally constructive regulatory framework.

Brooklyn Union Gas operates under a decoupling framework that enables growth by allowing the company to benefit from revenue increases associated with oil-to-gas conversions and other customer additions.

A regulatory rate freeze that ended in 2015 hindered the company's ability to recover costs and earn its allowed return in recent years. This freeze has also pressured profitability measures and the financial risk profile. A rate case filed in January 2016 will provide needed rate relief and allow the company to recover costs associated with the company's robust capital spending program. Although the rate case filing will lead to improved returns, we expect the company could be challenged to earn returns in line with historical levels, which consistently exceeded authorized levels.

Financial Risk: Significant

We currently view Brooklyn Union Gas' financial risk profile as significant, using the medial volatility financial ratio benchmarks. Under our base-case scenario, we project the company will maintain FFO to debt of 17% to 18%, while debt to EBITDA will be elevated at 4.5x to 5.0x. We expect Brooklyn Union Gas' financial risk profile to benefit from the current rate case filing, with such improvement primarily strengthening the company's financial performance within the stated range.

Liquidity: Adequate

We assess the Brooklyn Union Gas' liquidity as adequate, reflecting the direct support already committed from and the influence of ongoing interactions with the group. This includes the provision of various corporate services, along with the availability of centralized liquidity resources, especially since parent National Grid arranges all of the subsidiaries' liquidity needs. We expect liquidity sources to exceed uses by 1.1x or more, the minimum threshold for regulated utilities under our criteria, and that the company will also meet our other requirements for such a designation. Brooklyn Union Gas' liquidity benefits from stable cash flow generation, sufficient liquidity in the form of intercompany loans the parent provides to meet ongoing needs, and manageable debt maturities over the next few years.

Other Credit Considerations

We assess all modifiers as neutral, with no further impact on the anchor score.

Group Influence

Under our group rating methodology, we assess National Grid as the ultimate parent of the group with a group credit profile (GCP) of 'a-'. We assess the group status of Brooklyn Union Gas as core to National Grid. At the same time, we assess Brooklyn Union Gas as insulated, with existing insulation measures supporting a one notch separation between the subsidiary and its parent. Given the existence of insulation, Brooklyn Union Gas' current stand-alone credit profile of 'a-' and National Grid's group credit profile of 'a-', the issuer credit rating on Brooklyn Union Gas is 'A-'.

Ratings Score Snapshot

Corporate Credit Rating

A-/Stable/NR

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: a-

Modifiers

- **Diversification/Portfolio effect:** Neutral
- **Capital structure:** Neutral
- **Financial policy:** Neutral
- **Liquidity:** Adequate
- **Management and governance:** Satisfactory
- **Comparable rating analysis:** Neutral

Stand-alone credit profile : a-

- **Group credit profile:** a-
- **Entity status within group:** Insulated

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
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Business Risk Profile	**Financial Risk Profile**					
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Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

National Grid PLC

Full Analysis

August 11, 2017

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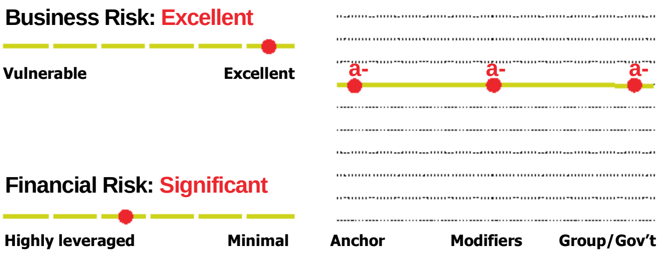
Contents



Corporate Credit Rating

A-/Stable/A-2

Rationale

Business Risk

- Majority of earnings derived from low-risk U.K. and U.S. electricity and gas transmission and distribution activities.
- The recent disposal of a 61% stake in U.K. gas distribution slightly increased the proportion of U.S. business, but its impact on the group's business profile is limited due to the remaining sizable £34 billion regulated asset values (excluding the gas distribution business), with the share of U.S. activities rising to 46%.
- Above-average earnings and regulatory system diversity thanks to dual-market focus on the U.K. and U.S. and multiple regulatory regimes.
- Eight-year earnings visibility under the regulatory regime for U.K. regulated businesses, and moderate regulatory reset in the U.S.

Financial Risk

- Strong cash flow coverage ratios and a significant financial risk profile.
- Persistent negative discretionary cash flows on the back of large investments and high dividend payouts.
- Some volatility in credit metrics, mainly owing to foreign-exchange rate exposure.

Outlook: Stable

The stable outlook on National Grid PLC reflects our view that the group's operations will remain sizable and highly diversified after the disposal of Cadent Gas Ltd. (formerly National Grid Gas Distribution Ltd.). The group will continue to derive most of its earnings from largely supportive regulatory regimes, with diversity stemming from transmission assets in the U.K. (about 54% of regulatory asset value [RAV]) and the U.S. (about 46%). We view as positive the recently approved rate cases in the U.S., and National Grid is to file rate cases for roughly the other half of its U.S. networks over the next 12-24 months. The company's dominant U.K. transmission assets benefit from regulatory visibility until 2021 when the current eight-year regulatory period under Revenues = Incentives + Innovation + Outputs (RIIO) is due for renewal.

There is modest financial headroom over the coming years, with consolidated S&P Global Ratings-adjusted funds from operations (FFO) to debt of about 15%-16% under our base case, compared with the minimum of 13% we see as commensurate with our 'A-' rating.

Our base-case scenario also takes into account management's perceived commitment to the current rating level, notwithstanding the return of the bulk of Cadent Gas disposal proceeds to shareholders.

Downside scenario

We currently view a downgrade as unlikely, given the predictability of National Grid's earnings. We could, however, lower the ratings if we anticipate a sustained decline in consolidated adjusted FFO to debt to less than 13%. This could occur if National Grid made a sizable acquisition—which we do not expect, proves unable to control costs due to a poor operating performance, incurs unforeseen expenses that it cannot pass on to consumers, or suffers from major unsuccessful rate cases.

Upside scenario

We see limited scope for raising the ratings given the group's high investment and dividend levels, which lead to negative discretionary cash flows in our base-case forecast. However, an upgrade could result from a sustained improvement in credit metrics, such that our forecast of adjusted FFO to debt improves to 17% or more on a sustainable basis.

Our Base-Case Scenario

Recent developments and financial year 2017 results

The results for 2017 were largely in line with our expectations for the rating, notably with adjusted FFO to debt at 17.3%. EBITDA was down 13% to £5.13 billion, reflecting the divestment of the gas distribution business that occurred on March 31, 2017. We expect a timing mismatch, with £5.4 billion of cash proceeds from the sale and the planned additional dividend payment of £4 billion to shareholders of these proceeds coming into the next reporting period, resulting in a high cash balance. Additionally, £5.89 billion of net debt—related to the gas distribution business—was deconsolidated, resulting in adjusted net debt declining from £28.2 billion to £21.9 billion.

We forecast that National Grid will generate S&P Global Ratings-adjusted FFO to debt of 15%-16% for FY2018-FY2019 compared with 13%-15% in past years. This reflects the 61% partial sale of Cadent Gas at the end of March 2017 and the resulting deconsolidation of Cadent Gas' assets and debt.

Assumptions

– Retail price index in the U.K. of 2.2% for 2017, 2.9% for 2018, and 2.7% for 2019 and onwards.

– U.K. revenue as per final RIIO determinations, but a slower uptake in capital and replacement expenditure than granted, in line with management's plans. We expect capex of about £3.5 billion-£3.8 billion per year in the next few years.

– EBITDA of £4.7 billion-£5.0 billion in FY2018-FY2019. This is before taking into account an assumed recurring dividend on its 39% Cadent Gas stake, although further sell-downs are likely (National Grid and the Cadent Gas consortium have agreed the potential sale of a further 14% between March and October 2019 at the option of either National Grid or Cadent Gas).

– FFO to debt of about 15%-16% from 2018; –

Strong FFO interest cover of 5x-6x; and

– Recurrent negative discretionary cash flow. We expect dividends to grow with inflation as per National Grid's financial policy, amounting to cash dividends of around £1.3 billion per year, excluding any exceptional dividends paid following the sale of Cadent Gas.

Key Metrics – Year ending March 31

	2017A	2018F	2019F
FFO/debt (%)	17.3	15-16	15-16
FFO/interest (x)	6.3	6-7	6-7
DCF/debt (%)	(2.4)	(20)-(21)	(5)-(7)

All figures are fully S&P Global Ratings-adjusted. Debt is adjusted for operating leases, pension deficit, surplus cash, currency swaps, and £2.1 billion of intermediate hybrid securities. Funds from operations (FFO) is adjusted for capitalized interest and operating leases. A--Actual. F--Forecast.

Company Description

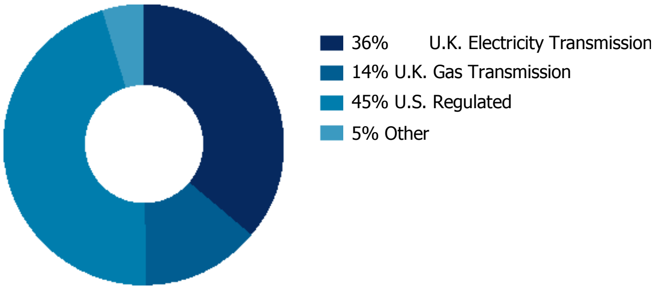
National Grid is a U.K.-based, investor-owned utility focused almost exclusively on owning and operating regulated electricity and gas network businesses in the U.K. and the U.S.

National Grid owns and operates the high-voltage electricity transmission system in England and Wales through National Grid Electricity Transmission PLC, and the gas transmission system in Great Britain through National Grid Gas PLC. Post the Cadent Gas sale, the regulated asset value in the U.K. amounts to £18.3 billion.

In the U.S., National Grid delivers electricity to approximately 3.4 million customers in Massachusetts, New York, and Rhode Island. The utility provides over 3,800 megawatts of electricity to over one million Long Island Power Authority customers. National Grid is also the largest distributor of natural gas in northeastern U.S., serving about 3.6 million customers in Massachusetts, New York, and Rhode Island.

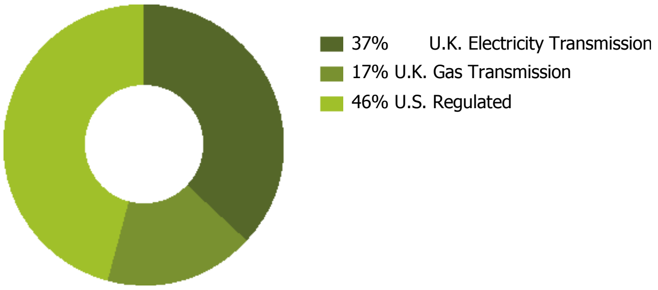
As of March 31, 2017, National Grid reported revenues and EBITDA of £15.03 billion and £4.9 billion, respectively. Following the disposal of the U.K. gas distribution assets, the group's focus on the U.S. operations has increased; they now represent 60% of total revenues and 46% of total regulatory capital value. National Grid is listed on the London Stock Exchange and New York stock exchange, with total market capitalization of about £32.9 billion as of August 10, 2017.

Chart 1 - Reported Operating Profit Split By Business Unit Before Exceptional Items And Remeasurements (£3.8 Billion In March 2017)



Source: Company results and S&P Global Ratings.

Chart 2 - Regulatory Asset Base Split By Business Unit (Total £33.7 Billion as of 31st of March 2017)



Source: Company results and S&P Global Ratings.

Business Risk: Excellent

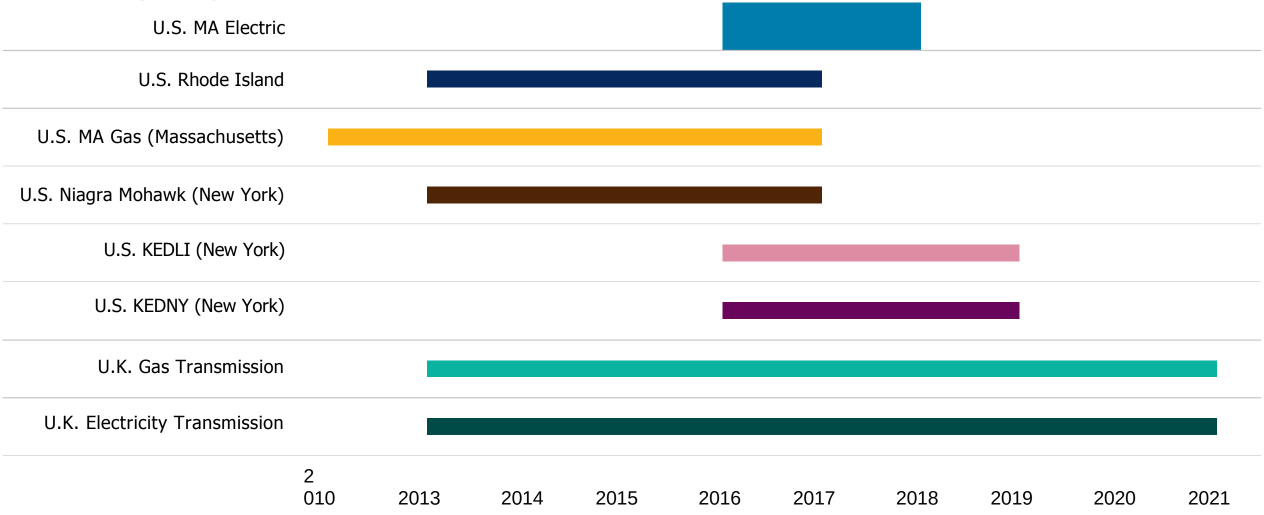
The excellent business risk profile is supported by National Grid's monopoly status in its network activities and the broadly supportive regulatory frameworks under which it operates. The company's regulated operations fall under regulatory regimes that are constructive and support stable financial performance over time. Notably, Ofgem's RIIO framework is forward-looking and incentive-based, incorporating a return on the regulatory asset value (RAV) and inflation indexation. These features underpin our strong assessment of the U.K. regulatory landscape, and are a source of stability for National Grid.

The disposal of the 61% stake in Cadent Gas does result in some modest dilution as the gas distribution operations contributed about 22% of group operating profit in the financial year ending March 2016 (FY2016). However, National Grid will retain its leading size with a RAV post transaction of approximately £33.7 billion (excluding its share in Cadent Gas) which is close to twice as large as PPL Corp. (a U.S.-based utility which owns regulated distribution networks in the U.S. and in the U.K.) or Snam SpA (the Italian gas transmission network operator). It does, however, imply a moderate shift in National Grid's geographic spread, with the share of U.S.-regulated assets rising to more than 40% of profits and RAV. In our view, National Grid faces slightly higher regulatory risks in the U.S compared with the predictable regulatory framework for its transmission assets in the U.K. We believe, however, that this is sufficiently balanced by:

- National Grid's recent successful rate cases in the U.S., with about 40% of its rate base having updated rates in FY2017. Another 50% of its rate base is to be filed or approved in the coming 12-24 months.
- The diversity of its regulated assets, geographically between the U.K. and the U.S., but also in terms of timing of regulatory resets. Some concentration exists, however, in this respect, as the RIIO eight-year regulatory period for its dominant U.K. transmission assets—electricity being 35% of total RAV and gas 16%, falls in 2021.

Furthermore, National Grid has better scale and market and regulatory diversity than most utility operators due to its significant geographic reach and ownership of transmission networks in the U.K. and across various jurisdictions in the U.S. Long-term predictability of earnings is supported by the U.K. grids' regulatory determinations for the first RIIO regulatory period ending March 31, 2021.

Chart 3 - Regulatory Reset Risk



Source: S&P Global Ratings.

Table 1 - National Grid PLC – Peer Comparison

Industry Sector: Electric	**National Grid PLC**	**RTE Reseau de Transport d Electricite**	**PPL Corp.**	**Elia System Operator S.A./N.V.**
Rating as of August 11, 2017	A-/Stable/A-2	A/Stable/A-1	A-/Stable/A-2	BBB+/Stable/A-2
	--Fiscal year ended March 31, 2017--	**--Fiscal year ended Dec. 31, 2016--**	**--Fiscal year ended Dec. 31, 2016--**	**--Fiscal year ended Dec. 31, 2016--**
(Mil. Mix curr.)	£	€	$	€
Revenues	15,035.0	4,446.3	7,517.0	2,028.3
EBITDA	5,127.5	1,741.2	4,018.0	740.1
Funds from operations (FFO)	3,787.3	1,201.3	2,899.6	524.9
Net income from cont. oper.	1,810.0	403.0	1,902.0	179.9
Cash flow from operations	4,508.3	1,226.0	3,101.5	780.6
Capital expenditures	3,519.0	1,400.1	2,946.0	1,220.1
Free operating cash flow	989.3	(174.1)	155.5	(439.5)
Discretionary cash flow	(524.4)	(303.4)	(903.8)	(633.0)
Cash and short-term investments	8,529.0	403.3	341.0	1,399.3
Debt	21,917.4	9,725.8	20,156.2	4,353.5
Equity	20,951.6	5,105.5	10,364.0	3,809.2
Adjusted ratios				
EBITDA margin (%)	34.1	39.2	53.5	36.5
Return on capital (%)	7.0	6.3	8.6	6.9
EBITDA interest coverage (x)	4.5	5.6	4.3	5.0
FFO cash int. cov. (X)	6.3	5.2	4.6	5.8
Debt/EBITDA (x)	4.3	5.6	5.0	5.9
FFO/debt (%)	17.3	12.4	14.4	12.1
Cash flow from operations/debt (%)	20.6	12.6	15.4	17.9
Free operating cash flow/debt (%)	4.5	(1.8)	0.8	(10.1)
Discretionary cash flow/debt (%)	(2.4)	(3.1)	(4.5)	(14.5)

Financial Risk: Significant

Our assessment of National Grid's financial risk profile as significant reflects the group's strong cash flow-to-leverage measures, but recurrent negative discretionary cash flow on the back of a substantial capex program of about £18.6 billion over 2017-2021 and dividends growing in line with annual inflation. As the company hedges most of the balance sheet value of its U.S. assets, it is partly exposed to a rise in dollar post hedging.

The Cadent Gas transaction was very much shareholder-focused in that it realized an attractive £13.8 billion enterprise value for Cadent Gas versus a RAV of £9 billion as of March 2017. Management announced that it will be returning £4 billion from the second quarter to shareholders. Notwithstanding this, we expect the financial impact on National Grid's metrics will be largely neutral, as Cadent Gas' balance sheet was significantly leveraged at the time of disposal, including debt transferred from National Grid. National Grid retained about £0.7 billion of the net proceeds, and we expect it to receive a regular dividend flow on its remaining 39% Cadent Gas stake.

Table 2 - National Grid PLC – Financial Summary

Industry Sector: Electric	**--Fiscal year ended Mar. 31--**				
	2017	**2016**	**2015**	**2014**	**2013**
Rating history	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2
(Mil. £)					
Revenues	15,035.0	15,115.0	15,201.0	14,809.0	14,359.0
EBITDA	5,127.5	5,956.5	5,572.5	4,978.5	4,841.5
Funds from operations (FFO)	3,787.3	4,428.6	4,042.0	3,298.8	3,336.8
Net income from continuing operations	1,810.0	2,591.0	2,019.0	2,476.0	2,295.0
Cash flow from operations	4,508.3	4,987.6	4,584.0	3,503.1	3,059.8
Capital expenditures	3,519.0	3,628.0	3,283.0	3,123.0	2,980.5
Free operating cash flow	989.3	1,359.6	1,301.0	380.1	79.3
Dividends paid	1,513.7	1,387.7	1,321.7	1,059.0	810.0
Discretionary cash flow	(524.4)	(28.1)	(20.7)	(678.9)	(730.7)
Debt	21,917.4	28,217.9	26,817.3	24,724.2	24,173.1
Preferred stock	1,050.0	1,050.0	1,050.0	1,050.0	1,050.0
Equity	20,951.6	14,615.0	13,024.0	13,026.8	11,349.9
Debt and equity	42,869.0	42,832.9	39,841.3	37,750.9	35,523.0
Adjusted ratios					
EBITDA margin (%)	34.1	39.4	36.7	33.6	33.7
EBITDA interest coverage (x)	4.5	5.1	4.7	3.7	3.6
FFO cash int. cov. (x)	6.3	7.1	6.7	5.1	5.9
Debt/EBITDA (x)	4.3	4.7	4.8	5.0	5.0
FFO/debt (%)	17.3	15.7	15.1	13.3	13.8
Cash flow from operations/debt (%)	20.6	17.7	17.1	14.2	12.7
Free operating cash flow/debt (%)	4.5	4.8	4.9	1.5	0.3
Discretionary cash flow/debt (%)	(2.4)	(0.1)	(0.1)	(2.7)	(3.0)
Net Cash Flow / Capex (%)	64.6	83.8	82.9	71.7	84.8
Return on capital (%)	7.0	9.3	9.4	8.6	9.1
Return on common equity (%)	10.7	20.3	16.9	22.4	23.6
Common dividend payout ratio (un-adj.) (%)	80.8	51.6	63.0	63.3	65.1

Liquidity: Adequate

We assess National Grid's liquidity as adequate, reflecting the group's perceived excellent credit standing and access to markets, supported by long-term undrawn committed facilities. This is despite the fact that free operating cash flow is limited given heavy spending while the dividend leads to negative discretionary cash flows. We understand that there are no restrictive covenants in the documentation for the group's debt.

Principal Liquidity Sources

We anticipate the following principal liquidity sources over the next 12 months:

– Access to unrestricted short-term cash and short-term marketable securities of about £88 million as of Dec. 31, 2016;

– Undrawn committed credit facilities of £4.9 billion maturing in more than 12 months' time;

– Forecast FFO of approximately £3.5 billion for National Grid; and

– Net proceeds of £0.7 billion (with a further £0.5 billion earmarked for costs) from Cadent Gas, with the bulk (£4 billion) returned to shareholders.

Principal Liquidity Uses

We anticipate the following principal liquidity uses over the same period:

– Debt of about £2.3 billion maturing over the 12 months; –

About £3.4 billion in capital expenditure (capex); and

– Recurring dividend payments above £1 billion per year (excluding the returns from Cadent Gas outlined above).

Debt Maturities

As of May 31, 2017, debt maturities for the year ending March are:

– 2018: £2,300 million
– 2019: £1,900 million
– 2020: £1,800 million
– Thereafter: £19,700 million

Other Credit Considerations

Other modifiers have no effect on the rating. We assess the group's management and governance as satisfactory as it has implemented measures to compensate for weaknesses that the auditors have identified in internal risk control. We understand that these control weaknesses have not reduced the quality of the financial statements, and that the group has completed its system implementation in the U.S., which, over time, will ensure adequate reporting standards.

Group Influence

We assess National Grid's group credit profile (GCP) as 'a-' based on the consolidated cash flows and debt at the level of National Grid. We view all the utility's U.K. and U.S. subsidiaries as core entities because their activities are aligned with the group's strategic focus on regulated networks; there is significant group management and financial resource commitment; and because they are reasonably successful at what they do. Moreover, the U.K. and U.S. operations each constitute a significant portion of the consolidated group (at about 56% and 44% of group operating profit, respectively) and the two operations are fully integrated with the group's activities. Therefore, the issuer credit rating on each entity is determined by the level of National Grid's GCP, and is 'A-'.

We assess U.S. subsidiaries KeySpan Gas East, Brooklyn Union Gas, and Niagara Mohawk as core and insulated, on account of regulatory ring-fencing restrictions on leverage and potentially on dividend payouts if the credit quality of the subsidiaries or parent deteriorates. We believe that the existing insulation measures support a one-notch separation between the subsidiary and the parent. We rate the first two subsidiaries one notch higher than the GCP due to their 'a' stand-alone credit profiles (SACPs).

Following the sale of its stake in Cadent Gas, we consider Cadent as an investment rather than a core entity.

Ratings Score Snapshot

Corporate Credit Rating: A-/Stable/A-2

Business Risk: Excellent

– Country risk: Low risk
– Industry risk: Very low risk
– Competitive position: Strong

Financial Risk: Significant

– Cash flow/Leverage: Significant

Anchor: a-

Modifiers:

– Diversification/Portfolio effect: Neutral (no impact)
– Capital structure: Neutral (no impact)
– Liquidity: Adequate (no impact)
– Financial policy: Neutral (no impact)
– Management and governance: Satisfactory (no impact)
– Comparable rating analysis: Neutral (no impact)

Structural Subordination

We rate the long-term debt at some holding companies within the group at 'BBB+', one notch below the corporate credit rating on National Grid, to reflect the structural subordination of holding company debt to operating company liabilities. This is in case financial debt and other priority liabilities such as pensions and accounts payable at the operating subsidiaries level exceed 20% of adjusted sub-group consolidated assets. Structural subordination affects debt or guarantees issued at National Grid, National Grid USA, NGNA, and NGG Finance PLC. The debt of NGG Finance is guaranteed by National Grid.

We assign recovery ratings to the first mortgage bonds (FMBs) issued by U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the rating category and the extent of the collateral coverage. The FMBs issued by U.S. utilities are a form of secured utility bond (SUB) that qualify for a recovery rating.

Our recovery methodology for SUBs is supported by the ample historical record of 100% recovery for secured bondholders in utility bankruptcies in the U.S. In our view, the factors that enhanced those recoveries will persist. These are the limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization, given the essential service the utilities provide and the high cost of replacing them.

Under our SUB criteria, we calculate a ratio of our estimate of the value of the collateral pledged to bondholders relative to the amount of FMBs outstanding. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories, depending on the calculated ratio. We do not notch FMB ratings for companies with CCRs in the 'AA' category.

The FMBs of Niagara Mohawk, Colonial Gas Co., and Narragansett Electric Co. benefit from a first-priority lien on substantially all of the utilities' real estate, either owned or acquired subsequent to issuance. Collateral coverage of over 1.5x supports a recovery rating of '1+' and an issue rating one notch above the CCR.

Reconciliation

We adjust National Grid financial numbers in line with our criteria. The main adjustments we make are:

- Hybrids: In March 2013, NGG Finance issued two intermediate equity content hybrids€1.25 billion due 2076 and £1.0 billion hybrid due 2073. Both hybrids have a subordinated guarantee by National Grid PLC. We allocate 50% of the principal to debt and 50% to equity. This also results in a £50 million adjustment to interest.
- Pension deficit: We view the pension deficit as a debt-like obligation and add the deficit adjusted by deferred tax to debt.
- Surplus cash: We consider most of National Grid's as cash available for debt repayment. In addition, we include as cash short term deposit and investments in short-term money funds, equity and bonds; except for £448 million held by insurance captives entities.
- Asset retirement obligations (ARO): The reported debt figure is adjusted to account for £1.5 billion of ARO. This mainly relates to environmental provisions in the U.S.
- Other: We subtract from debt the difference between the debt shown on the balance sheet and the value of debt that is locked in through principal hedges. In addition, we subtract from EBITDA £68 million for remeasurements of commodities contracts.

Table 3 - Reconciliation Of National Grid PLC Reported Amounts With S&P Global Ratings Adjusted Amounts

--Fiscal year ended Mar. 31, 2017--

National Grid PLC reported amounts

(Mil. £)	Debt	Share-holders' equity	EBITDA	Operating income	Interest expense	EBITDA	Cash flow from operations	Dividends paid
Reported	28,638.0	20,368.0	4,906.0	3,208.0	894.0	4,906.0	4,320.0	1,463.0

S&P Global Ratings' adjustments

Interest expense (reported)	--	--	--	--	--	(894.0)	--	--
Interest income (reported)	--	--	--	--	--	28.0	--	--
Current tax expense (reported)	--	--	--	--	--	(179.0)	--	--
Operating leases	446.8	--	93.5	32.3	32.3	61.2	61.2	
Intermediate hybrids reported as debt	(1,050.0)	1,050.0	--	--	(50.7)	50.7	50.7	50.7
Postretirement benefit obligations/deferred compensation	1,186.0	(482.4)	62.0	62.0	105.0	(190.2)	588.8	
Surplus cash	(8,529.0)	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	109.0	(109.0)		
Share-based compensation expense	--	--	35.0	--	--	35.0	--	--
Dividends received from equity investments	--	--	99.0	--	--	99.0	--	--
Asset retirement obligations	1,553.6	--	--	--	60.0	47.6	176.6	
Non-operating income (expense)	--	--	--	91.0	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	(689.0)	--
Non-controlling Interest/Minority interest	--	16.0	--	--	--	--	--	--
Debt - Other	(328.0)	--	--	--	--	--	--	--
EBITDA - Other	--	--	(68.0)	(68.0)	--	(68.0)		
Total adjustments	**(6,720.6)**	**583.6**	**221.5**	**117.3**	**255.6**	**(1,118.7)**	**188.3**	**50.7**

S&P Global Ratings' adjusted amounts

	Debt	Equity	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Dividends paid
Adjusted	21,917.4	20,951.6	5,127.5	3,325.3	1,149.6	3,787.3	4,508.3	1,513.7

Related Criteria

– Methodology And Assumptions: Liquidity Descriptors for Global Corporate Issuers, Dec. 16, 2014

– National And Regional Scale Credit Ratings, Sept. 22, 2014 Corporate Methodology, Nov. 19, 2013

– Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013

– Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013 Methodology: Industry Risk, Nov. 19, 2013

– Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013

– Group Rating Methodology, Nov. 19, 2013

– Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013

– Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013

– Methodology And Assumptions: Assigning Equity Content To Corporate Entity And North American Insurance Holding Company Hybrid Capital Instruments, April 1, 2013

– Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

– Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010

– Use of CreditWatch And Outlooks, Sept. 14, 2009

– Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

– 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Related Research

– Why U.K. Utilities' Regulatory Frameworks Merit A "Strong" Regulatory Advantage Assessment, Dec. 11, 2013

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of June 30, 2017)

National Grid PLC	
Corporate Credit Rating	A-/Stable/A-2
Commercial Paper	
Foreign Currency	A-2
Senior Unsecured	BBB+
Corporate Credit Ratings History	
24-Aug-2007	A-/Stable/A-2
24-Feb-2006	A/Watch Neg/A-1
31-Jan-2002	A/Stable/A-1

Related Entities:

Boston Gas Co.	
Issuer Credit Rating	A-/Stable/NR
Senior Unsecured	A-
Brooklyn Union Gas Co. (The)	
Issuer Credit Rating	A-/Stable/NR
Senior Unsecured	A-
Colonial Gas Co.	
Issuer Credit Rating	A-/Stable/--
Senior Secured	A
Senior Unsecured	A-
KeySpan Corp.	
Issuer Credit Rating	A-/Stable/NR
Senior Unsecured	A-
KeySpan Gas East Corp.	
Issuer Credit Rating	A-/Stable/--
Senior Unsecured	A-
Lattice Group PLC	
Issuer Credit Rating	A-/Stable/--
Massachusetts Electric Co.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock	BBB
Senior Unsecured	A-

Ratings Detail (As Of June 30, 2017) (cont.)

Narragansett Electric Co.	
Issuer Credit Rating	A-/Stable/NR
Preferred Stock	BBB
Senior Secured	A
Senior Unsecured	A-
National Grid Electricity Transmission PLC	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
Foreign Currency	A-2
Senior Unsecured	
Greater China Regional Scale	cnAA
Senior Unsecured	A-
Senior Unsecured	BBB+
National Grid Gas Holdings PLC	
Issuer Credit Rating	A-/Stable/--
National Grid Gas PLC	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured	A-
National Grid Generation LLC	
Issuer Credit Rating	A-/Stable/--
National Grid Holdings One PLC	
Issuer Credit Rating	A-/Stable/A-2
National Grid North America Inc.	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
National Grid USA	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
New England Power Co.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock	BBB
Niagara Mohawk Power Corp.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock	BBB
Senior Unsecured	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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PUC 1-11

Request:

Please provide the earned return on average common equity for the twelve-month periods ending December 31st for the years 2012 to 2016 for National Grid and the Company.

Response:

The Narragansett Electric Company's (the "stand-alone" or individual electric and gas operations) and National Grid's reported returns on average common equity are provided below.

Narragansett Electric's earned return on average common equity is as follows:

Narragansett Electric Earned ROE

12 months ending	December 2012	7.88%
	December 2013	6.98%
	December 2014	7.52%
	December 2015	8.28%
	December 2016	5.84%

Data for Narragansett Electric are reported in compliance filings in RIPUC Docket No. 4323.

Narragansett Gas' earned return on average common equity is as follows:

Narragansett Gas Earned ROE

12 months ending	June 2012	5.03%
	March 2013	8.06%
	March 2014	9.71%
	March 2015	7.78%
	March 2016	6.73%

Data for Narragansett Gas are reported in compliance filings in the RIPUC Docket No. 4323. Reports for the period ending March 31 are available for the years from 2013 to 2016. The report for the period ending June 30, 2012 is from testimony filed in the RIPUC Docket No. 4339.

Prepared by or under the supervision of: Melissa Little

National Grid's earned return on common equity is as follows:

National Grid Earned ROE

12 months ending	December 2012	9.20%
	December 2013	9.00%
	December 2014	8.40%
	December 2015	8.00%
	March 2016	8.00%
	March 2017	8.20%

Data for National Grid are reported in National Grid plc's Annual Report and Accounts.

Prepared by or under the supervision of: Melissa Little

PUC 1-12

Request:

Please re-file copies of earnings reports filed in Docket No. 4323, for Narragansett Electric for the twelve-month periods ending December 31st for the years 2013 to 2016 which include not only the energy efficiency (C&LM) incentive, but also the Long-Term Contracting for Renewable Energy remuneration, Distributed Generation Standard Contracts remuneration, and Renewable Energy Growth Program incentive.

Response:

Please see the following attachments for the requested Narragansett Electric earnings reports filed in Docket No. 4323:

- Attachment PUC 1-12-1 – Preliminary Earnings Report for the twelve-month period ending December 31, 2013;
- Attachment PUC 1-12-2 – Final Earnings Report for the twelve-month period ending December 31, 2013;
- Attachment PUC 1-12-3 – Earnings Report for the twelve-month period ending December 31, 2014;
- Attachment PUC 1-12-4 – Earnings Report for the twelve-month period ending December 31, 2015;
- Attachment PUC 1-12-5 – Revised Earnings Reports for the twelve-month periods ending December 31, 2013 and December 31, 2014; and
- Attachment PUC 1-12-6 – Earnings Report for the twelve-month period ending December 31, 2016.

Celia B. O'Brien
Assistant General Counsel and Director

June 20, 2014

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4323 – Preliminary Earnings Report
Twelve Months Ended December 31, 2013

Dear Ms. Massaro:

In accordance with the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (the "PUC") in Order No. 21011 (April 11, 2013) in Docket No. 4323, enclosed are ten (10) copies of the preliminary earnings report for the twelve-month period ended December 31, 2013 for The Narragansett Electric Company d/b/a National Grid (the "Company").

On May 30, 2014, the Company filed a request with the PUC for an extension of time until September 30, 2014 to file its earnings report for the twelve-month period ended December 31, 2013. As noted in the Company's May 30, 2014 letter, the Company is still reviewing specific accounts and financial information for calendar year 2013 following implementation of National Grid's new general ledger system and committed to provide, in the interim, a preliminary earnings report for the twelve-month period ended December 31, 2013. The enclosed preliminary earnings report will ultimately be superseded by the Company's final earnings report for the twelve-month period ended December 31, 2013, which the Company expects to file in late summer/early fall.

Thank you for your attention to this filing. If you have any questions regarding this matter, please contact me at 781-907-2153.

Very truly yours,

Celia B. O'Brien

Celia B. O'Brien

Enclosures

cc: Steve Scialabba, Division
David Effron, Division
Sharon Colby-Camara
Leo Wold, Esq.

40 Sylvan Road, Waltham, MA 02451
T: 781-907-2153 ■ celia.obrien@nationalgrid.com ■ www.nationalgrid.com

The Narragansett Electric Company
Return on Rate Base
Return on Common Equity
Twelve Months Ended December 31, 2013

Line No.		Twelve Months Ending December 31, 2013			
1		Earned 1/	Earned 2/	Allowed 3/	Ceiling 3/
2	Return on Distribution Rate Base	6.88%	7.18%	7.18%	7.18%
3					
4	Return on Distribution Common Equity	8.93%	9.54%	9.53%	9.53%
5					
6					
7		1/ Excludes Conservation & Load Management ("C&LM" aka Energy Efficiency) Incentive.			
8		2/ Includes C&LM Incentive.			
9		3/ Allowed Return and Ceiling, presented below.			
10					

Line No.			Allowed		Ceiling		
11	---------Blended rate - one month per Company/Division Settlement Agreement in Docket 4065 and eleven months per Compliance Filing in Docket 4323 ---------						
12			Allowed		Ceiling		
13			Cost	Weighted	Cost	Weighted	
14		Total	Rate	Cost	Rate	Cost	
15							
16	Long Term Debt	49.63%	4.99%	2.48%	4.99%	2.48%	
17	Short Term Debt	1.11%	0.86%	0.01%	0.86%	0.01%	
18	Preferred Stock	0.15%	4.50%	0.01%	4.50%	0.01%	
19	Common Equity	49.11%	9.53%	4.68%	9.53%	4.68%	
20		100.00%		7.18%		7.18%	4/
21							

Line No.									
22	5-Quarter Average								
23	DISTRIBUTION								
24	Rate Base								
25	as of				--------- EARNED ---------				
26	12/31/2013				Cost	Weighted			Pre-Tax
27	$545,625,197 5/			Total	Rate	Cost	Taxes		Weighted Cost
28									
29		Long Term Debt	$270,766,504	49.63%	4.99%	2.48%			2.48%
30		Short Term Debt	$6,065,533	1.11%	0.86%	0.01%			0.01%
31		Preferred Stock	$836,625	0.15%	4.50%	0.01%	0.01%		0.02%
32		Common Equity	$267,956,534	49.11%	8.93%	4.38%	2.36%	(b)	6.74%
33			$545,625,197	100.00%		6.88%	2.37%		9.25%
34									
35								(b) includes adj. for Flowthrough Items	

Line No.								
36	4/ From Page 7 Line 32							
37	5/ From Page 3 Line 29, Column (f)	PREFERRED STOCK EARNINGS, INTEREST EXPENSE,						
38		AND FEDERAL INCOME TAX						
39		CALCULATED USING IMPUTED CAPITAL STRUCTURE						
40								
41								
42								$000s
43		PREF. STOCK:	$545,625,197	X	0.01%	(c)	=	$55
44		INTEREST:	$545,625,197	X	2.49%	(d)	=	13,586
45								
46		FIT:	$545,625,197	X	2.36%	(e)	=	12,898
47		Plus: (Flowthrough Items)/65%-(Flowthrough Items)				(f)		24
48		Total Federal Income Taxes ("FIT")						$12,922
49								
50		(c) From Line 31, Column "Weighted Cost"						
51		(d) Sum of Lines 29 and 30, Column "Weighted Cost".						
52		(e) (0.01% + 4.38%) / 65% - (0.01% + 4.38%)						
53		(f) Flowthrough Items						
54		Investment Tax Credit ("ITC") Amortization						($284)
55		ITC Basis Reduction Depreciation						227
56		AFUDC Equity Depreciation						101
57								
58								$45

THE NARRAGANSETT ELECTRIC COMPANY
Return on Equity Calculation
Twelve Months Ended December 31, 2013

($000s)

Line No.		Total Company		Integrated Facilities Agreement ("IFA") Amount	Distribution Amount Per Schedules	
	A	B		C	D	
1	Revenue - Sales of Electricity	$ 388,451		$ -	$ 388,451	
2	Other Revenue	505,645		-	505,645	1/
3	Total Revenue	$ 894,096		$ -	$ 894,096	
4	Operating Expenses:					
5	Purchased Power	$ 379,745		-	379,745	
6	Transmission Wheeling	133,515		-	133,515	
7	All Other Operation & Maintenance ("O&M") expense	138,355	2/	15,383	218,527	3/
8	Company Share of Earned Savings	-		-	3,250	4/
9	Depreciation & Amortization	55,168		10,996	44,172	
10	Taxes other than Income	69,009		8,091	60,918	
11	Current and Deferred Income Taxes	55,215				7/
12	Amortization of ITC	(394)		(110)	(284)	
13	Interest on Customer Deposits	671		-	671	5/
14	Donations	566		-	566	5/
15	Total Operating Expenses	$ 831,848		$ 34,360	$ 841,078	
16	Net Operating Income	$ 62,247				
17	Distribution Operating Income Before Taxes				$ 53,017	
18	Adjustments:					
19	Service Quality ("SQ") Penalties Accrued				(168)	6/
20	C&LM Incentive				(2,510)	
21						
22	Adjusted Distribution Operating Income Before Taxes				50,340	
23	Interest Charges				13,586	7/
24	Income Taxes @ 35% (net of ITC)				12,780	8/
25	Net Income				23,973	
26	Less: Preferred Stock Requirements				55	7/
27	Earnings Available for Common				$ 23,919	
28	Average Common Equity - 5-Quarter Average				267,957	7/
29	**Rate of Return on Adjusted Average Common Equity**				8.93%	

Notes

1/ Excludes excess earnings accrual of $0 for the 12 month period.

2/ Excludes $0, for storm related expenses as incurred.

3/ Excludes IFA credit of $98,617, Membership Dues of $0 and $865 of other O&M. Includes 100% of C&LM expenses and an adjustment of $-2198 to normalize uncollectible accounts expense to actual net write-offs.

4/ Pursuant to Docket 4065 Settlement, Company share of Earned Savings equals $3250 annually, effective January 2010.

5/ Below the line items brought above the line for ratemaking.

6/ Effective Dec. 2005, SQ penalties booked below the line.

7/ Calculated using imputed capital structure and cost rates; see Page 1 at Lines 44, 43 and 32, respectively.

8/ Includes impact of flowthrough items from Page 1 at Line 58.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Distribution
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,302,311,813	$ 1,315,974,441	$ 1,325,338,640	$ 1,335,200,164	$ 1,342,524,628	$ 1,324,269,937
2							
3	Property Held for Future Use	2,484,080	2,484,080	2,484,080	2,484,080	2,484,080	2,484,080
4	Less: Contribution in Aid of Construction	102,762	102,762	102,762	102,762	102,762	102,762
5	Less: Accumulated Depreciation	574,043,179	597,084,015	606,244,088	593,161,695	613,153,995	596,737,394
6							
7	Net Plant in Service	$ 730,649,952	$ 721,271,745	$ 721,475,871	$ 744,419,788	$ 731,751,952	$ 729,913,862
8							
9	Plus:						
10	Materials and Supplies	$ 5,181,330	$ 4,960,405	$ 5,555,784	$ 4,745,364	$ 4,792,687	$ 5,047,114
11	Prepayments	-	-	-	-	-	-
12	Loss on Reacquired Debt	3,171,513	3,078,123	3,073,421	2,577,100	2,482,465	2,876,524
13	Cash Working Capital	5,851,029	4,975,475	4,975,475	4,975,475	4,975,475	5,150,586
14	Cash Working Capital - Commodity & Gross Receipts Tax	14,299,032	15,413,182	15,413,182	15,413,182	15,413,182	15,190,352
15	Unamortized Interest Rate Lock	3,918,016	3,825,584	3,733,152	3,640,720	3,548,288	3,733,152
16	Unamortized Debt Issuance Costs ($550M)	1,505,482	1,481,014	1,456,547	1,432,079	1,407,611	1,456,547
17	Unamortized Debt Issuance Costs ($250M)	1,091,154	1,082,035	1,072,917	1,063,799	1,054,681	1,072,917
18							
19	Subtotal	$ 35,017,556	$ 34,815,819	$ 35,280,478	$ 33,847,718	$ 33,674,388	$ 34,527,192
20							
21	Less:						
22	Accumulated Deferred Federal Income Taxes ("FIT")	$ 178,563,028	$ 211,459,640	$ 230,709,896	$ 206,241,541	$ 206,041,813	$ 206,603,184
23	Accumulated Deferred FIT on Loss for Reacquired Debt	1,110,030	1,077,343	1,075,697	901,985	868,863	1,006,784
24	Customer Deposits	3,328,859	3,645,716	3,793,576	3,623,221	3,966,684	3,671,611
25	Injuries and Damages Reserve - Uninsured Claims	6,342,177	9,303,202	7,633,625	7,120,228	7,272,159	7,534,278
26							
27	Subtotal	$ 189,344,093	$ 225,485,901	$ 243,212,794	$ 217,886,975	$ 218,149,519	$ 218,815,856
28							
29	Rate Base	$ 576,323,415	$ 530,601,662	$ 513,543,555	$ 560,380,531	$ 547,276,822	$ 545,625,197

Line Notes

29 Line 7 + Line 19 - Line 27

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Integrated Facilities Agreement (IFA)
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013	(f) 5-Quarter Average
1	Utility Plant in Service	$ 486,729,573	$ 541,941,771	$ 769,847,530	$ 620,104,783	$ 624,388,764	$ 608,602,484
2							
3	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903
4	Less: Contribution in Aid of Construction						
5	Less: Accumulated Depreciation	78,774,391	67,071,987	66,601,764	67,378,794	59,743,952	67,914,178
6							
7	Net Plant in Service	$ 420,487,085	$ 487,401,687	$ 715,777,669	$ 565,257,892	$ 577,176,715	$ 553,220,210
8							
9	Plus:						
10	Materials and Supplies	$ 1,616,374	$ 1,462,760	$ 1,435,886	$ 2,141,642	$ 2,166,273	$ 1,764,587
11	Prepayments	122,162	-	-	-	-	24,432
12	Loss on Reacquired Debt	1,015,626	975,654	846,993	1,254,406	1,209,233	1,060,382
13	Cash Working Capital	1,241,865	2,518,467	4,792,766	910,969	1,302,473	2,153,308
14	Unamortized Interest Rate Lock	2,424,787	2,367,582	2,310,378	2,253,173	2,195,969	2,310,378
15	Unamortized Debt Issuance Costs ($550M)	931,714	916,572	901,429	886,286	871,144	901,429
16	Unamortized Debt Issuance Costs ($250M)	675,294	669,651	664,008	658,365	652,722	664,008
17							
18	Subtotal	$ 8,027,823	$ 8,910,686	$ 10,951,460	$ 8,104,842	$ 8,397,814	$ 8,878,525
19							
20	Less:						
21	Accumulated Deferred FIT	$ 46,167,431	$ 71,569,806	$ 57,986,637	$ 91,851,163	$ 97,479,591	$ 73,010,926
22	Accumulated Deferred FIT on Loss on Reaquired Debt	355,469	341,479	296,448	439,042	423,232	371,134
23	Customer Deposits	-	-	-	-	-	-
24	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-	-
25							
26	Subtotal	$ 46,522,900	$ 71,911,285	$ 58,283,085	$ 92,290,205	$ 97,902,823	$ 73,382,059
27							
28	Rate Base	$ 381,992,008	$ 424,401,088	$ 668,446,045	$ 481,072,528	$ 487,671,706	$ 488,716,675

Line Notes

28 Line 7 + Line 18 - Line 26

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Total Distribution and IFA
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,789,041,386	$ 1,857,916,212	$ 2,095,186,170	$ 1,955,304,947	$ 1,966,913,392	$ 1,932,872,421
2							
3	Property Held for Future Use	15,015,983	15,015,983	15,015,983	15,015,983	15,015,983	15,015,983
4	Less: Contribution in Aid of Construction	102,762	102,762	102,762	102,762	102,762	102,762
5	Less: Accumulated Depreciation	652,817,570	664,156,002	672,845,852	660,540,489	672,897,947	664,651,572
6							
7	Net Plant in Service	$ 1,151,137,037	$ 1,208,673,432	$ 1,437,253,540	$ 1,309,677,680	$ 1,308,928,667	$ 1,283,134,071
8							
9	Plus:						
10	Materials and Supplies	$ 6,797,704	$ 6,423,165	$ 6,991,670	$ 6,887,006	$ 6,958,960	$ 6,811,701
11	Prepayments	122,162	-	-	-	-	24,432
12	Loss on Reacquired Debt	4,187,139	4,053,777	3,920,414	3,831,506	3,691,698	3,936,907
13							
14	Cash Working Capital	7,092,894	7,493,942	9,768,241	5,886,444	6,277,948	7,303,894
15	Cash Working Capital - Commodity	14,299,032	15,413,182	15,413,182	15,413,182	15,413,182	15,190,352
16	Unamortized Interest Rate Lock	6,342,803	6,193,166	6,043,530	5,893,893	5,744,257	6,043,530
17	Unamortized Debt Issuance Costs ($550M)	2,437,197	2,397,586	2,357,976	2,318,365	2,278,755	2,357,976
18	Unamortized Debt Issuance Costs ($250M)	1,766,448	1,751,687	1,736,925	1,722,164	1,707,402	1,736,925
19							
20	Subtotal	$ 43,045,379	$ 43,726,505	$ 46,231,938	$ 41,952,560	$ 42,072,202	$ 43,405,717
21							
22	Less:						
23	Accumulated Deferred FIT	$ 224,730,459	$ 283,029,446	$ 288,696,533	$ 298,092,704	$ 303,521,404	$ 279,614,109
24	Accumulated Deferred FIT on Loss for Reacquired Debt	1,465,499	1,418,822	1,372,145	1,341,027	1,292,094	1,377,917
25	Customer deposits	3,328,859	3,645,716	3,793,576	3,623,221	3,966,684	3,671,611
26	Injuries and Damages Reserve - Uninsured Claims	6,342,177	9,303,202	7,633,625	7,120,228	7,272,159	7,534,278
27							
28	Subtotal	$ 235,866,993	$ 297,397,186	$ 301,495,879	$ 310,177,181	$ 316,052,341	$ 292,197,916
29							
30	Rate Base	$ 958,315,423	$ 955,002,751	$ 1,181,989,599	$ 1,041,453,059	$ 1,034,948,528	$ 1,034,341,872

Line Notes

30 Line 7 + Line 20 - Line 28

THE NARRAGANSETT ELECTRIC COMPANY
Calculation of Excess Earnings for Twelve months ended December 31, 2013
($000)

Line								
1	Actual Distribution Earnings Available for Common	$23,919	(a)					
2								
3								
4	Actual Average Common Equity	$267,957	(a)					
5								
6								Customer
7	Average Annual Return			8.93%	(b)			Share
8								
9	ROE in 50%/50% Bandwith (>9.53%, <10.53%)			0.00%	*	50.00%	=	0.00%
10	ROE in 75%/25% Bandwith (>10.53%)			0.00%	*	75.00%	=	0.00%
11								
12	Total Customer ROE Sharing							0.00%
13	Actual Average Common Equity							$267,957
14								
15	Actual Annual Customer Shared Earnings							$0
16	Tax Gross-up							/ 65.00%
17								
18	Annual Customer Shared Earnings - Pre-tax							-
19								
20	Total Customer Shared Earnings for the twelve months ending December 31, 2013							$ -

Notes

(a) From Page 2 of 7

(b) Line 1 divided by Line 4 ; equals Page 2 of 7 at Line 29

The Narragansett Electric Company
Calculation of Return on Rate Base
Twelve Months Ended December 31, 2013

1		--------- Per Company/Division Settlement Agreement in Docket 4065 --------				
2			Allowed		Ceiling	
3			Cost	Weighted	Cost	Weighted
4		Total	Rate	Cost	Rate	Cost
5						
6	Long Term Debt	46.05%	5.298%	2.44%	5.298%	2.44%
7	Short Term Debt	4.98%	1.600%	0.08%	1.600%	0.08%
8	Preferred Stock	0.19%	4.500%	0.01%	4.500%	0.01%
9	Common Equity	48.78%	9.800%	4.78%	9.800%	4.78%
10		100.00%		7.31%		7.31%
11						
12		--------- Per Company/Division Settlement Agreement in Docket 4323 --------				
13			Allowed		Ceiling	
14			Cost	Weighted	Cost	Weighted
15		Ratio	Rate	Cost	Rate	Cost
16	Long Term Debt	49.95%	4.960%	2.48%	4.960%	2.48%
17	Short Term Debt	0.76%	0.790%	0.01%	0.790%	0.01%
18	Preferred Stock	0.15%	4.500%	0.01%	4.500%	0.01%
19	Common Equity	49.14%	9.500%	4.67%	9.500%	4.67%
20		100.00%		7.17%		7.17%
21						
22						
23		--------- Blended Rate 1 month Docket 4065 and 11 months Docket 4323 --------				
24			Allowed		Ceiling	
25			Cost	Weighted	Cost	Weighted
26		Total	Rate	Cost	Rate	Cost
27						
28	Long Term Debt	49.63%	4.988%	2.48%	4.988%	2.48%
29	Short Term Debt	1.11%	0.858%	0.01%	0.858%	0.01%
30	Preferred Stock	0.15%	4.500%	0.01%	4.500%	0.01%
31	Common Equity	49.11%	9.525%	4.68%	9.525%	4.68%
32		100.00%		7.18%		7.18%

Line Notes

28	Line 6 * 1/12 plus Line 16 * 11/12
29	Line 7 * 1/12 plus Line 17 * 11/12
30	Line 8 * 1/12 plus Line 18 * 11/12
31	Line 9 * 1/12 plus Line 19 * 11/12

nationalgrid

Celia B. O'Brien
Assistant General Counsel and Director

November 7, 2014

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4323 – Electric Earnings Report
Twelve Months Ended December 31, 2013

Dear Ms. Massaro:

In accordance with the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) in Order No. 21011 (April 11, 2013) in Docket No. 4323[1], enclosed are ten (10) copies of the final electric earnings report for the twelve-month period ended December 31, 2013 for The Narragansett Electric Company.[2] The enclosed final earnings report supersedes the preliminary earnings report the Company submitted to the PUC on June 20, 2014.

Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 781-907-2153.

Very truly yours,

Celia B. O'Brien

Celia B. O'Brien

Enclosures

cc: Steve Scialabba, Division
David Effron, Division
Leo Wold, Esq.

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[1] Prior earnings reports were filed in Docket 3617.
[2] The Narragansett Electric Company d/b/a National Grid (the Company).

40 Sylvan Road, Waltham, MA 02451
T: 781-907-2153 ■ celia.obrien@nationalgrid.com ■ www.nationalgrid.com

The Narragansett Electric Company
Return on Rate Base
Return on Common Equity
Twelve Months Ended December 31, 2013

Line No.		Twelve Months Ending December 31, 2013			
1		Earned 1/	Earned 2/	Allowed 3/	Ceiling 3/
2	Return on Distribution Rate Base	5.60%	5.88%	7.18%	7.18%
3					
4	Return on Distribution Common Equity	6.34%	6.90%	9.53%	9.53%
5					
6					
7		1/ Excludes Conservation & Load Management ("C&LM" aka Energy Efficiency) Incentive.			
8		2/ Includes C&LM Incentive.			
9		3/ Allowed Return and Ceiling, presented below.			
10					

11 ---------Blended rate - one month per Company/Division Settlement Agreement in Docket 4065 and eleven months per Compliance Filing in Docket 4323 ---------

Line			Allowed		Ceiling		
12			Allowed		Ceiling		
13			Cost	Weighted	Cost	Weighted	
14		Total	Rate	Cost	Rate	Cost	
15							
16	Long Term Debt	49.63%	4.99%	2.48%	4.99%	2.48%	
17	Short Term Debt	1.11%	0.86%	0.01%	0.86%	0.01%	
18	Preferred Stock	0.15%	4.50%	0.01%	4.50%	0.01%	
19	Common Equity	49.11%	9.53%	4.68%	9.53%	4.68%	
20		100.00%		7.18%		7.18%	4/

Line				--------- EARNED ---------				
21								
22	5-Quarter Average							
23	DISTRIBUTION							
24	Rate Base							
25	as of			--------- EARNED ---------				
26	12/31/2013			Cost	Weighted			Pre-Tax
27	$589,546,233	5/	Total	Rate	Cost	Taxes		Weighted Cost
28								
29	Long Term Debt	$292,562,318	49.63%	4.99%	2.48%			2.48%
30	Short Term Debt	$6,553,789	1.11%	0.86%	0.01%			0.01%
31	Preferred Stock	$903,971	0.15%	4.50%	0.01%	0.01%		0.02%
32	Common Equity	$289,526,155	49.11%	6.34%	3.11%	1.68%	(b)	4.79%
33		$589,546,233	100.00%		5.61%	1.69%		7.30%
34								

Line								
35		(b) includes adj. for Flowthrough Items						
36	4/ From Page 7 Line 32							
37	5/ From Page 3 Line 29, Column (f)	PREFERRED STOCK EARNINGS, INTEREST EXPENSE,						
38		AND FEDERAL INCOME TAX						
39		CALCULATED USING IMPUTED CAPITAL STRUCTURE						
40								
41								
42								$000s
43		PREF. STOCK:	$589,546,233	X	0.01%	(c)	=	$59
44		INTEREST:	$589,546,233	X	2.49%	(d)	=	14,680
45								
46		FIT:	$589,546,233	X	1.68%	(e)	=	9,904
47		Plus: (Flowthrough Items)/65%-(Flowthrough Items)				(f)		24
48		Total Federal Income Taxes ("FIT")						$9,928
49								
50		(c) From Line 31, Column "Weighted Cost"						
51		(d) Sum of Lines 29 and 30, Column "Weighted Cost".						
52		(e) (0.01% + 3.11%) / 65% - (0.01% + 3.11%)						
53		(f) Flowthrough Items						
54		Investment Tax Credit ("ITC") Amortization						($284)
55		ITC Basis Reduction Depreciation						227
56		AFUDC Equity Depreciation						101
57								
58								$45

THE NARRAGANSETT ELECTRIC COMPANY
Return on Equity Calculation
Twelve Months Ended December 31, 2013

($000s)

Line No.		Total Company		Integrated Facilities Agreement ("IFA") Amount	Distribution Amount Per Schedules	
	A	B		C	D	
1	Revenue - Sales of Electricity	$ 389,186		$0	$ 389,186	
2	Other Revenue	527,528		-	527,528	1/
3	Total Revenue	$ 916,714		$ -	$ 916,714	
4	Operating Expenses:					
5	Purchased Power	$ 401,598		-	401,598	
6	Transmission Wheeling	133,515		-	133,515	
7	Genl & Admin. O&M	85,931		-	85,931	
8	All Other Operation & Maintenance ("O&M") expense	55,747	2/	17,827	137,870	3/
9	Company Share of Earned Savings	-		-	3,250	4/
10	Depreciation	56,606		12,775	43,831	
11	Amort. - Loss on Reaq. Debt	734		149	585	
12	Amortization - Other	(205)		-	(205)	
13	Gross Earnings Tax	34,206		-	34,206	
14	Municipal Tax	34,818		8,046	26,772	
15	Other Non-Income taxes	2,895		45	2,850	
16	Current and Deferred Income Taxes	29,015		-		7/
17	Amortization of ITC	(394)		(110)	(284)	
18	Interest on Customer Deposits	671		-	671	5/
19	Donations	750		-	750	5/
20	Total Operating Expenses	$ 835,886		$ 38,731	$ 871,340	
21	Net Operating Income	$ 80,828				
22	Distribution Operating Income Before Taxes				$ 45,374	
23	Adjustments:					
24	Service Quality ("SQ") Penalties Accrued				-	6/
25	C&LM Incentive				(2,510)	
26						
27	Adjusted Distribution Operating Income Before Taxes				42,864	
28	Interest Charges				14,680	7/
29	Income Taxes @ 35% (net of ITC)				9,781	8/
30	Net Income				18,403	
31	Less: Preferred Stock Requirements				59	7/
32	Earnings Available for Common				$ 18,344	
33	Average Common Equity - 5-Quarter Average				289,526	7/
34	**Rate of Return on Adjusted Average Common Equity**				6.34%	

Notes

1/ Excludes excess earnings accrual of $0 for the 12 month period.

2/ Excludes $0, for storm related expenses as incurred.

3/ Excludes IFA credit of $98,617, Membership Dues of $0 and $865 of other O&M. Includes 100% of C&LM expenses and an adjustment of $2198 to normalize uncollectible accounts expense to actual net write-offs.

4/ Pursuant to Docket 4065 Settlement, Company share of Earned Savings equals $3250 annually, effective January 2010.

5/ Below the line items brought above the line for ratemaking.

6/ Effective Dec. 2005, SQ penalties booked below the line.

7/ Calculated using imputed capital structure and cost rates; see Page 1 at Lines 44, 43 and 32, respectively.

8/ Includes impact of flowthrough items from Page 1 at Line 58.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Distribution
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,302,311,813	$ 1,363,069,504	$ 1,378,196,849	$ 1,347,750,952	$ 1,340,738,444	$ 1,346,413,512
2							
3	Property Held for Future Use	2,484,080	2,484,080	2,484,327	2,484,327	2,484,327	2,484,228
4	Less: Contribution in Aid of Construction	102,762	102,762	102,762	102,762	102,762	102,762
5	Less: Accumulated Depreciation	561,869,566	571,529,130	577,633,286	577,934,052	584,406,234	574,674,454
6							
7	Net Plant in Service	$ 742,823,565	$ 793,921,693	$ 802,945,128	$ 772,198,465	$ 758,713,775	$ 774,120,525
8							
9	Plus:						
10	Materials and Supplies	$ 5,181,330	$ 4,960,405	$ 5,555,784	$ 4,745,364	$ 4,447,195	$ 4,978,016
11	Prepayments	-	735,210	-	-	-	147,042
12	Loss on Reacquired Debt	3,171,513	3,078,123	3,073,421	2,577,100	2,482,465	2,876,524
13	Cash Working Capital	5,851,029	4,975,475	4,975,475	4,975,475	4,975,475	5,150,586
14	Cash Working Capital - Commodity & Gross Receipts Tax	14,299,032	15,413,182	15,413,182	15,413,182	15,413,182	15,190,352
15	Unamortized Interest Rate Lock	3,918,016	3,825,584	3,733,152	3,640,720	3,548,288	3,733,152
16	Unamortized Debt Issuance Costs ($550M)	1,505,482	1,481,014	1,456,547	1,432,079	1,407,611	1,456,547
17	Unamortized Debt Issuance Costs ($250M)	1,091,154	1,082,035	1,072,917	1,063,799	1,054,681	1,072,917
18							
19	Subtotal	$ 35,017,556	$ 35,551,029	$ 35,280,478	$ 33,847,718	$ 33,328,897	$ 34,605,136
20							
21	Less:						
22	Accumulated Deferred Federal Income Taxes ("FIT")	$ 178,563,028	$ 211,459,640	$ 230,709,896	$ 206,241,541	$ 207,859,669	$ 206,966,755
23	Accumulated Deferred FIT on Loss for Reacquired Debt	1,110,030	1,077,343	1,075,697	901,985	868,863	1,006,784
24	Customer Deposits	3,328,859	3,645,716	3,793,576	3,623,221	3,966,684	3,671,611
25	Injuries and Damages Reserve - Uninsured Claims	6,342,177	9,303,202	7,633,625	7,120,228	7,272,159	7,534,278
26							
27	Subtotal	$ 189,344,093	$ 225,485,901	$ 243,212,794	$ 217,886,975	$ 219,967,375	$ 219,179,428
28							
29	Rate Base	$ 588,497,028	$ 603,986,821	$ 595,012,812	$ 588,159,208	$ 572,075,297	$ 589,546,233

Line Notes

29	Line 7 + Line 19 - Line 27

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Integrated Facilities Agreement (IFA)
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013	(f) 5-Quarter Average
1	Utility Plant in Service	$ 486,729,573	$ 494,854,708	$ 573,731,343	$ 607,550,748	$ 626,161,702	$ 557,805,615
2							
3	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903
4	Less: Contribution in Aid of Construction						
5	Less: Accumulated Depreciation	90,948,004	92,626,872	92,814,014	82,058,103	87,465,932	89,182,585
6							
7	Net Plant in Service	$ 408,313,472	$ 414,759,739	$ 493,449,232	$ 538,024,548	$ 551,227,673	$ 481,154,933
8							
9	Plus:						
10	Materials and Supplies	$ 1,616,374	$ 1,462,760	$ 1,435,886	$ 2,141,642	$ 2,166,273	$ 1,764,587
11	Prepayments	-	233,064	-	-	-	46,613
12	Loss on Reacquired Debt	1,015,626	975,654	846,993	1,254,406	1,209,233	1,060,382
13	Cash Working Capital	1,241,865	2,518,467	4,792,766	910,969	1,302,473	2,153,308
14	Unamortized Interest Rate Lock	2,424,787	2,367,582	2,310,378	2,253,173	2,195,969	2,310,378
15	Unamortized Debt Issuance Costs ($550M)	931,714	916,572	901,429	886,286	871,144	901,429
16	Unamortized Debt Issuance Costs ($250M)	675,294	669,651	664,008	658,365	652,722	664,008
17							
18	Subtotal	$ 7,905,661	$ 9,143,750	$ 10,951,460	$ 8,104,842	$ 8,397,814	$ 8,900,705
19							
20	Less:						
21	Accumulated Deferred FIT	$ 46,167,431	$ 71,569,806	$ 57,986,637	$ 91,851,163	$ 97,479,591	$ 73,010,926
22	Accumulated Deferred FIT on Loss on Reaquired Debt	355,469	341,479	296,448	439,042	423,232	371,134
23	Customer Deposits	-	-	-	-	-	-
24	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-	-
25							
26	Subtotal	$ 46,522,900	$ 71,911,285	$ 58,283,085	$ 92,290,205	$ 97,902,823	$ 73,382,059
27							
28	Rate Base	$ 369,696,233	$ 351,992,204	$ 446,117,608	$ 453,839,184	$ 461,722,664	$ 416,673,579

Line Notes

28 Line 7 + Line 18 - Line 26

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Total Distribution and IFA
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,789,041,386	$ 1,857,924,212	$ 1,951,928,192	$ 1,955,301,700	$ 1,966,900,146	$ 1,904,219,127
2							
3	Property Held for Future Use	15,015,983	15,015,983	15,016,230	15,016,230	15,016,230	15,016,131
4	Less: Contribution in Aid of Construction	102,762	102,762	102,762	102,762	102,762	102,762
5	Less: Accumulated Depreciation	652,817,570	664,156,002	670,447,300	659,992,155	671,872,166	663,857,039
6							
7	Net Plant in Service	$ 1,151,137,037	$ 1,208,681,432	$ 1,296,394,360	$ 1,310,223,013	$ 1,309,941,448	$ 1,255,275,458
8							
9	Plus:						
10	Materials and Supplies	$ 6,797,704	$ 6,423,165	$ 6,991,670	$ 6,887,006	$ 6,613,468	$ 6,742,603
11	Prepayments	-	968,274	-	-	-	193,655
12	Loss on Reacquired Debt	4,187,139	4,053,777	3,920,414	3,831,506	3,691,698	3,936,907
13							
14	Cash Working Capital	7,092,894	7,493,942	9,768,241	5,886,444	6,277,948	7,303,894
15	Cash Working Capital - Commodity	14,299,032	15,413,182	15,413,182	15,413,182	15,413,182	15,190,352
16	Unamortized Interest Rate Lock	6,342,803	6,193,166	6,043,530	5,893,893	5,744,257	6,043,530
17	Unamortized Debt Issuance Costs ($550M)	2,437,197	2,397,586	2,357,976	2,318,365	2,278,755	2,357,976
18	Unamortized Debt Issuance Costs ($250M)	1,766,448	1,751,687	1,736,925	1,722,164	1,707,402	1,736,925
19							
20	Subtotal	$ 42,923,217	$ 44,694,779	$ 46,231,938	$ 41,952,560	$ 41,726,710	$ 43,505,841
21							
22	Less:						
23	Accumulated Deferred FIT	$ 224,730,459	$ 283,029,446	$ 288,696,533	$ 298,092,704	$ 305,339,260	$ 279,977,680
24	Accumulated Deferred FIT on Loss for Reacquired Debt	1,465,499	1,418,822	1,372,145	1,341,027	1,292,094	1,377,917
25	Customer deposits	3,328,859	3,645,716	3,793,576	3,623,221	3,966,684	3,671,611
26	Injuries and Damages Reserve - Uninsured Claims	6,342,177	9,303,202	7,633,625	7,120,228	7,272,159	7,534,278
27							
28	Subtotal	$ 235,866,993	$ 297,397,186	$ 301,495,879	$ 310,177,181	$ 317,870,197	$ 292,561,487
29							
30	Rate Base	$ 958,193,261	$ 955,979,024	$ 1,041,130,420	$ 1,041,998,393	$ 1,033,797,961	$ 1,006,219,812

Line Notes

30 Line 7 + Line 20 - Line 28

THE NARRAGANSETT ELECTRIC COMPANY
Calculation of Excess Earnings for Twelve months ended December 31, 2013
($000)

Line								Customer Share
1	Actual Distribution Earnings Available for Common	$18,344	(a)					
2								
3								
4	Actual Average Common Equity	$289,526	(a)					
5								
6								
7	Average Annual Return			6.34%	(b)			
8								
9	ROE in 50%/50% Bandwith (>9.53%, <10.53%)			0.00%	*	50.00%	=	0.00%
10	ROE in 75%/25% Bandwith (>10.53%)			0.00%	*	75.00%	=	0.00%
11								
12	Total Customer ROE Sharing							0.00%
13	Actual Average Common Equity							$289,526
14								
15	Actual Annual Customer Shared Earnings							$0
16	Tax Gross-up							/ 65.00%
17								
18	Annual Customer Shared Earnings - Pre-tax							-
19								
20	Total Customer Shared Earnings for the twelve months ending December 31, 2013							$ -

Notes

(a) From Page 2 of 7

(b) Line 1 divided by Line 4 ; equals Page 2 of 7 at Line 29

The Narragansett Electric Company
Calculation of Return on Rate Base
Twelve Months Ended December 31, 2013

1		--------- Per Company/Division Settlement Agreement in Docket 4065 --------				
2			Allowed		Ceiling	
3			Cost	Weighted	Cost	Weighted
4		Total	Rate	Cost	Rate	Cost
5						
6	Long Term Debt	46.05%	5.298%	2.44%	5.298%	2.44%
7	Short Term Debt	4.98%	1.600%	0.08%	1.600%	0.08%
8	Preferred Stock	0.19%	4.500%	0.01%	4.500%	0.01%
9	Common Equity	48.78%	9.800%	4.78%	9.800%	4.78%
10		100.00%		7.31%		7.31%
11						
12		--------- Per Company/Division Settlement Agreement in Docket 4323 --------				
13			Allowed		Ceiling	
14			Cost	Weighted	Cost	Weighted
15		Ratio	Rate	Cost	Rate	Cost
16	Long Term Debt	49.95%	4.960%	2.48%	4.960%	2.48%
17	Short Term Debt	0.76%	0.790%	0.01%	0.790%	0.01%
18	Preferred Stock	0.15%	4.500%	0.01%	4.500%	0.01%
19	Common Equity	49.14%	9.500%	4.67%	9.500%	4.67%
20		100.00%		7.17%		7.17%
21						
22						
23		--------- Blended Rate 1 month Docket 4065 and 11 months Docket 4323 --------				
24			Allowed		Ceiling	
25			Cost	Weighted	Cost	Weighted
26		Total	Rate	Cost	Rate	Cost
27						
28	Long Term Debt	49.63%	4.988%	2.48%	4.988%	2.48%
29	Short Term Debt	1.11%	0.858%	0.01%	0.858%	0.01%
30	Preferred Stock	0.15%	4.500%	0.01%	4.500%	0.01%
31	Common Equity	49.11%	9.525%	4.68%	9.525%	4.68%
32		100.00%		7.18%		7.18%

Line Notes

28	Line 6 * 1/12 plus Line 16 * 11/12
29	Line 7 * 1/12 plus Line 17 * 11/12
30	Line 8 * 1/12 plus Line 18 * 11/12
31	Line 9 * 1/12 plus Line 19 * 11/12

nationalgrid

Jennifer Brooks Hutchinson
Senior Counsel

May 1, 2015

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4323 – Electric Earnings Report
Twelve Months Ended December 31, 2014

Dear Ms. Massaro:

In accordance with the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) in Order No. 21011 (April 11, 2013) in Docket No. 4323, enclosed are ten (10) copies of the electric earnings report for the twelve-month period ended December 31, 2014 for The Narragansett Electric Company.[1]

Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 401-784-7288.

Very truly yours,

Jennifer Brooks Hutchinson

Enclosures

cc: Steve Scialabba, Division
David Effron, Division
Leo Wold, Esq.

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[1] The Narragansett Electric Company d/b/a National Grid.

280 Melrose Street, Providence, RI 02907
T: 401-784-7288 ■ jennifer.hutchinson@nationalgrid.com ■ www.nationalgrid.com

The Narragansett Electric Company
Return on Rate Base
Return on Common Equity
Twelve Months Ended December 31, 2014

Line No.		Twelve Months Ending December 31, 2014			
1		Earned 1/	Earned 2/	Allowed 3/	Ceiling 3/
2	Return on Distribution Rate Base	5.46%	5.93%	7.17%	7.17%
3					
4	Return on Distribution Common Equity	6.05%	7.00%	9.50%	9.50%
5					
6					
7	1/ Excludes Conservation & Load Management ("C&LM" aka Energy Efficiency) Incentive.				
8	2/ Includes C&LM Incentive.				
9	3/ Allowed Return and Ceiling, presented below.				
10					
11					

Line No.			Allowed		Ceiling	
13			Cost	Weighted	Cost	Weighted
14		Total	Rate	Cost	Rate	Cost
15						
16	Long Term Debt	49.95%	4.96%	2.48%	4.96%	2.48%
17	Short Term Debt	0.76%	0.79%	0.01%	0.79%	0.01%
18	Preferred Stock	0.15%	4.50%	0.01%	4.50%	0.01%
19	Common Equity	49.14%	9.50%	4.67%	9.50%	4.67%
20		100.00%		7.17%		7.17%
21						

Line No.								
22	5-Quarter Average							
23	DISTRIBUTION							
24	Rate Base							
25	as of			--------- EARNED ---------				
26	12/31/2014			Cost	Weighted			Pre-Tax
27	$582,484,950	4/	Total	Rate	Cost	Taxes		Weighted Cost
28								
29	Long Term Debt	$290,951,232	49.95%	4.96%	2.48%			2.48%
30	Short Term Debt	$4,426,886	0.76%	0.79%	0.01%			0.01%
31	Preferred Stock	$873,727	0.15%	4.50%	0.01%	0.01%		0.02%
32	Common Equity	$286,233,104	49.14%	6.05%	2.97%	1.62%	(b)	4.59%
33		$582,484,950	100.00%		5.47%	1.63%		7.10%
34								

35 (b) includes adj. for Flowthrough Items

36

37 4/ From Page 3 Line 29, Column (f)

PREFERRED STOCK EARNINGS, INTEREST EXPENSE, AND FEDERAL INCOME TAX CALCULATED USING IMPUTED CAPITAL STRUCTURE

Line No.							
42							$000s
43	PREF. STOCK:	$582,484,950	X	0.01%	(c)	=	$58
44	INTEREST:	$582,484,950	X	2.49%	(d)	=	14,504
45							
46	FIT:	$582,484,950	X	1.60%	(e)	=	9,347
47	Plus: (Flowthrough Items)/65%-(Flowthrough Items)				(f)		125
48	Total Federal Income Taxes ("FIT")						$9,471
49							

50 (c) From Line 31, Column "Weighted Cost"

51 (d) Sum of Lines 29 and 30, Column "Weighted Cost".

52 (e) (0.01% + 2.97%) / 65% - (0.01% + 2.97%)

53 (f) Flowthrough Items

Line No.		
54	Investment Tax Credit ("ITC") Amortization	($108)
55	ITC Basis Reduction Depreciation	152
56	AFUDC Equity Depreciation	188
57		
58		$232

THE NARRAGANSETT ELECTRIC COMPANY
Return on Equity Calculation
Twelve Months Ended December 31, 2014

($000s)

Line No.	A	Total Company B		Less: Integrated Facilities Agreement ("IFA") Amount C	Other Adjustments D	Distribution Amount Per Schedules E	
1	Revenue - Sales of Electricity	$ 412,682				$ 412,682	
2	Other Revenue	587,906				$ 587,906	1/
3	Total Revenue	$ 1,000,588				$ 1,000,588	
4	Operating Expenses:						
5	Purchased Power	$ 431,945				431,945	
6	Transmission Wheeling	152,934				152,934	
7	Tranmission Wheeling - IFA Credit	(111,722)			111,722	0	
8	Uncollectable Expense	20,741			(3,913)	16,829	
9	Genl & Admin. O&M	89,338				89,338	
10	All Other Operation & Maintenance ("O&M") expense	157,611	2/	$ 20,397	(694)	136,520	
11	Company Share of Earned Savings	-			3,250	3,250	3/
12	Depreciation	60,472		$ 14,188		46,284	
13	Amort. - Loss on Reaq. Debt	613		$ 101		512	
14	Amortization - Other	-				0	
15	Gross Earnings Tax	37,581				37,581	
16	Municipal Tax	44,875		$ 12,622		32,253	
17	Other Non-Income taxes	6,286		$ -		6,286	
18	Current and Deferred Income Taxes	24,217			(24,217)	0	6/
19	Amortization of ITC	(153)		$ (44)		(108)	
20	Interest on Customer Deposits	864				864	4/
21	Donations	629				629	4/
22	Total Operating Expenses	$ 916,233		$ 47,264	$ 86,148	$ 955,116	
23	Net Operating Income	$ 84,355					
24	Distribution Operating Income Before Taxes					$ 45,472	
25	Adjustments:						
26	Service Quality ("SQ") Penalties Accrued					-	5/
27	C&LM Incentive					(4,174)	
28							
29	Adjusted Distribution Operating Income Before Taxes					41,298	
30	Interest Charges					14,504	7/
31	Income Taxes @ 35% (net of ITC)					9,421	7/
32	Net Income					17,373	
33	Less: Preferred Stock Requirements					58	6/
34	Earnings Available for Common					$ 17,315	
35	Average Common Equity - 5-Quarter Average					286,233	6/
36	**Rate of Return on Adjusted Average Common Equity**					6.05%	

Notes

1/ Excludes excess earnings accrual of $0 for the 12 month period.

2/ Excludes $0, for storm related expenses as incurred.

3/ Pursuant to Docket 4065 Settlement, Company share of Earned Savings equals $3250 annually, effective January 2010.

4/ Below the line items brought above the line for ratemaking.

5/ Effective Dec. 2005, SQ penalties booked below the line.

6/ Calculated using imputed capital structure and cost rates; see Page 1 at Lines 44, 43 and 32, respectively.

7/ Includes impact of flowthrough items from Page 1 at Line 58.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Distribution
Five Quarter Average

Line No.	Description	(a) December 2013	(b) March 2014	(c) June 2014	(d) September 2014	(e) December 2014	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,340,759,444	$ 1,369,125,296	$ 1,385,453,056	$ 1,395,994,124	$ 1,409,333,312	$ 1,380,133,046
2							
3	Property Held for Future Use	2,484,327	2,484,327	2,484,327	2,484,080	2,484,574	2,484,327
4	Less: Contribution in Aid of Construction	102,762	(10)	(10)	(10)	(10)	20,544
5	Less: Accumulated Depreciation	584,406,234	621,057,084	628,308,986	649,544,471	639,257,716	624,514,898
6							
7	Net Plant in Service	$ 758,734,775	$ 750,552,549	$ 759,628,407	$ 748,933,743	$ 772,560,180	$ 758,081,931
8							
9	Plus:						
10	Materials and Supplies	$ 5,975,389	$ 4,752,329	$ 4,712,005	$ 4,721,446	$ 5,007,926	$ 5,033,819
11	Prepayments	-	878,107	113,895	891,417	1,569,345	690,553
12	Loss on Reacquired Debt	2,482,465	2,415,515	2,386,463	2,318,755	2,285,609	2,377,762
13	Cash Working Capital	4,975,475	4,975,475	4,975,475	4,975,475	4,975,475	4,975,475
14	Cash Working Capital - Commodity & Gross Receipts Tax	15,413,182	6,829,218	6,829,218	6,829,218	6,829,218	8,546,011
15	Unamortized Interest Rate Lock	3,548,288	3,455,855	3,363,422	3,270,989	3,178,556	3,363,422
16	Unamortized Debt Issuance Costs ($550M)	1,407,611	1,285,272	1,358,675	1,334,208	1,309,740	1,339,101
17	Unamortized Debt Issuance Costs ($250M)	1,054,681	1,009,089	1,036,444	1,027,326	1,018,207	1,029,149
18							
19	Subtotal	$ 34,857,091	$ 25,600,860	$ 24,775,597	$ 25,368,833	$ 26,174,076	$ 27,355,291
20							
21	Less:						
22	Accumulated Deferred Federal Income Taxes ("FIT")	$ 206,041,813	$ 172,182,456	$ 191,043,391	$ 207,671,368	$ 181,708,778	$ 191,729,561
23	Accumulated Deferred FIT on Loss for Reacquired Debt	868,863	845,430	835,262	811,564	799,963	832,217
24	Customer Deposits	3,966,684	3,825,807	3,927,910	4,329,142	4,393,495	4,088,608
25	Injuries and Damages Reserve - Uninsured Claims	9,108,416	6,123,996	5,169,104	5,591,883	5,516,035	6,301,887
26							
27	Subtotal	$ 219,985,775	$ 182,977,690	$ 200,975,667	$ 218,403,958	$ 192,418,271	$ 202,952,272
28							
29	Rate Base	$ 573,606,091	$ 593,175,719	$ 583,428,337	$ 555,898,618	$ 606,315,984	$ 582,484,950
		$ 573,606,091	$ 593,175,719	$ 583,428,337	$ 555,898,618	$ 606,315,984	$ 582,484,950

Line Notes

29 Line 7 + Line 19 - Line 27

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Integrated Facilities Agreement (IFA)
Five Quarter Average

Line No.	Description	(a) December 2013	(b) March 2014	(c) June 2014	(d) September 2014	(e) December 2014	(f) 5-Quarter Average
1	Utility Plant in Service	$ 626,161,702	$ 623,755,555	$ 624,249,300	$ 645,742,241	$ 652,033,837	$ 634,388,527
2							
3	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903
4	Less: Contribution in Aid of Construction						
5	Less: Accumulated Depreciation	87,465,932	63,353,377	65,656,658	66,685,226	80,415,546	72,715,348
6							
7	Net Plant in Service	$ 551,227,673	$ 572,934,081	$ 571,124,545	$ 591,588,918	$ 584,150,194	$ 574,205,082
8							
9	Plus:						
10	Materials and Supplies	$ 2,166,273	$ 2,244,822	$ 2,141,916	$ 2,214,959	$ 2,320,874	$ 2,217,769
11	Prepayments	-	278,362	36,105	282,581	497,486	218,907
12	Loss on Reacquired Debt	1,209,233	1,178,371	1,120,650	1,123,661	1,092,111	1,144,805
13	Cash Working Capital	1,302,473	4,485,099	2,548,442	2,941,781	3,009,204	2,857,400
14	Unamortized Interest Rate Lock	2,195,969	2,138,764	2,081,560	2,024,356	1,967,152	2,081,560
15	Unamortized Debt Issuance Costs ($550M)	871,144	795,430	840,858	825,716	810,573	828,744
16	Unamortized Debt Issuance Costs ($250M)	652,722	624,506	641,436	635,793	630,149	636,921
17							
18	Subtotal	$ 8,397,814	$ 11,745,355	$ 9,410,967	$ 10,048,846	$ 10,327,550	$ 9,986,106
19							
20	Less:						
21	Accumulated Deferred FIT	$ 97,479,591	$ 107,009,866	$ 109,152,213	$ 110,861,942	$ 111,821,313	$ 107,264,985
22	Accumulated Deferred FIT on Loss on Reaquired Debt	423,232	412,430	392,227	393,281	382,239	400,682
23	Customer Deposits	-	-	-	-	-	-
24	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-	-
25							
26	Subtotal	$ 97,902,823	$ 107,422,295	$ 109,544,440	$ 111,255,223	$ 112,203,552	$ 107,665,667
27							
28	Rate Base	$ 461,722,664	$ 477,257,141	$ 470,991,073	$ 490,382,541	$ 482,274,192	$ 476,525,522

Line Notes

28 Line 7 + Line 18 - Line 26

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Total Distribution and IFA
Five Quarter Average

		(a)	(b)	(c)	(d)	(e)	(f)
Line		December	March	June	September	December	
No.	Description	2013	2014	2014	2014	2014	5-Quarter Average
1	Utility Plant in Service	$ 1,966,921,146	$ 1,992,880,851	$ 2,009,702,356	$ 2,041,736,365	$ 2,061,367,149	$ 2,014,521,573
2							
3	Property Held for Future Use	15,016,230	15,016,230	15,016,230	15,015,983	15,016,477	15,016,230
4	Less: Contribution in Aid of Construction	102,762	(10)	(10)	(10)	(10)	20,544
5	Less: Accumulated Depreciation	671,872,166	684,410,461	693,965,644	716,229,697	719,673,262	697,230,246
6							
7	Net Plant in Service	$ 1,309,962,448	$ 1,323,486,630	$ 1,330,752,952	$ 1,340,522,661	$ 1,356,710,374	$ 1,332,287,013
8							
9	Plus:						
10	Materials and Supplies	$ 8,141,662	$ 6,997,151	$ 6,853,921	$ 6,936,405	$ 7,328,800	$ 7,251,588
11	Prepayments	-	1,156,469	150,000	1,173,998	2,066,831	909,460
12	Loss on Reacquired Debt	3,691,698	3,593,886	3,507,113	3,442,416	3,377,720	3,522,567
13							
14	Cash Working Capital	6,277,948	9,460,574	7,523,917	7,917,256	7,984,679	7,832,875
15	Cash Working Capital - Commodity	15,413,182	6,829,218	6,829,218	6,829,218	6,829,218	8,546,011
16	Unamortized Interest Rate Lock	5,744,257	5,594,619	5,444,982	5,295,345	5,145,708	5,444,982
17	Unamortized Debt Issuance Costs ($550M)	2,278,755	2,080,702	2,199,534	2,159,923	2,120,313	2,167,845
18	Unamortized Debt Issuance Costs ($250M)	1,707,402	1,633,595	1,677,880	1,663,118	1,648,357	1,666,070
19							
20	Subtotal	$ 43,254,904	$ 37,346,215	$ 34,186,565	$ 35,417,679	$ 36,501,626	$ 37,341,398
21							
22	Less:						
23	Accumulated Deferred FIT	$ 303,521,404	$ 279,192,322	$ 300,195,603	$ 318,533,310	$ 293,530,091	$ 298,994,546
24	Accumulated Deferred FIT on Loss for Reacquired Debt	1,292,094	1,257,860	1,227,490	1,204,846	1,182,202	1,232,898
25	Customer deposits	3,966,684	3,825,807	3,927,910	4,329,142	4,393,495	4,088,608
26	Injuries and Damages Reserve - Uninsured Claims	9,108,416	6,123,996	5,169,104	5,591,883	5,516,035	6,301,887
27							
28	Subtotal	$ 317,888,598	$ 290,399,986	$ 310,520,107	$ 329,659,181	$ 304,621,823	$ 310,617,939
29							
30	Rate Base	$ 1,035,328,755	$ 1,070,432,859	$ 1,054,419,410	$ 1,046,281,159	$ 1,088,590,177	$ 1,059,010,472

Line Notes

30 Line 7 + Line 20 - Line 28

THE NARRAGANSETT ELECTRIC COMPANY
Calculation of Excess Earnings for Twelve months ended December 31, 2014
($000)

Line								
1	Actual Distribution Earnings Available for Common	$17,315	(a)					
2								
3								
4	Actual Average Common Equity	$286,233	(a)					
5								
6								Customer
7	Average Annual Return			6.05%	(b)			Share
8								
9	ROE in 50%/50% Bandwith (>9.53%, <10.53%)			0.00%	*	50.00%	=	0.00%
10	ROE in 75%/25% Bandwith (>10.53%)			0.00%	*	75.00%	=	0.00%
11								
12	Total Customer ROE Sharing							0.00%
13	Actual Average Common Equity							$286,233
14								
15	Actual Annual Customer Shared Earnings							$0
16	Tax Gross-up							/ 65.00%
17								
18	Annual Customer Shared Earnings - Pre-tax							-
19								
20	Total Customer Shared Earnings for the twelve months ending December 31, 2014							$ -

Notes

(a) From Page 2 of 6

(b) Line 1 divided by Line 4 ; equals Page 2 of 6 at Line 29

NARRAGANSETT ELECTRIC COMPANY
INTEGRATED FACILITIES AGREEMENT (IFA)
TARIFF #1
FOR THE MONTH OF: December 2014 - ACTUAL - SUMMARY

				Calendar 2014	Dec '14 Actual	Nov '14 Actual	Oct '14 Actual	Sept '14 Actual	Aug '14 Actual	JULY '14 Actual	JUL '14 Actual	JUN '14 Actual	MAY '14 ACTUAL	APR. '14 ACTUAL	MAR. '14 ACTUAL	FEB. '14 ACTUAL	JAN. '14 ACTUALS
Line #	**Description**	**Formula Reference**	**Source**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	Amount	Amount	Amount
	TRANSMISSION INVESTMENT BASE																
9	TRANSMISSION PLANT	A.1.(a)	Calcs Tab - Line 12		$ 646,451,666	$ 645,862,121	$ 642,962,849	$ 644,566,820	$ 644,196,741	626,490,316	622,434,978	622,434,978	603,943,684	621,149,793	629,566,240	629,566,240	625,544,380
10	GENERAL PLANT	A.1.(b)	Calcs Tab - Line 19		$ 1,823,901	$ 1,816,177	$ 1,815,656	$ 1,788,991	$ 1,793,756	1,792,884	1,802,771	1,802,771	1,802,702	1,828,651	1,773,795	1,773,795	1,783,437
11	PLANT HELD FOR FUTURE USE	A.1.(c)	Calcs Tab - Line 21		$ 12,531,903	$ 12,531,903	$ 12,531,903	$ 12,531,903	$ 12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903
12	CWIP	A.1.(d)	Calcs Tab - Line 12		$ 87,207,936	$ 80,450,450	$ 76,624,971	$ 65,019,285	$ 57,461,937	51,742,704	49,057,017	49,057,017	39,246,558	34,201,495	25,330,730	25,478,745	24,258,219
13	**SUB-TOTAL TRANSMISSION PLANT**		**Sum of Lines 9 - 12**		**$ 748,015,406**	**$ 740,660,651**	$ 733,935,379	$ 723,906,998	$ 715,984,336	**692,557,807**	**685,826,669**	**685,826,669**	**657,524,847**	**669,711,842**	**669,202,667**	**669,350,683**	664,117,939
15	DEPRECIATION RESERVE	A.1.(e)	Calcs Tab - Line 32		$ (68,164,233)	$ (66,994,244)	$ (66,562,892)	$ (65,678,889)	$ (65,678,889)	(66,417,507)	(65,882,489)	(65,882,489)	(64,914,928)	(64,295,148)	(61,739,270)	(61,739,270)	(60,682,905)
16	ACCUMULATED DEFERRED TAXES	A.1.(f)	Calcs Tab - Line 52		$ (111,821,313)	$ (108,489,229)	$ (109,819,929)	$ (110,861,942)	$ (111,240,713)	(107,011,731)	(109,152,213)	(109,152,213)	(107,447,172)	(104,712,644)	(107,009,866)	(99,982,463)	(99,578,274)
17	LOSS ON REACQUIRED DEBT	A.1.(g)	Calcs Tab - Line 57		$ 1,092,111	$ 1,102,929	$ 1,111,106	$ 1,123,661	$ 1,130,144	1,116,238	1,120,650	1,120,650	1,097,391	1,140,957	1,178,371	1,189,061	1,198,183
18	PREPAYMENTS	A.1.(h)	Calcs Tab - Line 62		$ 677,135	$ 182,747	$ 291,983	$ 403,016	$ 690,098	770,547	234,117	234,117	335,183	455,865	548,287	163,538	164,198
19	MATERIALS AND SUPPLIES	A.1.(i)	Calcs Tab - Line 67		$ 2,320,874	$ 2,264,134	$ 2,216,341	$ 2,214,959	$ 2,190,561	2,169,826	2,141,916	2,141,916	2,107,349	2,195,019	2,244,822	2,279,281	2,178,434
20	CASH WORKING CAPITAL	A.1.(j)	Calcs Tab - Line 87		$ 3,009,204	$ 2,016,011	$ 3,136,217	$ 2,941,781	$ 3,170,684	2,196,771	2,548,442	2,548,442	1,510,249	1,488,327	4,485,099	2,159,451	1,966,801
22	**TOTAL TRANSMISSION INVESTMENT BASE**		**Sum of Lines 13 - 20**		**$ 575,129,184**	**$ 570,743,000**	$ 564,308,205	$ 554,049,584	$ 546,246,221	**525,381,949**	**516,837,093**	**516,837,093**	**490,212,919**	**505,984,219**	**508,910,111**	**513,420,281**	509,364,377
	TRANSMISSION REVENUE REQUIREMENT																
25	RETURN AND ASSOCIATED INCOME TAXES	A	Return Tab - Line 32	$ 65,076,719	$ 5,836,580	$ 5,798,813	$ 5,735,547	$ 5,636,128	$ 5,561,799	5,363,174	5,279,360	5,279,360	5,025,017	5,173,587	5,204,170	5,250,460	5,212,084
26	DEPRECIATION EXPENSE	B	Calcs Tab - Line 96	$ 14,187,923	$ 1,187,933	$ 1,191,450	$ 1,194,123	$ 1,192,313	$ 1,192,182	1,189,672	1,144,333	1,144,333	1,191,037	1,188,797	1,181,142	1,170,217	1,164,723
27	AMORTIZATION OF LOSS ON REACQUIRED DEBT	C	Calcs Tab - Line 101	$ 101,489	$ 6,973	$ 6,997	$ 7,005	$ 7,039	$ 7,036	6,906	6,891	6,891	10,140	10,446	10,690	10,690	10,676
28	AMORTIZATION OF INVESTMENT TAX CREDITS	D	Calcs Tab - Line 106	$ (44,378)	$ (4,271)	$ (5,172)	$ (5,177)	$ (5,203)	$ (5,201)	(5,105)	(5,093)	(5,093)	(93,520)	(5,107)	88,147	(5,226)	6,552
29	MUNICIPAL TAX EXPENSE	E	Calcs Tab - Line 108	$ 12,622,114	$ 1,142,735	$ 1,173,994	$ 1,582,436	$ 1,103,534	$ 3,146,945	898,423	687,759	687,759	73,044	706,860	707,232	696,969	702,183
30	PAYROLL TAXES	F	Calcs Tab - Line 113	$ -	$ -	$ -	$ -	$ -	$ -	-	$	-	$	-	-	-	(0)
31	OPERATIONS AND MAINTENANCE EXPENSE	G	Calcs Tab - Line 115	$ 20,154,794	$ 1,984,089	$ 1,321,960	$ 2,068,764	$ 1,939,140	$ 2,091,742	1,442,467	1,676,915	1,676,915	984,786	970,171	2,968,019	1,417,587	1,289,154
32	ADMINISTRATIVE AND GENERAL EXPENSES	H	Calcs Tab - Line 117	$ 264,565	$ 22,047	$ 22,047	$ 22,047	$ 22,047	$ 22,047	22,047	22,047	22,047	22,047	22,047	22,047	22,047	22,047
33	DISTRIBUTION SURCHARGE CREDIT	I	Calcs Tab - Line 123	$ 1,089,230	$ 97,507	$ 97,507	$ 97,507	$ 97,507	$ 97,507	97,507	97,507	97,507	97,507	59,570	155,078	47,051	47,475
34	TRANSMISSION TAXES AND FEES	J	Calcs Tab - Line 125	$ -	$ -	$ -	$ -	$ -	$ -	-	$	-	$	-	-	-	-
35	BILLING ADJUSTMENTS	K	Calcs Tab - Line 129	$ 1,473,775	$ -	$ 14,064	$ (15,534)	$ -	$ (1,721,668)	1,721,668	1,721,668	1,721,668	(246,423)	-	-	-	-
36	ANNUAL TRUE UP	L	Calcs Tab - Line 134	$ (8,977,438)	$ (8,977,438)	$ -	$ -	$ -	$ -	-	$	-	$	-	-	-	-
37	**TOTAL TRANSMISSION REVENUE REQUIREMENT**		**Sum of Lines 25 - 36**		**$ 1,296,155**	**$ 9,621,661**	$ 10,686,718	$ 9,992,506	$ 10,392,389	**10,736,760**	**10,631,387**	**10,631,387**	**7,063,634**	**8,126,371**	**10,336,525**	**8,609,795**	8,454,894

Jennifer Brooks Hutchinson
Senior Counsel

May 2, 2016

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4323 – Electric Earnings Report
Twelve Months Ended December 31, 2015

Docket 4599 – 2016 Electric Retail Rates Filing
Compliance Filing

Dear Ms. Massaro:

In accordance with the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) in Order No. 21011 (April 11, 2013) in Docket No. 4323, enclosed are ten (10) copies of the electric earnings report for the twelve-month period ended December 31, 2015 (Report) for The Narragansett Electric Company.[1]

This Report also reflects the revisions to the cash working capital calculation in compliance with the PUC's decision at the March 30, 2016 Open Meeting in Docket No. 4599. The Company will also be submitting revised earnings reports for calendar year 2013 and calendar year 2014 under separate cover.

Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 401-784-7288.

Very truly yours,

Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4599 Service List
Steve Scialabba, Division
David Effron, Division
Leo Wold, Esq.

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[1] The Narragansett Electric Company d/b/a National Grid.

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

May 2, 2016
Date

National Grid – 2016 Annual Retail Rate Filing - Docket No. 4599
Service List Updated 3/18/16

Name/Address	E-mail Distribution	Phone
Jennifer Brooks Hutchinson, Esq. National Grid. 280 Melrose St. Providence, RI 02907	Jennifer.hutchinson@nationalgrid.com; Celia.obrien@nationalgrid.com; Joanne.scanlon@nationalgrid.com; Adam.crary@nationalgrid.com; Tiffany.forsyth@nationalgrid.com;	401-784-7667
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File an original & 9 copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov; Cynthia.WilsonFrias@puc.ri.gov; Alan.nault@puc.ri.gov; Todd.bianco@puc.ri.gov;	401-780-2017
Office of Energy Resources Nicholas Ucci Christopher Kearns	Nicholas.ucci@energy.ri.gov; Christopher.Kearns@energy.ri.gov;	

The Narragansett Electric Company
Return on Rate Base
Return on Common Equity
Twelve Months Ended December 31, 2015

Page 1 of 6

Line No.		Twelve Months Ending December 31, 2015			
1		Earned 1/	Earned 2/	Allowed 3/	Ceiling 3/
2	Return on Distribution Rate Base	6.56%	7.03%	7.17%	7.17%
3					
4	Return on Distribution Common Equity	8.28%	9.24%	9.50%	9.50%
5					
6					
7		1/ Excludes Conservation & Load Management ("C&LM" aka Energy Efficiency) Incentive.			
8		2/ Includes C&LM Incentive.			
9		3/ Allowed Return and Ceiling, presented below.			

Line No.			Allowed		Ceiling	
10						
11						
12			Allowed		Ceiling	
13			Cost	Weighted	Cost	Weighted
14		Total	Rate	Cost	Rate	Cost
15						
16	Long Term Debt	49.95%	4.96%	2.48%	4.96%	2.48%
17	Short Term Debt	0.76%	0.79%	0.01%	0.79%	0.01%
18	Preferred Stock	0.15%	4.50%	0.01%	4.50%	0.01%
19	Common Equity	49.14%	9.50%	4.67%	9.50%	4.67%
20		100.00%		7.17%		7.17%

Line No.								
21								
22	5-Quarter Average							
23	DISTRIBUTION							
24	Rate Base							
25	as of			--------- EARNED ---------				
26	12/31/2015			Cost	Weighted			Pre-Tax
27	$654,762,082 4/		Total	Rate	Cost	Taxes		Weighted Cost
28								
29	Long Term Debt	$327,053,660	49.95%	4.96%	2.48%			2.48%
30	Short Term Debt	$4,976,192	0.76%	0.79%	0.01%			0.01%
31	Preferred Stock	$982,143	0.15%	4.50%	0.01%	0.01%		0.02%
32	Common Equity	$321,750,087	49.14%	8.28%	4.07%	2.22%	(b)	6.29%
33		$654,762,082	100.00%		6.57%	2.23%		8.80%
34								
35							(b)	includes adj. for Flowthrough Items

Line No.								
36								
37	4/ From Page 3 Line 29, Column (f)	PREFERRED STOCK EARNINGS, INTEREST EXPENSE,						
38		AND FEDERAL INCOME TAX						
39		CALCULATED USING IMPUTED CAPITAL STRUCTURE						
40								
41								
42								$000s
43		PREF. STOCK:	$654,762,082	X	0.01%	(c)	=	$65
44		INTEREST:	$654,762,082	X	2.49%	(d)	=	16,304
45								
46		FIT:	$654,762,082	X	2.20%	(e)	=	14,385
47		Plus: (Flowthrough Items)/65%-(Flowthrough Items)				(f)		158
48		Total Federal Income Taxes ("FIT")						$14,543
49								
50		(c) From Line 31, Column "Weighted Cost"						
51		(d) Sum of Lines 29 and 30, Column "Weighted Cost".						
52		(e) (0.01% + 4.07%) / 65% - (0.01% + 4.07%)						
53		(f) Flowthrough Items						
54		Investment Tax Credit ("ITC") Amortization						($104)
55		ITC Basis Reduction Depreciation						227
56		AFUDC Equity Depreciation						171
57								
58								$293

THE NARRAGANSETT ELECTRIC COMPANY
Return on Equity Calculation
Twelve Months Ended December 31, 2015

($000s)

Line No.	A	Total Electric Business B	Less: Integrated Facilities Agreement ("IFA") Amount Billed to NEP C	Other Adjustments D	Electric Distribution Amount Per Schedules E=B-C+D	
1	Revenue - Sales of Electricity	$451,169			$451,169	
2	Other Revenue	$574,549			$574,549	1/
3	Total Revenue	$1,025,718			$1,025,718	
4	Operating Expenses:					
5	Purchased Power	$448,898			$448,898	
6	Transmission Wheeling	$160,059			$160,059	
7	Transmission Wheeling - IFA Credit	($129,495)		$129,495	$0	
8	Uncollectible Expense	$9,134		$3,973	$13,107	
9	Genl & Admin. O&M	$90,146	$1,034		$89,112	
10	All Other Operation & Maintenance ("O&M") expense	$151,854	$24,210	($1,191)	$126,453	2/
11	Company Share of Earned Savings	$0		$3,250	$3,250	3/
12	Depreciation	$62,519	$15,050	($2)	$47,467	
13	Amort. - Loss on Reaq. Debt	$529	$86	($443)	$0	
14	Amortization - Other	($2)			($2)	
15	Gross Earnings Tax	$39,052			$39,052	
16	Municipal Tax	$45,661	$14,596		$31,065	
17	Other Non-Income taxes	$6,071	($9)		$6,080	
18	Current and Deferred Income Taxes	$39,830		($39,830)	$0	6/
19	Regulatory Debits	($1,650)			($1,650)	
20	Accretion Expense	$28		($28)	$0	
21	Amortization of ITC	($155)	($51)		($104)	
22	Interest on Customer Deposits	$293			$293	4/
23	Donations	$371			$371	4/
24	Total Operating Expenses	$923,143	$54,915	$95,224	$963,452	
25	Net Operating Income	$102,575	$0			
26	Distribution Operating Income Before Taxes				$62,266	
27	Adjustments:					
28	Service Quality ("SQ") Penalties Accrued				-	5/
29	C&LM Incentive				(4,797)	
30						
31	Adjusted Distribution Operating Income Before Taxes				57,469	
32	Interest Charges				16,304	6/
33	Income Taxes @ 35% (net of ITC)				14,474	7/
34	Net Income				26,691	
35	Less: Preferred Stock Requirements				65	6/
36	Earnings Available for Common				$ 26,626	
37	Average Common Equity - 5-Quarter Average				321,750	6/
38	**Rate of Return on Adjusted Average Common Equity**				8.28%	

Notes

1/ Excludes excess earnings accrual of $0 for the 12 month period.

2/ Excludes $0, for storm related expenses as incurred and $0.731 million in sales expense.

3/ Pursuant to Docket 4065 Settlement, and as continued in the Docket 4323 settlement, Company share of Earned Savings equals $3250 annually, effective January 2010.

4/ Below the line items brought above the line for ratemaking.

5/ Effective Dec. 2005, SQ penalties booked below the line.

6/ Calculated using imputed capital structure and cost rates; see Page 1 at Lines 44, 43 and 32, respectively.

7/ Includes impact of flowthrough items from Page 1 at Line 58.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Electric Distribution
Five Quarter Average

Line No.	Description	(a) December 2014		(b) March 2015	(c) June 2015	(d) September 2015	(e) December 2015	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,409,331,247	1/	$ 1,424,240,793	$ 1,430,863,517	$ 1,444,678,707	$ 1,462,340,324	$ 1,434,290,918
2								
3	Property Held for Future Use	2,484,574		2,484,574	2,496,289	2,496,289	2,496,289	$ 2,491,603
4	Less: Contribution in Aid of Construction	(10)		-	-	-	2,756	$ 549
5	Less: Accumulated Depreciation	639,257,716		637,231,173	645,596,667	647,344,181	646,565,954	$ 643,199,138
6								
7	Net Plant in Service	$ 772,558,115		$ 789,494,194	$ 787,763,139	$ 799,830,815	$ 818,267,902	$ 793,582,833
8								
9	Plus:							
10	Materials and Supplies	$ 4,860,082	1/	$ 4,165,624	$ 3,849,156	$ 4,491,540	$ 4,898,460	$ 4,452,972
11	Prepayments	1,569,345		709,986	164,634	791,185	218,819	$ 690,794
12	Loss on Reacquired Debt	2,285,609		2,230,391	2,180,923	2,134,169	1,974,565	$ 2,161,131
13	Cash Working Capital	4,975,475		4,975,475	4,975,475	4,975,475	4,975,475	$ 4,975,475
14	Cash Working Capital - Commodity & Gross Receipts Tax	26,949,604	2/	37,385,150	37,385,150	37,385,150	37,385,150	$ 35,298,041
15	Unamortized Interest Rate Lock	3,178,556		3,086,123	2,993,690	2,901,257	2,808,824	$ 2,993,690
16	Unamortized Debt Issuance Costs ($550M)	1,309,740		1,285,272	1,260,804	1,236,336	1,211,868	$ 1,260,804
17	Unamortized Debt Issuance Costs ($250M)	1,018,207		1,009,089	999,971	990,852	981,734	$ 999,971
18								
19	Subtotal	$ 46,146,618		$ 54,847,110	$ 53,809,802	$ 54,905,965	$ 54,454,895	$ 52,832,878
20								
21	Less:							
22	Accumulated Deferred Federal Income Taxes ("FIT")	$ 181,708,778		$ 178,869,615	$ 169,922,372	$ 172,069,546	$ 174,423,672	$ 175,398,797
23	Accumulated Deferred FIT on Loss for Reacquired Debt	799,963		780,637	763,323	746,959	691,098	$ 756,396
24	Customer Deposits	8,360,179	3/	10,520,557	10,440,122	10,563,286	10,671,363	$ 10,111,101
25	Injuries and Damages Reserve - Uninsured Claims	5,516,035		5,739,742	5,452,368	5,157,668	5,070,863	$ 5,387,335
26								
27	Subtotal	$ 196,384,956		$ 195,910,551	$ 186,578,185	$ 188,537,460	$ 190,856,996	$ 191,653,629
28								
29	Rate Base	$ 622,319,778		$ 648,430,753	$ 654,994,756	$ 666,199,320	$ 681,865,802	$ 654,762,082

Line Notes

29 Line 7 + Line 19 - Line 27

Notes

1/ Revised per resubmitted calendar year 2014 FERC Form 1.
2/ Revised to reflect corrected calendar year 2014 Commodity and GRT-related cash working capital , per Docket RIPUC 4599.
3/ Revised to correct Company error in calendar year 2014 Electric earnings report as filed May 1, 2015.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Integrated Facilities Agreement (IFA)
Five Quarter Average

Line No.	Description	(a) December 2014	(b) March 2015	(c) June 2015	(d) September 2015	(e) December 2015	(f) 5-Quarter Average
1	Utility Plant in Service	$ 652,033,837	$ 670,639,790	$ 680,840,207	$ 688,119,085	$ 820,879,778	$ 702,502,539
2							
3	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	$ 12,531,903
4	Less: Contribution in Aid of Construction						
5	Less: Accumulated Depreciation	80,415,546	86,361,411	87,714,568	90,576,527	92,286,179	$ 87,470,846
6							
7	Net Plant in Service	$ 584,150,194	$ 596,810,282	$ 605,657,542	$ 610,074,461	$ 741,125,503	$ 627,563,596
8							
9	Plus:						
10	Materials and Supplies	$ 2,317,280 1/	$ 2,268,651	$ 2,165,387	$ 2,426,424	$ 2,832,221	$ 2,401,993
11	Prepayments	497,486	344,627	80,576	389,059	126,818	$ 287,713
12	Loss on Reacquired Debt	1,092,111	1,082,632	1,067,404	1,049,461	1,144,369	$ 1,087,195
13	Cash Working Capital	3,009,204	3,448,847	2,279,043	2,561,898	2,385,773	$ 2,736,953
14	Unamortized Interest Rate Lock	1,967,152	1,909,948	1,852,744	1,795,540	1,738,336	$ 1,852,744
15	Unamortized Debt Issuance Costs ($550M)	810,573	795,430	780,288	765,145	750,002	$ 780,288
16	Unamortized Debt Issuance Costs ($250M)	630,149	624,506	618,863	613,220	607,577	$ 618,863
17							
18	Subtotal	$ 10,323,955	$ 10,474,642	$ 8,844,305	$ 9,600,747	$ 9,585,095	$ 9,765,749
19							
20	Less:						
21	Accumulated Deferred FIT	$ 111,821,313	$ 115,425,537	$ 119,991,507	$ 123,485,297	$ 144,563,221	$ 123,057,375
22	Accumulated Deferred FIT on Loss on Reaquired Debt	382,239	378,921	373,591	367,311	400,529	$ 380,518
23	Customer Deposits	-	-	-	-	-	$ -
24	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-	$ -
25							
26	Subtotal	$ 112,203,552	$ 115,804,458	$ 120,365,099	$ 123,852,608	$ 144,963,750	$ 123,437,893
27							
28	Rate Base	$ 482,270,598	$ 491,480,465	$ 494,136,749	$ 495,822,600	$ 605,746,847	$ 513,891,452

Line Notes

28 Line 7 + Line 18 - Line 26

Notes

1/ Revised per resubmitted calendar year 2014 FERC Form 1.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Electric Total Distribution and IFA
Five Quarter Average

Line No.	Description	(a) December 2014	(b) March 2015	(c) June 2015	(d) September 2015	(e) December 2015	(f) 5-Quarter Average
1	Utility Plant in Service	$ 2,061,365,084 1/	$ 2,094,880,583	$ 2,111,703,724	$ 2,132,797,792	$ 2,283,220,102	$ 2,136,793,457
2							
3	Property Held for Future Use	15,016,477	15,016,477	15,028,192	15,028,192	15,028,192	$ 15,023,506
4	Less: Contribution in Aid of Construction	(10)	-	-	-	2,756	$ 549
5	Less: Accumulated Depreciation	719,673,262	723,592,584	733,311,235	737,920,708	738,852,133	$ 730,669,984
6							
7	Net Plant in Service	$ 1,356,708,309	$ 1,386,304,476	$ 1,393,420,681	$ 1,409,905,276	$ 1,559,393,405	$ 1,421,146,429
8							
9	Plus:						
10	Materials and Supplies	$ 7,177,362 1/	$ 6,434,275	$ 6,014,543	$ 6,917,965	$ 7,730,681	$ 6,854,965
11	Prepayments	2,066,831	1,054,613	245,210	1,180,244	345,636	978,507
12	Loss on Reacquired Debt	3,377,720	3,313,023	3,248,327	3,183,630	3,118,934	3,248,327
13							
14	Cash Working Capital	7,984,679	8,424,322	7,254,518	7,537,373	7,361,248	7,712,428
15	Cash Working Capital - Commodity & Gross Receipts Tax	26,949,604 2/	37,385,150	37,385,150	37,385,150	37,385,150	35,298,041
16	Unamortized Interest Rate Lock	5,145,708	4,996,071	4,846,434	4,696,797	4,547,160	4,846,434
17	Unamortized Debt Issuance Costs ($550M)	2,120,313	2,080,702	2,041,092	2,001,481	1,961,871	2,041,092
18	Unamortized Debt Issuance Costs ($250M)	1,648,357	1,633,595	1,618,834	1,604,073	1,589,311	1,618,834
19							
20	Subtotal	$ 56,470,574	$ 65,321,752	$ 62,654,107	$ 64,506,712	$ 64,039,990	$ 62,598,627
21							
22	Less:						
23	Accumulated Deferred FIT	$ 293,530,091	$ 294,295,153	$ 289,913,879	$ 295,554,843	$ 318,986,894	$ 298,456,172
24	Accumulated Deferred FIT on Loss for Reacquired Debt	1,182,202	1,159,558	1,136,914	1,114,271	1,091,627	$ 1,136,914
25	Customer deposits	8,360,179 3/	$10,520,557	$10,440,122	$10,563,286	$10,671,363	$ 10,111,101
26	Injuries and Damages Reserve - Uninsured Claims	5,516,035	$5,739,742	$5,452,368	$5,157,668	$5,070,863	$ 5,387,335
27							
28	Subtotal	$ 308,588,507	$ 311,715,010	$ 306,943,283	$ 312,390,068	$ 335,820,746	$ 315,091,523
29							
30	Rate Base	$ 1,104,590,375	$ 1,139,911,218	$ 1,149,131,505	$ 1,162,021,921	$ 1,287,612,649	$ 1,168,653,534

Line Notes

30 Line 7 + Line 20 - Line 28

Notes

1/ Revised per resubmitted calendar year 2014 FERC Form 1.

2/ Revised to reflect corrected calendar year 2014 Commodity and GRT-related cash working capital , per Docket RIPUC 4599.

3/ Revised to correct Company error in calendar year 2014 Electric earnings report as filed May 1, 2015.

THE NARRAGANSETT ELECTRIC COMPANY
Calculation of Excess Earnings for Twelve months ended December 31, 2015
($000)

Line							Customer Share
1	Actual Distribution Earnings Available for Common	$26,626 (a)					
2							
3							
4	Actual Average Common Equity	$321,750 (a)					
5							
6							
7	Average Annual Return		8.28% (b)				
8							
9	ROE in 50%/50% Bandwith (>9.53%, <10.53%)		0.00%	*	50.00%	=	0.00%
10	ROE in 75%/25% Bandwith (>10.53%)		0.00%	*	75.00%	=	0.00%
11							
12	Total Customer ROE Sharing						0.00%
13	Actual Average Common Equity						$321,750
14							
15	Actual Annual Customer Shared Earnings						$0
16	Tax Gross-up						/ 65.00%
17							
18	Annual Customer Shared Earnings - Pre-tax						-
19							
20	Total Customer Shared Earnings for the twelve months ending December 31, 2015						$ -

Notes

(a) From Page 2 of 6

(b) Line 1 divided by Line 4 ; equals Page 2 of 6 at Line 38.

William R. Richer
Director
New England Revenue Requirements

May 23, 2016

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4323 – Revised Electric Earnings Reports
Twelve Months Ended December 31, 2013
Twelve Months Ended December 31, 2014

Docket 4599 – 2016 Electric Retail Rates Filing
Compliance Filing

Dear Ms. Massaro:

In accordance with the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) in Order No. 21011 (April 11, 2013) in Docket No. 4323, enclosed are ten (10) copies of revised electric earnings reports for the twelve-month period ended December 31, 2013 and December 31, 2014 (Reports) for The Narragansett Electric Company.[1]

The Company is submitting these revised earnings reports for calendar years 2013 and 2014 in compliance with the PUC's decision in Docket No. 4599, 2016 Electric Retail Rates Filing. Specifically, the revisions sought in that docket were to revise the earnings reports to reflect an update to the Company's rate base to correct the commodity-related cash working capital allowance in rate base. In Docket No. 4599, the Company acknowledged discrepancies in the categorization of its accounts receivable balances between its electric and gas business segments that occurred after the January 2012 replacement the RI gas business customer service system. These discrepancies caused an understatement of electric accounts receivables and a resulting understatement in the customer payment lag percentage and the commodity-related cash working capital allowance in rate base. The Company calculates its commodity-related cash working capital allowance in the Electric Retail Rate Filing that it files with the PUC by February 15 of each year. The Company utilized the customer payment lag approved in the Company's last base rate case (Docket No. 4323) of 10.93 percent for purposes of approximating the revised commodity-related cash working capital allowance in rate base for the revised 2013 and 2014 earnings reports.

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[1] The Narragansett Electric Company d/b/a National Grid.

The Company is also revising its earnings reports for these years to reflect resubmissions of the Company's FERC Form 1 and quarterly FERC Form 3-Q filings, and revised Integrated Facilities Agreement (IFA) billings from the Company to its affiliated transmission service provider, New England Power Company (NEP). The Company has included the resubmitted FERC Form 1 filings for 2013 and 2014 with this compliance filing. Due to the voluminous nature of the FERC Form 1 filings for 2013 and 2014, the Company is providing these files on CD-ROM. The footnotes to the financial statements for these resubmitted FERC Form 1's begin on page 122 of those filings. Footnote #1 of the footnotes to the financial statements contains a description of the reasons for the resubmissions of these reports. The IFA billings to NEP were revised as a result of the resubmitted FERC Form 1 and quarterly Form 3-Q filings and to true up estimated IFA filings to actuals. The Company's earnings reports are based on total electric earnings and total electric rate base, which are then adjusted to remove IFA related activity and balances to arrive at electric distribution net operating income and rate base.

The Company has highlighted the applicable amounts that have been revised in each earnings report to reflect the updated cash working capital, and the resubmissions of the FERC Form 1 and quarterly FERC Form 3-Q filings. In addition, we have added a column called "Other Adjustments" on page 2 of the 2013 earnings report to improve the presentation of the data on that page consistent with the presentation used in the 2014 earnings reports and the recently filed earnings report for 2015.

The Company filed its Electric Earnings Report for the twelve months ended December 31, 2013 on November 7, 2014 and reported a return on distribution common equity of 6.34 percent. The return on distribution common equity in the attached revised Electric Earnings Report for the twelve months ended December 31, 2013 is 6.98 percent.

The Company filed its Electric Earnings Report for the twelve months ended December 31, 2014 on May 1, 2015 and reported a return on distribution common equity of 6.05 percent. The return on distribution common equity in the attached revised Electric Earnings Report for the twelve months ended December 31, 2014 is 7.52 percent.

Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 781-907-2149.

Very truly yours,

William R. Richer

William R. Richer

Enclosures
cc: Docket 4599 Service List
Steve Scialabba, Division
David Effron, Division
Leo Wold, Esq.

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.

___________________________________ May 23, 2016
Joanne M. Scanlon Date

National Grid – 2016 Annual Retail Rate Filing - Docket No. 4599
Service List Updated 3/18/16

Name/Address	E-mail Distribution	Phone
Jennifer Brooks Hutchinson, Esq. National Grid. 280 Melrose St. Providence, RI 02907	Jennifer.hutchinson@nationalgrid.com; Celia.obrien@nationalgrid.com; Joanne.scanlon@nationalgrid.com; Adam.crary@nationalgrid.com; Tiffany.forsyth@nationalgrid.com;	401-784-7667
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Richard Hahn Mary Neal Daymark Energy Advisors	rhahn@daymarkea.com; mneal@daymarkea.com;	617-778-2467
File an original & 9 copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov; Cynthia.WilsonFrias@puc.ri.gov; Alan.nault@puc.ri.gov; Todd.bianco@puc.ri.gov;	401-780-2017
Office of Energy Resources Nicholas Ucci Christopher Kearns	Nicholas.ucci@energy.ri.gov; Christopher.Kearns@energy.ri.gov;	

The Narragansett Electric Company
Return on Rate Base
Return on Common Equity
Twelve Months Ended December 31, 2013

Page 1 of 7

Line No.		Twelve Months Ending December 31, 2013			
		Earned 1/	Earned 2/	Allowed 3/	Ceiling 3/
1					
2	Return on Distribution Rate Base	5.92%	6.21%	7.18%	7.18%
3					
4	Return on Distribution Common Equity	6.98%	7.57%	9.53%	9.53%
5					
6					
7		1/ Excludes Conservation & Load Management ("C&LM" aka Energy Efficiency) Incentive.			
8		2/ Includes C&LM Incentive.			
9		3/ Allowed Return and Ceiling, presented below.			
10					

11 ---------Blended rate - one month per Company/Division Settlement Agreement in Docket 4065 and eleven months per Compliance Filing in Docket 4323 ---------

Line No.			Allowed		Ceiling		
12			Allowed		Ceiling		
13			Cost	Weighted	Cost	Weighted	
14		Total	Rate	Cost	Rate	Cost	
15							
16	Long Term Debt	49.63%	4.99%	2.48%	4.99%	2.48%	
17	Short Term Debt	1.11%	0.86%	0.01%	0.86%	0.01%	
18	Preferred Stock	0.15%	4.50%	0.01%	4.50%	0.01%	
19	Common Equity	49.11%	9.53%	4.68%	9.53%	4.68%	
20		100.00%		7.18%		7.18%	4/
21							

Line No.					--------- EARNED ---------				
22	5-Quarter Average								
23	DISTRIBUTION								
24	Rate Base								
25	as of								
26	12/31/2013				Cost	Weighted			Pre-Tax
27	$558,376,556	5/		Total	Rate	Cost	Taxes		Weighted Cost
28									
29	Long Term Debt		$277,094,366	49.63%	4.99%	2.48%			2.48%
30	Short Term Debt		$6,207,286	1.11%	0.86%	0.01%			0.01%
31	Preferred Stock		$856,177	0.15%	4.50%	0.01%	0.01%		0.02%
32	Common Equity		$274,218,727	49.11%	6.98%	3.43%	1.85%	(b)	5.28%
33			$558,376,556	100.00%		5.93%	1.86%		7.79%
34									

35 (b) includes adj. for Flowthrough Items

36 4/ From Page 7 Line 32

37 5/ From Page 3 Line 29, Column (f)

37 PREFERRED STOCK EARNINGS, INTEREST EXPENSE,
38 AND FEDERAL INCOME TAX
39 CALCULATED USING IMPUTED CAPITAL STRUCTURE

Line No.							
40							
41							
42							$000s
43	PREF. STOCK:	$558,376,556	X	0.01%	(c)	=	$56
44	INTEREST:	$558,376,556	X	2.49%	(d)	=	13,904
45							
46	FIT:	$558,376,556	X	1.85%	(e)	=	10,343
47	Plus: (Flowthrough Items)/65%-(Flowthrough Items)				(f)		30
48	Total Federal Income Taxes ("FIT")						$10,373
49							
50	(c) From Line 31, Column "Weighted Cost"						
51	(d) Sum of Lines 29 and 30, Column "Weighted Cost".						
52	(e) (0.01% + 3.43%) / 65% - (0.01% + 3.43%)						
53	(f) Flowthrough Items						
54	Investment Tax Credit ("ITC") Amortization						($272)
55	ITC Basis Reduction Depreciation						227
56	AFUDC Equity Depreciation						101
57							
58							$56

THE NARRAGANSETT ELECTRIC COMPANY
Return on Equity Calculation
Twelve Months Ended December 31, 2013

Line No.		Total Company		Integrated Facilities Agreement ("IFA") Amount	Other Adjustments	Distribution Amount Per Schedules	
		A		B	C	D=A-B+C	
1	Revenue - Sales of Electricity	$ 389,186		$0		$ 389,186	
2	Other Revenue	527,528		-		527,528	1/
3	Total Revenue	$ 916,714		$ -		$ 916,714	
4	Operating Expenses:						
5	Purchased Power	$ 401,598		-		401,598	
6	Transmission Wheeling	135,349		-		135,349	
7	Tranmission Wheeling - IFA Credit	(96,293)		-	96,293	0	
8	Genl & Admin. O&M	85,931		6,937		78,994	
9	All Other Operation & Maintenance ("O&M") expense	150,206	2/	8,631	1,299	142,874	3/
10	Company Share of Earned Savings	-		-	3,250	3,250	4/
11	Depreciation	56,606		12,930		43,676	
12	Amort. - Loss on Reaq. Debt	734		153		581	
13	Amortization - Other	(205)		-		(205)	
14	Gross Earnings Tax	34,145		-		34,145	
15	Municipal Tax	34,818		8,046		26,772	
16	Other Non-Income taxes	2,939		227		2,712	
17	Current and Deferred Income Taxes	29,015		-	(29,015)	-	7/
18	Amortization of ITC	(394)		(122)		(272)	
19	Interest on Customer Deposits	671		-		671	5/
20	Donations	750		-		750	5/
21	Total Operating Expenses	$ 835,869		$ 36,802	$ 71,827	$ 870,894	
22	Net Operating Income	$ 80,845					
23	Distribution Operating Income Before Taxes					$ 45,820	
24	Adjustments:						
25	Service Quality ("SQ") Penalties Accrued					-	6/
26	C&LM Incentive					(2,510)	
27							
28	Adjusted Distribution Operating Income Before Taxes					43,310	
29	Interest Charges					13,904	7/
30	Income Taxes @ 35% (net of ITC)					10,217	8/
31	Net Income					19,190	
32	Less: Preferred Stock Requirements					56	7/
33	Earnings Available for Common					$ 19,134	
34	Average Common Equity - 5-Quarter Average					274,219	7/
35	**Rate of Return on Adjusted Average Common Equity**					6.98%	

Notes

1/ Excludes excess earnings accrual of $0 for the 12 month period.

2/ Excludes $0, for storm related expenses as incurred.

3/ Excludes Membership Dues of $0 and $899 of other O&M. Includes 100% of C&LM expenses and an adjustment of $2198 to normalize uncollectible accounts expense to actual net write-offs.

4/ Pursuant to Docket 4065 Settlement and continued in Docket 4323 settlement, Company share of Earned Savings equals $3250 annually, effective January 2010.

5/ Below the line items brought above the line for ratemaking.

6/ Effective Dec. 2005, SQ penalties booked below the line.

7/ Calculated using imputed capital structure and cost rates; see Page 1 at Lines 44, 43 and 32, respectively.

8/ Includes impact of flowthrough items from Page 1 at Line 58.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Distribution
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013		(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,302,311,813	$ 1,364,710,278	$ 1,318,899,943	$ 1,328,664,733	$ 1,335,987,432	1/	$ 1,330,114,840
2								
3	Property Held for Future Use	2,484,080	2,484,327	2,484,327	2,484,327	2,484,327		2,484,278
4	Less: Contribution in Aid of Construction	102,762	102,762	102,762	102,762	102,762		102,762
5	Less: Accumulated Depreciation	561,869,566	584,460,523	592,797,860	602,247,216	610,174,409	1/	590,309,915
6								
7	Net Plant in Service	$ 742,823,565	$ 782,631,320	$ 728,483,648	$ 728,799,082	$ 728,194,588		$ 742,186,441
8								
9	Plus:							
10	Materials and Supplies	$ 5,181,330	$ 4,395,569	$ 4,635,109	$ 4,381,132	$ 4,441,211	1/	$ 4,606,870
11	Prepayments	-	-	-	-	-		-
12	Loss on Reacquired Debt	3,171,513	2,931,821	2,734,135	2,566,122	2,390,440	1/	2,758,806
13	Cash Working Capital	5,851,029	4,975,475	4,975,475	4,975,475	4,975,475		5,150,586
14	Cash Working Capital - Commodity & Gross Receipts Tax	17,717,512	22,795,509	22,795,509	22,795,509	22,795,509	2/	21,779,910
15	Unamortized Interest Rate Lock	3,918,016	3,825,584	3,733,152	3,640,720	3,548,288		3,733,152
16	Unamortized Debt Issuance Costs ($550M)	1,505,482	1,481,014	1,456,547	1,432,079	1,407,611		1,456,547
17	Unamortized Debt Issuance Costs ($250M)	1,091,154	1,082,035	1,072,917	1,063,799	1,054,681		1,072,917
18								
19	Subtotal	$ 38,436,036	$ 41,487,008	$ 41,402,843	$ 40,854,836	$ 40,613,215		$ 40,558,788
20								
21	Less:							
22	Accumulated Deferred Federal Income Taxes ("FIT")	$ 178,563,028	$ 233,329,371	$ 223,901,518	$ 221,834,767	$ 203,357,322	1/	$ 212,197,201
23	Accumulated Deferred FIT on Loss for Reacquired Debt	1,110,030	1,026,137	956,947	898,143	836,654	1/	965,582
24	Customer Deposits	3,328,859	3,645,716	3,793,576	3,623,221	3,966,684		3,671,611
25	Injuries and Damages Reserve - Uninsured Claims	6,342,177	9,303,202	7,633,625	7,120,228	7,272,159		7,534,278
26								
27	Subtotal	$ 189,344,093	$ 247,304,427	$ 236,285,666	$ 233,476,359	$ 215,432,819		$ 224,368,673
28								
29	Rate Base	$ 591,915,508	$ 576,813,902	$ 533,600,825	$ 536,177,559	$ 553,374,984		$ 558,376,556

Line Notes

29 Line 7 + Line 19 - Line 27

Notes:

1/ Revised per resubmitted calendar year 2013 FERC Form 1 and Form 3-Qs.

2/ Revised to reflect corrected calendar years 2012 and 2013 commodity and GRT-related cash working capital per Docket RIPUC 4599.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Integrated Facilities Agreement (IFA)
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013		(f) 5-Quarter Average
1	Utility Plant in Service	$ 486,729,573	$ 493,192,934	$ 633,015,249	$ 626,636,967	$ 630,912,714	1/	$ 574,097,487
2								
3	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903		12,531,903
4	Less: Contribution in Aid of Construction							
5	Less: Accumulated Depreciation	90,948,004	79,039,931	77,541,846	66,214,132	70,644,396	1/	76,877,662
6								
7	Net Plant in Service	$ 408,313,472	$ 426,684,906	$ 568,005,306	$ 572,954,738	$ 572,800,221		$ 509,751,729
8								
9	Plus:							
10	Materials and Supplies	$ 1,616,374	$ 1,682,105	$ 2,011,069	$ 2,160,386	$ 2,172,257	1/	$ 1,928,438
11	Prepayments	-	405,267	157,383	5,102,071	125,799	1/	1,158,104
12	Loss on Reacquired Debt	1,015,626	1,121,955	1,186,280	1,265,384	1,301,258	1/	1,178,100
13	Cash Working Capital	1,241,865	1,890,022	1,890,022	1,890,022	1,890,022	1/	1,760,391
14	Unamortized Interest Rate Lock	2,424,787	2,367,582	2,310,378	2,253,173	2,195,969		2,310,378
15	Unamortized Debt Issuance Costs ($550M)	931,714	916,572	901,429	886,286	871,144		901,429
16	Unamortized Debt Issuance Costs ($250M)	675,294	669,651	664,008	658,365	652,722		664,008
17								
18	Subtotal	$ 7,905,661	$ 9,053,155	$ 9,120,570	$ 14,215,687	$ 9,209,170		$ 9,900,849
19								
20	Less:							
21	Accumulated Deferred FIT	$ 46,167,431	$ 58,470,270	$ 61,583,621	$ 68,994,519	$ 86,511,000	1/	$ 64,345,368
22	Accumulated Deferred FIT on Loss on Reaquired Debt	355,469	392,684	415,198	442,884	455,440	1/	412,335
23	Customer Deposits	-	-	-	-	-		-
24	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-		-
25								
26	Subtotal	$ 46,522,900	$ 58,862,954	$ 61,998,819	$ 69,437,403	$ 86,966,440		$ 64,757,703
27								
28	Rate Base	$ 369,696,233	$ 376,875,106	$ 515,127,057	$ 517,733,022	$ 495,042,951		$ 454,894,874

Line Notes

28 Line 7 + Line 18 - Line 26

Note:

1/ Revised per resubmitted calendar year 2013 FERC Form 1 and Form 3-Qs.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Total Distribution and IFA
Five Quarter Average

Line No.	Description	(a) December 2012	(b) March 2013	(c) June 2013	(d) September 2013	(e) December 2013		(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,789,041,386	$ 1,857,903,212	$ 1,951,915,192	$ 1,955,301,700	$ 1,966,900,146	1/	$ 1,904,212,327
2								
3	Property Held for Future Use	15,015,983	15,016,230	15,016,230	15,016,230	15,016,230		15,016,181
4	Less: Contribution in Aid of Construction	102,762	102,762	102,762	102,762	102,762		102,762
5	Less: Accumulated Depreciation	652,817,570	663,500,454	670,339,706	668,461,348	680,818,805	1/	667,187,577
6								
7	Net Plant in Service	$ 1,151,137,037	$ 1,209,316,226	$ 1,296,488,954	$ 1,301,753,820	$ 1,300,994,809		$ 1,251,938,169
8								
9	Plus:							
10	Materials and Supplies	$ 6,797,704	$ 6,077,674	$ 6,646,178	$ 6,541,518	$ 6,613,468	1/	$ 6,535,308
11	Prepayments	-	405,267	157,383	5,102,071	125,799	1/	1,158,104
12	Loss on Reacquired Debt	4,187,139	4,053,777	3,920,414	3,831,506	3,691,698		3,936,907
13								
14	Cash Working Capital	7,092,894	6,865,497	6,865,497	6,865,497	6,865,497	1/	6,910,977
15	Cash Working Capital - Commodity & Gross Receipts Tax	17,717,512	22,795,509	22,795,509	22,795,509	22,795,509	2/	21,779,910
16	Unamortized Interest Rate Lock	6,342,803	6,193,166	6,043,530	5,893,893	5,744,257		6,043,530
17	Unamortized Debt Issuance Costs ($550M)	2,437,197	2,397,586	2,357,976	2,318,365	2,278,755		2,357,976
18	Unamortized Debt Issuance Costs ($250M)	1,766,448	1,751,687	1,736,925	1,722,164	1,707,402		1,736,925
19								
20	Subtotal	$ 46,341,697	$ 50,540,163	$ 50,523,413	$ 55,070,524	$ 49,822,386		$ 50,459,636
21								
22	Less:							
23	Accumulated Deferred FIT	$ 224,730,459	$ 291,799,641	$ 285,485,139	$ 290,829,286	$ 289,868,322	1/	$ 276,542,569
24	Accumulated Deferred FIT on Loss for Reacquired Debt	1,465,499	1,418,822	1,372,145	1,341,027	1,292,094		1,377,917
25	Customer deposits	3,328,859	3,645,716	3,793,576	3,623,221	3,966,684		3,671,611
26	Injuries and Damages Reserve - Uninsured Claims	6,342,177	9,303,202	7,633,625	7,120,228	7,272,159		7,534,278
27								
28	Subtotal	$ 235,866,993	$ 306,167,381	$ 298,284,485	$ 302,913,762	$ 302,399,259		$ 289,126,376
29								
30	Rate Base	$ 961,611,741	$ 953,689,008	$ 1,048,727,883	$ 1,053,910,582	$ 1,048,417,936		$ 1,013,271,430

Line Notes

30 Line 7 + Line 20 - Line 28

Notes:

1/ Revised per resubmitted calendar year 2013 FERC Form 1 and Form 3-Qs.

2/ Revised to reflect corrected calendar years 2012 and 2013 commodity and GRT-related cash working capital per Docket RIPUC 4599.

THE NARRAGANSETT ELECTRIC COMPANY
Calculation of Excess Earnings for Twelve months ended December 31, 2013
($000)

Line								
1	Actual Distribution Earnings Available for Common	$19,134	(a)					
2								
3								
4	Actual Average Common Equity	$274,219	(a)					
5								
6								Customer
7	Average Annual Return			6.98%	(b)			Share
8								
9	ROE in 50%/50% Bandwith (>9.53%, <10.53%)			0.00%	*	50.00%	=	0.00%
10	ROE in 75%/25% Bandwith (>10.53%)			0.00%	*	75.00%	=	0.00%
11								
12	Total Customer ROE Sharing							0.00%
13	Actual Average Common Equity							$274,219
14								
15	Actual Annual Customer Shared Earnings							$0
16	Tax Gross-up							/ 65.00%
17								
18	Annual Customer Shared Earnings - Pre-tax							-
19								
20	Total Customer Shared Earnings for the twelve months ending December 31, 2013							$ -

Notes

(a) From Page 2 of 7

(b) Line 1 divided by Line 4 ; equals Page 2 of 7 at Line 35

The Narragansett Electric Company
Calculation of Return on Rate Base
Twelve Months Ended December 31, 2013

1		--------- Per Company/Division Settlement Agreement in Docket 4065 --------				
2			Allowed		Ceiling	
3			Cost	Weighted	Cost	Weighted
4		Total	Rate	Cost	Rate	Cost
5						
6	Long Term Debt	46.05%	5.298%	2.44%	5.298%	2.44%
7	Short Term Debt	4.98%	1.600%	0.08%	1.600%	0.08%
8	Preferred Stock	0.19%	4.500%	0.01%	4.500%	0.01%
9	Common Equity	48.78%	9.800%	4.78%	9.800%	4.78%
10		100.00%		7.31%		7.31%
11						
12		--------- Per Company/Division Settlement Agreement in Docket 4323 --------				
13			Allowed		Ceiling	
14			Cost	Weighted	Cost	Weighted
15		Ratio	Rate	Cost	Rate	Cost
16	Long Term Debt	49.95%	4.960%	2.48%	4.960%	2.48%
17	Short Term Debt	0.76%	0.790%	0.01%	0.790%	0.01%
18	Preferred Stock	0.15%	4.500%	0.01%	4.500%	0.01%
19	Common Equity	49.14%	9.500%	4.67%	9.500%	4.67%
20		100.00%		7.17%		7.17%
21						
22						
23		--------- Blended Rate 1 month Docket 4065 and 11 months Docket 4323 ---------				
24			Allowed		Ceiling	
25			Cost	Weighted	Cost	Weighted
26		Total	Rate	Cost	Rate	Cost
27						
28	Long Term Debt	49.63%	4.988%	2.48%	4.988%	2.48%
29	Short Term Debt	1.11%	0.858%	0.01%	0.858%	0.01%
30	Preferred Stock	0.15%	4.500%	0.01%	4.500%	0.01%
31	Common Equity	49.11%	9.525%	4.68%	9.525%	4.68%
32		100.00%		7.18%		7.18%

Line Notes

28	Line 6 * 1/12 plus Line 16 * 11/12
29	Line 7 * 1/12 plus Line 17 * 11/12
30	Line 8 * 1/12 plus Line 18 * 11/12
31	Line 9 * 1/12 plus Line 19 * 11/12

The Narragansett Electric Company
Return on Rate Base
Return on Common Equity
Twelve Months Ended December 31, 2014

Page 1 of 6

Line No.		Twelve Months Ending December 31, 2014			
1		Earned 1/	Earned 2/	Allowed 3/	Ceiling 3/
2	Return on Distribution Rate Base	6.18%	6.67%	7.17%	7.17%
3					
4	Return on Distribution Common Equity	7.52%	8.50%	9.50%	9.50%
5					
6					
7		1/ Excludes Conservation & Load Management ("C&LM" aka Energy Efficiency) Incentive.			
8		2/ Includes C&LM Incentive.			
9		3/ Allowed Return and Ceiling, presented below.			
10					
11					

Line No.			Allowed		Ceiling	
13			Cost	Weighted	Cost	Weighted
14		Total	Rate	Cost	Rate	Cost
15						
16	Long Term Debt	49.95%	4.96%	2.48%	4.96%	2.48%
17	Short Term Debt	0.76%	0.79%	0.01%	0.79%	0.01%
18	Preferred Stock	0.15%	4.50%	0.01%	4.50%	0.01%
19	Common Equity	49.14%	9.50%	4.67%	9.50%	4.67%
20		100.00%		7.17%		7.17%
21						

Line No.								
22	5-Quarter Average							
23	DISTRIBUTION							
24	Rate Base							
25	as of			--------- EARNED ---------				
26	12/31/2014			Cost	Weighted			Pre-Tax
27	$558,965,340 4/		Total	Rate	Cost	Taxes		Weighted Cost
28								
29	Long Term Debt	$279,203,188	49.95%	4.96%	2.48%			2.48%
30	Short Term Debt	$4,248,137	0.76%	0.79%	0.01%			0.01%
31	Preferred Stock	$838,448	0.15%	4.50%	0.01%	0.01%		0.02%
32	Common Equity	$274,675,568	49.14%	7.52%	3.69%	2.01%	(b)	5.70%
33		$558,965,340	100.00%		6.19%	2.02%		8.21%
34								

Line No.		
35		(b) includes adj. for Flowthrough Items
36		
37	4/ From Page 3 Line 29, Column (f)	PREFERRED STOCK EARNINGS, INTEREST EXPENSE,
38		AND FEDERAL INCOME TAX
39		CALCULATED USING IMPUTED CAPITAL STRUCTURE
40		
41		

Line No.							
42							$000s
43	PREF. STOCK:	$558,965,340	X	0.01%	(c)	=	$56
44	INTEREST:	$558,965,340	X	2.49%	(d)	=	13,918
45							
46	FIT:	$558,965,340	X	1.99%	(e)	=	11,136
47	Plus: (Flowthrough Items)/65%-(Flowthrough Items) (f)						128
48	Total Federal Income Taxes ("FIT")						$11,264
49							
50	(c) From Line 31, Column "Weighted Cost"						
51	(d) Sum of Lines 29 and 30, Column "Weighted Cost".						
52	(e) (0.01% + 3.69%) / 65% - (0.01% + 3.69%)						
53	(f) Flowthrough Items						
54	Investment Tax Credit ("ITC") Amortization						($103)
55	ITC Basis Reduction Depreciation						152
56	AFUDC Equity Depreciation						188
57							
58							$237

THE NARRAGANSETT ELECTRIC COMPANY
Return on Equity Calculation
Twelve Months Ended December 31, 2014

($000s)

Line No.		Total Company A	Less: Integrated Facilities Agreement ("IFA") Amount Adjusted B	Other Adjustments C	Distribution Amount Per Schedules D=A-B+C	
1	Revenue - Sales of Electricity	$ 412,682			$ 412,682	
2	Other Revenue	589,641			589,641	1/
3	Total Revenue	$ 1,002,323			$ 1,002,323	
4	Operating Expenses:					
5	Purchased Power	$ 431,945			$ 431,945	
6	Transmission Wheeling	154,719			154,719	
7	Tranmission Wheeling - IFA Credit	(112,738)		112,738	-	
8	Uncollectible Expense	20,741		(3,913)	16,829	
9	Genl & Admin. O&M	89,338	12,210		77,128	
10	All Other Operation & Maintenance ("O&M") expense	157,611	11,286	(619)	145,705	2/
11	Company Share of Earned Savings	-		3,250	3,250	3/
12	Depreciation	60,472	14,532		45,941	
13	Amort. - Loss on Reaq. Debt	613	103		510	
14	Amortization - Other	-			-	
15	Gross Earnings Tax	39,383			39,383	
16	Municipal Tax	44,875	13,255		31,620	
17	Other Non-Income taxes	4,484	590		3,894	
18	Current and Deferred Income Taxes	24,400		(24,400)	-	6/
19	Amortization of ITC	(153)	(50)		(103)	
20	Interest on Customer Deposits	864			864	4/
21	Donations	629			629	4/
22	Total Operating Expenses	$ 917,184	$ 51,926	$ 87,056	$ 952,314	
23	Net Operating Income	$ 85,139				
24	Distribution Operating Income Before Taxes				$ 50,009	
25	Adjustments:					
26	Service Quality ("SQ") Penalties Accrued				-	5/
27	C&LM Incentive				(4,174)	
28						
29	Adjusted Distribution Operating Income Before Taxes				45,835	
30	Interest Charges				13,918	6/
31	Income Taxes @ 35% (net of ITC)				11,218	7/
32	Net Income				20,699	
33	Less: Preferred Stock Requirements				56	6/
34	Earnings Available for Common				$ 20,643	
35	Average Common Equity - 5-Quarter Average				274,676	6/
36	**Rate of Return on Adjusted Average Common Equity**				7.52%	

Notes

1/ Excludes excess earnings accrual of $0 for the 12 month period.

2/ Excludes $0 for storm related expenses, $5 for sales expense as incurred, and $614 for Band A through C variable pay.

3/ Pursuant to Docket 4065 Settlement, and continued in Docket 4323 settlement, Company share of Earned Savings equals $3250 annually, effective January 2010.

4/ Below the line items brought above the line for ratemaking.

5/ Effective Dec. 2005, SQ penalties booked below the line.

6/ Calculated using imputed capital structure and cost rates; see Page 1 at Lines 44, 43 and 32, respectively.

7/ Includes impact of flowthrough items from Page 1 at Line 58.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Distribution
Five Quarter Average

Line No.	Description	(a) December 2013	(b) March 2014	(c) June 2014	(d) September 2014	(e) December 2014		(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,335,987,432	$ 1,359,742,081	$ 1,371,762,740	$ 1,386,224,727	$ 1,402,789,673	1/	$ 1,371,301,331
2								
3	Property Held for Future Use	2,484,327	2,484,327	2,484,327	2,484,327	2,484,574		2,484,376
4	Less: Contribution in Aid of Construction	102,762	(10)	(10)	(10)	(10)		20,544
5	Less: Accumulated Depreciation	610,174,409	617,682,173	627,187,596	632,515,836	635,832,098	1/	624,678,422
6								
7	Net Plant in Service	$ 728,194,588	$ 744,544,245	$ 747,059,481	$ 756,193,228	$ 769,442,159		$ 749,086,740
8								
9	Plus:							
10	Materials and Supplies	$ 4,441,211	$ 4,596,298	$ 4,501,019	$ 4,562,010	$ 4,836,033	1/	$ 4,587,314
11	Prepayments	-	1,122,623	491,973	830,066	1,411,164	1/	771,165
12	Loss on Reacquired Debt	2,390,440	2,412,727	2,354,932	2,314,333	2,396,204	1/	2,373,727
13	Cash Working Capital	4,975,475	4,975,475	4,975,475	4,975,475	4,975,475		4,975,475
14	Cash Working Capital - Commodity & Gross Receipts Tax	22,795,509	29,949,604	29,949,604	29,949,604	29,949,604	2/	28,518,785
15	Unamortized Interest Rate Lock	3,548,288	3,455,855	3,363,422	3,270,989	3,178,556		3,363,422
16	Unamortized Debt Issuance Costs ($550M)	1,407,611	1,383,143	1,358,675	1,334,208	1,309,740		1,358,675
17	Unamortized Debt Issuance Costs ($250M)	1,054,681	1,045,562	1,036,444	1,027,326	1,018,207		1,036,444
18								
19	Subtotal	$ 40,613,215	$ 48,941,287	$ 48,031,545	$ 48,264,009	$ 49,074,983		$ 46,985,008
20								
21	Less:							
22	Accumulated Deferred Federal Income Taxes ("FIT")	$ 215,302,665	$ 213,713,589	$ 249,826,041	$ 253,219,067	$ 198,774,595	1/	$ 226,167,192
23	Accumulated Deferred FIT on Loss for Reacquired Debt	836,654	844,454	824,226	810,016	838,671	1/	830,804
24	Customer Deposits	3,966,684	3,825,807	3,927,910	4,329,142	8,360,179	3/	4,881,945
25	Injuries and Damages Reserve - Uninsured Claims	7,272,159	5,155,999	4,352,044	4,707,996	4,644,137		5,226,467
26								
27	Subtotal	$ 227,378,162	$ 223,539,850	$ 258,930,222	$ 263,066,222	$ 212,617,583		$ 237,106,408
28								
29	Rate Base	$ 541,429,641	$ 569,945,682	$ 536,160,804	$ 541,391,015	$ 605,899,560		$ 558,965,340

Line Notes

29 Line 7 + Line 19 - Line 27

Notes

1/ Revised per resubmitted calendar year 2013 and 2014 FERC Form 1 and Form 3-Qs.
2/ Revised to reflect corrected calendar years 2013 and 2014 Commodity and GRT-related cash working capital, per Docket RIPUC 4599.
3/ Revised to correct Company error in calendar year 2014 Electric earnings report originally filed on May 1, 2015.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Integrated Facilities Agreement (IFA)
Five Quarter Average

Line No.	Description	(a) December 2013	(b) March 2014	(c) June 2014	(d) September 2014	(e) December 2014		(f) 5-Quarter Average
1	Utility Plant in Service	$ 630,912,714	$ 647,854,847	$ 652,655,693	$ 656,389,262	$ 658,575,411	1/	$ 649,277,585
2								
3	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903		12,531,903
4	Less: Contribution in Aid of Construction							
5	Less: Accumulated Depreciation	70,644,396	76,161,121	79,344,994	81,400,652	83,841,164	1/	78,278,465
6								
7	Net Plant in Service	$ 572,800,221	$ 584,225,629	$ 585,842,602	$ 587,520,513	$ 587,266,150		$ 583,531,023
8								
9	Plus:							
10	Materials and Supplies	$ 2,172,257	$ 2,250,135	$ 2,202,182	$ 2,223,676	$ 2,341,329	1/	$ 2,237,916
11	Prepayments	125,799	549,585	240,704	404,602	683,103	1/	400,758
12	Loss on Reacquired Debt	1,301,258	1,181,159	1,152,181	1,128,083	981,516	1/	1,148,839
13	Cash Working Capital	1,890,022	2,801,494	2,801,494	2,801,494	2,801,494	1/	2,619,200
14	Unamortized Interest Rate Lock	2,195,969	2,138,764	2,081,560	2,024,356	1,967,152		2,081,560
15	Unamortized Debt Issuance Costs ($550M)	871,144	856,001	840,858	825,716	810,573		840,858
16	Unamortized Debt Issuance Costs ($250M)	652,722	647,079	641,436	635,793	630,149		641,436
17								
18	Subtotal	$ 9,209,171	$ 10,424,217	$ 9,960,416	$ 10,043,720	$ 10,215,316		$ 9,970,568
19								
20	Less:							
21	Accumulated Deferred FIT	$ 86,511,000	$ 72,595,237	$ 75,097,364	$ 78,592,577	$ 99,195,146	1/	$ 82,398,265
22	Accumulated Deferred FIT on Loss on Reaquired Debt	455,440	413,406	403,263	394,829	343,531	1/	402,094
23	Customer Deposits	-	-	-	-	-		-
24	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-		-
25								
26	Subtotal	$ 86,966,440	$ 73,008,642	$ 75,500,628	$ 78,987,406	$ 99,538,676		$ 82,800,359
27								
28	Rate Base	$ 495,042,952	$ 521,641,204	$ 520,302,390	$ 518,576,826	$ 497,942,790		$ 510,701,232

Line Notes

28 Line 7 + Line 18 - Line 26

Notes

1/ Revised per resubmitted calendar year 2013 and 2014 FERC Form 1 and Form 3-Qs.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Total Distribution and IFA
Five Quarter Average

Line No.	Description	(a) December 2013	(b) March 2014	(c) June 2014	(d) September 2014	(e) December 2014	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,966,900,146	$ 2,007,596,928	$ 2,024,418,433	$ 2,042,613,989	$ 2,061,365,084 1/	$ 2,020,578,916
2							
3	Property Held for Future Use	15,016,230	15,016,230	15,016,230	15,016,230	15,016,477	15,016,279
4	Less: Contribution in Aid of Construction	102,762	(10)	(10)	(10)	(10)	20,544
5	Less: Accumulated Depreciation	680,818,805	693,843,294	706,532,590	713,916,488	719,673,262 1/	702,956,888
6							
7	Net Plant in Service	$ 1,300,994,809	$ 1,328,769,874	$ 1,332,902,083	$ 1,343,713,741	$ 1,356,708,309	$ 1,332,617,763
8							
9	Plus:						
10	Materials and Supplies	$ 6,613,468 /1	$ 6,846,433	$ 6,703,202	$ 6,785,686	$ 7,177,362 1/	6,825,230
11	Prepayments	125,799	1,672,208	732,677	1,234,667	2,094,267 1/	1,171,924
12	Loss on Reacquired Debt	3,691,698	3,593,886	3,507,113	3,442,416	3,377,720	3,522,567
13							
14	Cash Working Capital	6,865,497	7,776,969	7,776,969	7,776,969	7,776,969 1/	7,594,675
15	Cash Working Capital - Commodity & Gross Receipts Tax	22,795,509 /2	29,949,604	29,949,604	29,949,604	29,949,604 2/	28,518,785
16	Unamortized Interest Rate Lock	5,744,257	5,594,619	5,444,982	5,295,345	5,145,708	5,444,982
17	Unamortized Debt Issuance Costs ($550M)	2,278,755	2,239,144	2,199,534	2,159,923	2,120,313	2,199,534
18	Unamortized Debt Issuance Costs ($250M)	1,707,402	1,692,641	1,677,880	1,663,118	1,648,357	1,677,880
19							
20	Subtotal	$ 49,822,386	$ 59,365,504	$ 57,991,960	$ 58,307,729	$ 59,290,299	$ 56,955,576
21							
22	Less:						
23	Accumulated Deferred FIT	$ 301,813,665	$ 286,308,825	$ 324,923,406	$ 331,811,644	$ 297,969,741 1/	$ 308,565,456
24	Accumulated Deferred FIT on Loss for Reacquired Debt	1,292,094	1,257,860	1,227,490	1,204,846	1,182,202	1,232,898
25	Customer deposits	3,966,684	3,825,807	3,927,910	4,329,142	8,360,179 3/	4,881,945
26	Injuries and Damages Reserve - Uninsured Claims	7,272,159	5,155,999	4,352,044	4,707,996	4,644,137 1/	5,226,467
27							
28	Subtotal	$ 314,344,602	$ 296,548,492	$ 334,430,849	$ 342,053,628	$ 312,156,259	$ 319,906,766
29							
30	Rate Base	$ 1,036,472,593	$ 1,091,586,886	$ 1,056,463,194	$ 1,059,967,842	$ 1,103,842,350	$ 1,069,666,573

Line Notes

30	Line 7 + Line 20 - Line 28

Notes

1/ Revised per resubmitted calendar year 2013 and 2014 FERC Form 1 and Form 3-Qs.

2/ Revised to reflect corrected calendar years 2013 and 2014 Commodity and GRT-related cash working capital, per Docket RIPUC 4599.

3/ Revised to correct Company error in calendar year 2014 Electric earnings report originally filed on May 1, 2015.

THE NARRAGANSETT ELECTRIC COMPANY
Calculation of Excess Earnings for Twelve months ended December 31, 2014
($000)

Line								
1	Actual Distribution Earnings Available for Common	$20,643	(a)					
2								
3								
4	Actual Average Common Equity	$274,676	(a)					
5								
6								Customer Share
7	Average Annual Return			7.52%	(b)			
8								
9	ROE in 50%/50% Bandwith (>9.5%, <10.5%)			0.00%	*	50.00%	=	0.00%
10	ROE in 75%/25% Bandwith (>10.5%)			0.00%	*	75.00%	=	0.00%
11								
12	Total Customer ROE Sharing							0.00%
13	Actual Average Common Equity							$274,676
14								
15	Actual Annual Customer Shared Earnings							$0
16	Tax Gross-up							/ 65.00%
17								
18	Annual Customer Shared Earnings - Pre-tax							-
19								
20	Total Customer Shared Earnings for the twelve months ending December 31, 2014							$ -

Notes

(a) From Page 2 of 6

(b) Line 1 divided by Line 4 ; equals Page 2 of 6 at Line 36

Jennifer Brooks Hutchinson
Senior Counsel

May 1, 2017

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4323 – Electric Earnings Report
Twelve Months Ended December 31, 2016

Dear Ms. Massaro:

In accordance with the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) in Order No. 21011 (April 11, 2013) in Docket No. 4323, enclosed are 10 copies of the electric earnings report for the twelve-month period ended December 31, 2016 for The Narragansett Electric Company.[1]

Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 401-784-7288.

Very truly yours,

Jennifer Brooks Hutchinson

Jennifer Brooks Hutchinson

Enclosures

cc: Steve Scialabba, Division
David Effron, Division
Leo Wold, Esq.

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[1] The Narragansett Electric Company d/b/a National Grid.

280 Melrose Street, Providence, RI 02907
T: 401-784-7288 ■ jennifer.hutchinson@nationalgrid.com ■ www.nationalgrid.com

The Narragansett Electric Company
Return on Rate Base
Return on Common Equity
Twelve Months Ended December 31, 2016

Line No.		Twelve Months Ending December 31, 2016			
1		Earned 1/	Earned 2/	Allowed 3/	Ceiling 3/
2	Return on Distribution Rate Base	5.36%	5.83%	7.17%	7.17%
3					
4	Return on Distribution Common Equity	5.84%	6.79%	9.50%	9.50%
5					
6					
7	1/ Excludes Conservation & Load Management ("C&LM" aka Energy Efficiency) Incentive.				
8	2/ Includes C&LM Incentive.				
9	3/ Allowed Return and Ceiling, presented below.				
10					
11					

Line No.			Allowed		Ceiling	
12						
13			Cost	Weighted	Cost	Weighted
14		Total	Rate	Cost	Rate	Cost
15						
16	Long Term Debt	49.95%	4.96%	2.48%	4.96%	2.48%
17	Short Term Debt	0.76%	0.79%	0.01%	0.79%	0.01%
18	Preferred Stock	0.15%	4.50%	0.01%	4.50%	0.01%
19	Common Equity	49.14%	9.50%	4.67%	9.50%	4.67%
20		100.00%		7.17%		7.17%
21						

Line No.									
22	5-Quarter Average								
23	DISTRIBUTION								
24	Rate Base								
25	as of				--------- EARNED ---------				
26	12/31/2016				Cost	Weighted			Pre-Tax
27	$681,283,839	4/		Total	Rate	Cost	Taxes		Weighted Cost
28									
29	Long Term Debt		$340,301,278	49.95%	4.96%	2.48%			2.48%
30	Short Term Debt		$5,177,757	0.76%	0.79%	0.01%			0.01%
31	Preferred Stock		$1,021,926	0.15%	4.50%	0.01%	0.01%		0.02%
32	Common Equity		$334,782,879	49.14%	5.84%	2.87%	1.64%	(b)	4.51%
33			$681,283,839	100.00%		5.37%	1.65%		7.02%
34									
35							(b) includes adj. for Flowthrough Items		
36									
37	4/ From Page 3 Line 29, Column (f)								

PREFERRED STOCK EARNINGS, INTEREST EXPENSE,
AND FEDERAL INCOME TAX
CALCULATED USING IMPUTED CAPITAL STRUCTURE

Line No.							
40							
41							
42							$000s
43	PREF. STOCK:	$681,283,839	X	0.01%	(c)	=	$68
44	INTEREST:	$681,283,839	X	2.49%	(d)	=	$16,964
45							
46	FIT:	$681,283,839	X	1.55%	(e)	=	$10,565
47	Plus: (Flowthrough Items)/65%-(Flowthrough Items) (f)						$675
48	Total Federal Income Taxes ("FIT")						$11,240
49							
50	(c) From Line 31, Column "Weighted Cost"						
51	(d) Sum of Lines 29 and 30, Column "Weighted Cost".						
52	(e) (0.01% + 2.87%) / 65% - (0.01% + 2.87%)						
53	(f) Flowthrough Items						
54	Investment Tax Credit ("ITC") Amortization						($73)
55	ITC Basis Reduction Depreciation						$227
56	AFUDC Equity Depreciation						$99
57	Unfunded Amortization						$1,000
58							
59							$1,253

THE NARRAGANSETT ELECTRIC COMPANY
Return on Equity Calculation
Twelve Months Ended December 31, 2016

($000s)

Line No.		Total Electric Business	Less: Integrated Facilities Agreement ("IFA") Amount Billed to NEP	Other Adjustments	Electric Distribution Amount Per Schedules	
	A	B	C	D	E=B-C+D	
1	Revenue - Sales of Electricity	$312,058			$312,058	
2	Other Revenue	$596,170			$596,170	1/
3	Total Revenue	$908,228			$908,228	
4	Operating Expenses:					
5	Purchased Power	$332,841			$332,841	
6	Transmission Wheeling	$164,573			$164,573	
7	Transmission Wheeling - IFA Credit	($132,564)	($132,564)		$0	
8	Uncollectible Expense	$8,245		$1,878	$10,123	
9	Genl & Admin. O&M	$106,125	$1,189		$104,936	
10	All Other Operation & Maintenance ("O&M") expense	$145,776	$25,483	($1,191)	$119,102	2/
11	Company Share of Earned Savings	$0		$3,250	$3,250	3/
12	Depreciation	$67,554	$18,764	$0	$48,790	
13	Amort. - Loss on Reaq. Debt	$485	$70	($414)	$0	
14	Amortization - Other	$60			$60	
15	Gross Earnings Tax	$36,215			$36,215	
16	Municipal Tax	$48,909	$17,339		$31,570	
17	Other Non-Income taxes	$3,561	$390		$3,171	
18	Current and Deferred Income Taxes	$26,257		($26,257)	$0	6/
19	Regulatory Debits	$0			$0	
20	Accretion Expense	($206,755)		$206,755	$0	
21	Amortization of ITC	($116)	($43)		($73)	
22	Interest on Customer Deposits	$294			$294	4/
23	Donations	$680			$680	4/
24	Total Operating Expenses	$602,141	($69,370)	$184,021	$855,532	
25						
26	Net Operating Income	$306,087				
27	Distribution Operating Income Before Taxes				$52,696	
28	Adjustments:					
29	Service Quality ("SQ") Penalties Accrued				$0	5/
30	C&LM Incentive				($4,893)	
31						
32	Adjusted Distribution Operating Income Before Taxes				$47,802	
33	Interest Charges				$16,964	6/
34	Income Taxes @ 35% (net of ITC)				$11,206	7/
35						
36	Net Income				$19,632	
37						
38	Less: Preferred Stock Requirements				$68	6/
39	Earnings Available for Common				$19,564	
40						
41	Average Common Equity - 5-Quarter Average				$334,783	6/
42						
43	**Rate of Return on Adjusted Average Common Equity**				5.84%	

Notes

1/ Excludes excess earnings accrual of $0 for the 12 month period.
2/ Excludes $0, for storm related expenses as incurred and $0.472 million in sales expense.
3/ Pursuant to Docket 4065 Settlement, and as continued in the Docket 4323 settlement, Company share of Earned Savings equals $3250 annually, effective January 2010.
4/ Below the line items brought above the line for ratemaking.
5/ Effective Dec. 2005, SQ penalties booked below the line.
6/ Calculated using imputed capital structure and cost rates; see Page 1 at Lines 44, 43 and 32, respectively.
7/ Includes impact of flowthrough items from Page 1 at Line 59.

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Electric Distribution
Five Quarter Average

Line No.	Description	(a) December 2015	(b) March 2016	(c) June 2016	(d) September 2016	(e) December 2016	(f) 5-Quarter Average
1	Utility Plant in Service	$ 1,462,340,324	$ 1,472,524,002	$ 1,483,904,318	$ 1,487,785,788	$ 1,490,507,033	$ 1,479,412,293
2							
3	Property Held for Future Use	2,496,289	2,496,405	2,496,405	2,496,405	2,496,405	$ 2,496,382
4	Less: Contribution in Aid of Construction	2,756	2,756	2,756	2,756	2,756	$ 2,756
5	Less: Accumulated Depreciation	646,565,954	647,598,502	656,628,902	656,147,751	654,105,202	$ 652,209,262
6							
7	Net Plant in Service	$ 818,267,903	$ 827,419,149	$ 829,769,065	$ 834,131,685	$ 838,895,480	$ 829,696,657
8							
9	Plus:						
10	Materials and Supplies	$ 4,898,460	$ 4,733,283	$ 5,204,452	$ 4,879,444	$ 4,525,831	$ 4,848,294
11	Prepayments	218,818	1,617,398	630,356	907,230	1,444,668	$ 963,694
12	Loss on Reacquired Debt	1,974,565	1,928,102	1,907,920	1,882,220	1,854,556	$ 1,909,472
13	Cash Working Capital	4,975,475	4,975,475	4,975,475	4,975,475	4,975,475	$ 4,975,475
14	Cash Working Capital - Commodity & Gross Receipts Tax	37,385,150	25,003,318	25,003,318	25,003,318	25,003,318	$ 27,479,684
15	Unamortized Interest Rate Lock	2,808,824	2,716,391	2,623,958	2,531,525	2,439,092	$ 2,623,958
16	Unamortized Debt Issuance Costs ($550M)	1,211,868	1,187,401	1,162,933	1,138,465	1,113,997	$ 1,162,933
17	Unamortized Debt Issuance Costs ($250M 2012)	981,734	972,616	963,498	954,379	945,261	$ 963,498
18							
19	Subtotal	$ 54,454,895	$ 43,133,983	$ 42,471,909	$ 42,272,057	$ 42,302,198	$ 44,927,008
20							
21	Less:						
22	Accumulated Deferred Federal Income Taxes ("FIT")	$ 174,423,673	$ 171,953,160	$ 178,348,805	$ 193,417,512	$ 165,941,844	$ 176,816,999
23	Accumulated Deferred FIT on Loss for Reacquired Debt	691,098	674,836	667,772	658,777	649,095	$ 668,315
24	Customer Deposits	10,671,363	10,725,612	10,276,171	10,375,796	10,276,666	$ 10,465,122
25	Injuries and Damages Reserve - Uninsured Claims	5,070,863	5,012,653	5,500,882	5,678,546	5,684,004	$ 5,389,390
26							
27	Subtotal	$ 190,856,996	$ 188,366,261	$ 194,793,630	$ 210,130,631	$ 182,551,608	$ 193,339,825
28							
29	Rate Base	$ 681,865,802	$ 682,186,871	$ 677,447,344	$ 666,273,110	$ 698,646,070	$ 681,283,839

Line Notes

29 Line 7 + Line 19 - Line 27

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Integrated Facilities Agreement (IFA)
Five Quarter Average

Line No.	Description	(a) December 2015	(b) March 2016	(c) June 2016	(d) September 2016	(e) December 2016	(f) 5-Quarter Average
1	Utility Plant in Service	$ 820,879,778	$ 831,350,682	$ 837,858,278	$ 837,980,360	$ 925,389,760	$ 850,691,772
2							
3	Property Held for Future Use	12,531,903	12,531,903	12,531,903	12,531,903	12,531,903	$ 12,531,903
4	Less: Contribution in Aid of Construction						
5	Less: Accumulated Depreciation	92,286,179	94,645,565	98,171,448	97,433,163	96,405,529	$ 95,788,377
6							
7	Net Plant in Service	$ 741,125,502	$ 749,237,020	$ 752,218,732	$ 753,079,101	$ 841,516,133	$ 767,435,298
8							
9	Plus:						
10	Materials and Supplies	$ 2,832,221	$ 2,894,581	$ 3,099,585	$ 2,868,780	$ 2,720,358	$ 2,883,105
11	Prepayments	126,818	955,015	367,547	526,333	836,202	$ 562,383
12	Loss on Reacquired Debt	1,144,369	1,138,474	1,112,467	1,091,978	1,073,453	$ 1,112,148
13	Cash Working Capital	2,385,773	3,596,368	2,870,239	3,789,549	2,681,655	$ 3,064,717
14	Unamortized Interest Rate Lock	1,738,336	1,681,132	1,623,928	1,566,724	1,509,520	$ 1,623,928
15	Unamortized Debt Issuance Costs ($550M)	750,002	734,860	719,717	704,574	689,432	$ 719,717
16	Unamortized Debt Issuance Costs ($250M 2012)	607,577	601,934	596,291	590,648	585,004	$ 596,291
17							
18	Subtotal	$ 9,585,096	$ 11,602,363	$ 10,389,774	$ 11,138,587	$ 10,095,624	$ 10,562,289
19							
20	Less:						
21	Accumulated Deferred FIT	$ 144,563,221	$ 152,843,087	$ 154,416,255	$ 156,079,291	$ 158,841,895	$ 153,348,750
22	Accumulated Deferred FIT on Loss on Reaquired Debt	400,529	398,466	389,363	382,192	375,709	$ 389,252
23	Customer Deposits	-	-	-	-	-	$ -
24	Injuries and Damages Reserve - Uninsured Claims	-	-	-	-	-	$ -
25							
26	Subtotal	$ 144,963,750	$ 153,241,553	$ 154,805,618	$ 156,461,483	$ 159,217,604	$ 153,738,002
27							
28	Rate Base	$ 605,746,848	$ 607,597,830	$ 607,802,888	$ 607,756,205	$ 692,394,153	$ 624,259,585

Line Notes

28 Line 7 + Line 18 - Line 26

THE NARRAGANSETT ELECTRIC COMPANY
Rate Base - Electric Total Distribution and IFA
Five Quarter Average

Line No.	Description	(a) December 2015	(b) March 2016	(c) June 2016	(d) September 2016	(e) December 2016	(f) 5-Quarter Average
1	Utility Plant in Service	$ 2,283,220,102	$ 2,303,874,684	$ 2,321,762,596	$ 2,325,766,148	$ 2,415,896,793	$ 2,330,104,065
2							
3	Property Held for Future Use	15,028,192	15,028,308	15,028,308	15,028,308	15,028,308	$ 15,028,285
4	Less: Contribution in Aid of Construction	2,756	2,756	2,756	2,756	2,756	$ 2,756
5	Less: Accumulated Depreciation	738,852,133	742,244,067	754,800,350	753,580,914	750,510,731	$ 747,997,639
6							
7	Net Plant in Service	$ 1,559,393,405	$ 1,576,656,169	$ 1,581,987,798	$ 1,587,210,786	$ 1,680,411,614	$ 1,597,131,954
8							
9	Plus:						
10	Materials and Supplies	$ 7,730,681	$ 7,627,864	$ 8,304,037	$ 7,748,224	$ 7,246,188	$ 7,731,399
11	Prepayments	345,636	2,572,413	997,903	1,433,564	2,280,870	1,526,077
12	Loss on Reacquired Debt	3,118,934	3,066,576	3,020,387	2,974,198	2,928,009	3,021,621
13							
14	Cash Working Capital	7,361,248	8,571,843	7,845,714	8,765,024	7,657,130	8,040,192
15	Cash Working Capital - Commodity & Gross Receipts Tax	37,385,150	25,003,318	25,003,318	25,003,318	25,003,318	27,479,684
16	Unamortized Interest Rate Lock	4,547,160	4,397,523	4,247,886	4,098,249	3,948,612	4,247,886
17	Unamortized Debt Issuance Costs ($550M)	1,961,871	1,922,260	1,882,650	1,843,039	1,803,429	1,882,650
18	Unamortized Debt Issuance Costs ($250M 2012)	1,589,311	1,574,550	1,559,788	1,545,027	1,530,266	1,559,788
19							
20	Subtotal	$ 64,039,990	$ 54,736,346	$ 52,861,683	$ 53,410,643	$ 52,397,821	$ 55,489,297
21							
22	Less:						
23	Accumulated Deferred FIT	$ 318,986,894	$ 324,796,247	$ 332,765,060	$ 349,496,803	$ 324,783,739	$ 330,165,749
24	Accumulated Deferred FIT on Loss for Reacquired Debt	1,091,627	1,073,302	1,057,135	1,040,969	1,024,803	$ 1,057,567
25	Customer deposits	10,671,363	$10,725,612	$10,276,171	$10,375,796	$10,276,666	$ 10,465,122
26	Injuries and Damages Reserve - Uninsured Claims	5,070,863	$5,012,653	$5,500,882	$5,678,546	$5,684,004	$ 5,389,390
27							
28	Subtotal	$ 335,820,746	$ 341,607,814	$ 349,599,249	$ 366,592,114	$ 341,769,212	$ 347,077,827
29							
30	Rate Base	$ 1,287,612,649	$ 1,289,784,701	$ 1,285,250,233	$ 1,274,029,315	$ 1,391,040,223	$ 1,305,543,424

Line Notes

30 Line 7 + Line 20 - Line 28

THE NARRAGANSETT ELECTRIC COMPANY
Calculation of Excess Earnings for Twelve months ended December 31, 2016
($000)

Line								
1	Actual Distribution Earnings Available for Common	$19,564	(a)					
2								
3								
4	Actual Average Common Equity	$334,783	(a)					
5								
6								Customer
7	Average Annual Return			5.84%	(b)			Share
8								
9	ROE in 50%/50% Bandwith (>9.50%, <10.50%)			0.00%	*	50.00%	=	0.00%
10	ROE in 75%/25% Bandwith (>10.50%)			0.00%	*	75.00%	=	0.00%
11								
12	Total Customer ROE Sharing							0.00%
13	Actual Average Common Equity							$334,783
14								
15	Actual Annual Customer Shared Earnings							$0
16	Tax Gross-up							/ 65.00%
17								
18	Annual Customer Shared Earnings - Pre-tax							-
19								
20	Total Customer Shared Earnings for the twelve months ending December 31, 2016							$ -

Notes

(a) From Page 2 of 6, Line 39 and Line 41.

(b) Line 1 divided by Line 4 ; equals Page 2 of 6 at Line 43.

PUC 1-13 (a) (Electric)

Request:

Please provide the following information for the Company:

(a) the most recent five-year sales volume forecasts for each of its customer classes;

Response:

Please see Attachment PUC 1-13(a), which provides the most recent five-year sales volume forecasts for each of the customer classes for Narragansett Electric.

Prepared by or under the supervision of: Joseph Gredder

Five-Year Sales Volume Forecast by Customer Class (GWh)

MONTHLY GWh (Historicals & Projections: Weather-Normal) by Rate Code

After Energy Efficiency and Solar Reductions

YEAR	MONTH	A16	A60	C06	C08	G02	G32	G62	B32	B62	X01	SL	TOTAL
2017	1	257.1	21.2	52.0	0.3	108.1	163.4	36.0	0.7	-	1.8	5.4	646.0
2017	2	244.5	20.0	47.6	0.3	103.5	157.2	34.3	1.1	-	1.9	4.4	614.8
2017	3	223.8	17.7	49.3	0.3	104.2	157.2	34.8	0.7	-	1.8	4.2	594.1
2017	4	210.2	17.0	48.6	0.4	100.9	157.6	34.5	0.8	-	2.2	4.1	576.3
2017	5	175.1	14.5	44.8	0.3	94.1	149.6	29.2	0.8	-	2.1	(3.3)	507.1
2017	6	194.7	15.4	50.3	0.7	103.3	157.4	37.4	2.2	-	1.9	8.8	572.2
2017	7	283.4	21.8	55.8	0.4	121.4	174.8	36.6	1.5	-	2.0	4.5	702.3
2017	8	322.1	23.6	58.4	0.4	126.1	184.2	40.9	1.4	-	2.2	3.4	762.7
2017	9	266.6	21.9	53.7	0.3	116.6	176.9	38.6	1.2	-	2.2	4.1	682.0
2017	10	196.0	16.1	48.6	0.3	105.5	159.9	34.8	1.1	-	2.0	4.3	568.7
2017	11	201.2	16.5	47.3	0.3	103.0	156.5	34.1	1.1	-	1.9	5.0	566.9
2017	12	226.1	18.5	48.7	0.3	105.8	160.6	35.0	1.1	-	2.0	5.1	603.1
2018	1	249.5	20.4	50.0	0.3	108.6	163.9	35.6	1.1	-	2.0	5.0	636.5
2018	2	236.8	19.3	47.8	0.3	104.0	158.1	34.5	1.1	-	1.9	4.9	608.7
2018	3	228.3	18.7	47.4	0.3	103.1	156.5	34.1	1.1	-	1.9	3.9	595.2
2018	4	203.9	16.7	46.8	0.3	101.8	154.1	33.6	1.1	-	1.9	3.5	563.6
2018	5	182.7	15.0	45.2	0.2	98.4	149.4	32.6	1.0	-	1.8	2.8	529.2
2018	6	208.9	17.2	49.1	0.2	106.5	160.1	34.7	1.1	-	2.0	2.8	582.6
2018	7	267.0	22.0	54.0	0.2	117.2	176.6	38.3	1.2	-	2.2	2.8	681.5
2018	8	289.7	23.9	55.9	0.3	121.2	182.6	39.6	1.2	-	2.2	3.3	720.0
2018	9	254.8	21.0	53.5	0.3	116.0	174.7	37.9	1.2	-	2.1	3.9	665.3
2018	10	195.6	16.1	49.3	0.3	106.8	160.1	34.6	1.1	-	2.0	4.3	570.1
2018	11	185.9	15.3	45.6	0.3	99.1	150.2	32.7	1.0	-	1.8	4.8	536.8
2018	12	225.7	18.5	49.1	0.3	106.4	159.9	34.7	1.1	-	2.0	5.0	602.7
2019	1	255.5	20.9	51.4	0.3	111.1	166.1	35.9	1.1	-	2.1	4.9	649.3
2019	2	236.4	19.3	48.2	0.3	104.5	157.7	34.3	1.1	-	1.9	4.8	608.6
2019	3	222.2	18.2	46.8	0.3	101.7	153.6	33.4	1.1	-	1.9	3.8	582.9
2019	4	195.8	16.0	45.9	0.3	99.7	150.3	32.6	1.0	-	1.8	3.4	546.9
2019	5	187.1	15.4	46.2	0.2	100.2	150.5	32.6	1.0	-	1.9	2.7	537.8
2019	6	197.0	16.2	47.6	0.2	103.1	154.7	33.5	1.1	-	1.9	2.7	558.0
2019	7	267.6	22.0	54.4	0.2	117.7	176.1	38.0	1.2	-	2.2	2.7	682.2
2019	8	299.6	24.7	57.7	0.3	124.6	185.7	40.0	1.3	-	2.3	3.2	739.4
2019	9	249.7	20.6	53.0	0.3	114.9	172.2	37.3	1.2	-	2.1	3.8	655.1
2019	10	183.3	15.1	47.8	0.3	103.7	155.0	33.5	1.1	-	1.9	4.2	545.8
2019	11	181.7	14.9	45.4	0.3	98.5	148.4	32.2	1.0	-	1.8	4.8	529.0
2019	12	227.7	18.7	49.8	0.3	107.7	160.6	34.6	1.1	-	2.0	4.9	607.5
2020	1	254.4	20.8	51.6	0.3	111.6	166.1	35.8	1.1	-	2.1	4.8	648.7
2020	2	234.9	19.2	48.3	0.3	104.8	157.5	34.1	1.1	-	1.9	4.8	607.0
2020	3	223.0	18.2	47.3	0.3	102.4	153.9	33.3	1.0	-	1.9	3.8	585.1
2020	4	204.0	16.7	47.4	0.3	102.6	153.3	33.1	1.0	-	1.9	3.3	563.6
2020	5	172.5	14.2	44.2	0.2	96.0	144.5	31.3	1.0	-	1.8	2.6	508.3
2020	6	188.7	15.5	46.5	0.2	100.8	151.0	32.7	1.0	-	1.9	2.6	541.0
2020	7	276.9	22.8	55.9	0.2	120.7	178.9	38.5	1.2	-	2.3	2.6	700.0
2020	8	280.9	23.1	55.0	0.3	118.9	177.7	38.4	1.2	-	2.2	3.1	700.7
2020	9	242.9	20.0	52.1	0.3	112.8	168.7	36.5	1.1	-	2.1	3.7	640.3
2020	10	187.8	15.4	48.7	0.3	105.3	156.3	33.6	1.1	-	2.0	4.1	554.5
2020	11	188.1	15.4	46.5	0.3	100.7	150.5	32.5	1.0	-	1.9	4.7	541.6
2020	12	227.9	18.7	50.0	0.3	108.0	160.3	34.5	1.1	-	2.0	4.9	607.7
2021	1	252.6	20.7	51.5	0.3	111.1	164.6	35.4	1.1	-	2.1	4.7	644.2
2021	2	234.4	19.2	48.4	0.3	104.7	156.6	33.8	1.1	-	1.9	4.7	605.1
2021	3	222.6	18.2	47.2	0.3	102.3	152.7	33.0	1.0	-	1.9	3.7	582.9
2021	4	204.1	16.7	47.4	0.3	102.5	152.2	32.7	1.0	-	1.9	3.2	562.2

Five-Year Sales Volume Forecast by Customer Class (GWh)

MONTHLY GWh (Historicals & Projections: Weather-Normal) by Rate Code

After Energy Efficiency and Solar Reductions

YEAR	MONTH	A16	A60	C06	C08	G02	G32	G62	B32	B62	X01	SL	TOTAL
2021	5	165.6	13.6	43.2	0.2	93.8	140.8	30.5	1.0	-	1.7	2.5	492.9
2021	6	191.2	15.7	46.9	0.2	101.5	150.8	32.5	1.0	-	1.9	2.5	544.2
2021	7	268.7	22.1	54.7	0.2	118.0	174.5	37.5	1.2	-	2.2	2.5	681.7
2021	8	289.0	23.8	56.2	0.3	121.2	179.6	38.6	1.2	-	2.3	3.0	715.1
2021	9	248.6	20.5	53.0	0.3	114.5	169.9	36.5	1.2	-	2.1	3.7	650.2
2021	10	182.5	15.0	48.0	0.3	103.7	153.5	33.0	1.0	-	1.9	4.0	543.0
2021	11	179.7	14.8	45.4	0.3	98.3	146.7	31.6	1.0	-	1.8	4.6	524.2
2021	12	224.1	18.4	49.5	0.3	107.0	158.2	34.0	1.1	-	2.0	4.8	599.3
2022	1	242.3	19.8	50.1	0.3	108.0	159.5	34.2	1.1	-	2.0	4.6	622.0
2022	2	231.1	18.9	48.0	0.3	103.8	154.2	33.2	1.0	-	1.9	4.6	597.1
2022	3	222.0	18.2	47.3	0.3	102.1	151.4	32.5	1.0	-	1.9	3.6	580.2
2022	4	203.4	16.7	47.5	0.3	102.4	150.9	32.3	1.0	-	1.9	3.2	559.5
2022	5	172.2	14.1	44.4	0.2	96.0	142.5	30.6	1.0	-	1.8	2.4	505.3
2022	6	190.1	15.6	47.0	0.2	101.4	149.7	32.1	1.0	-	1.9	2.4	541.4
2022	7	264.4	21.8	54.3	0.2	117.0	172.2	36.9	1.2	-	2.2	2.5	672.5
2022	8	288.9	23.8	56.4	0.3	121.6	179.1	38.3	1.2	-	2.3	2.9	714.8
2022	9	248.5	20.5	53.3	0.3	114.9	169.5	36.3	1.1	-	2.2	3.6	650.1
2022	10	186.5	15.3	48.9	0.3	105.5	154.8	33.1	1.0	-	2.0	3.9	551.4
2022	11	188.9	15.5	47.1	0.3	101.6	149.9	32.1	1.0	-	1.9	4.5	542.9
2022	12	221.9	18.2	49.6	0.3	106.9	157.2	33.6	1.1	-	2.0	4.7	595.5

PUC 1-13(a) (Gas)

Request:

Please provide the following information for the Company:

(a) the most recent five-year sales volume forecasts for each of its customer classes;

Response:

Please refer to Attachment PUC 1-13(a) (Gas) for the Company's five-year retail gas volume forecast for the period September 2017 - August 2022. Data for the three years 2018/19, 2019/20, and 2020/21 can also be found in Schedule TEP-5 provided with the pre-filed direct testimony of Company Witness Theodore E. Poe, Jr.

Prepared by or under the supervision of: Theodore E. Poe, Jr.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Attachment 1-13(a)(Gas)
Page 1 of 1

The Narragansett Electric Company d/b/a National Grid
Rate Year Forecasted Gas Deliveries by Rate Class in Dth (2017/18 - 2021/22)

Line Number	Description	Sep 2017 - Aug 2018	Sep 2018 - Aug 2019	Sep 2019 - Aug 2020	Sep 2020 - Aug 2021	Sep 2021 - Aug 2022
1	Residential Non-Heating	382,697	367,357	353,566	339,198	323,431
2	Residential Non-Heating Low Income	11,552	10,177	8,728	8,160	8,055
3	Residential Heating	17,498,435	17,749,681	17,958,196	18,396,455	18,440,934
4	Residential Heating Low Income	1,474,215	1,426,148	1,376,447	1,331,252	1,273,488
5	Small C&I	2,314,641	2,288,717	2,273,756	2,255,780	2,247,646
6	Small Transport	149,951	174,459	191,404	201,093	207,979
7	Medium C&I	3,117,911	3,157,942	3,217,002	3,240,044	3,264,561
8	Med Transport FT-2	1,765,353	1,834,546	1,922,869	2,012,436	2,094,352
9	Med Transport FT-1	552,760	532,197	515,257	496,567	479,705
10	Large Low Load	607,427	597,057	592,334	576,306	566,384
11	Large Low Load- Transport FT-2	1,213,074	1,223,604	1,246,388	1,268,675	1,283,672
12	Large Low Load- Transport FT-1	834,845	816,055	799,613	784,795	772,965
13	Large High Load	276,035	271,239	266,097	257,585	248,347
14	Large High Load- Transport FT-2	494,026	522,880	544,570	570,177	592,068
15	Large High Load- Transport FT-1	436,605	516,158	669,644	719,750	711,117
16	XL Low Load	45,426	42,881	42,287	42,103	41,624
17	XL Low Load-Transport FT-2	58,542	58,103	57,904	57,791	57,509
18	XL Low Load-Transport FT-1	1,156,984	1,122,150	1,119,486	1,133,019	1,146,377
19	XL High Load	76,798	76,120	75,542	75,755	74,824
20	XL High Load-Transport FT-2	541,033	544,339	546,917	547,844	544,200
21	XL High Load-Transport FT-1	6,301,418	6,340,650	6,348,231	6,325,935	6,336,004
22	**Total**	**39,309,726**	**39,672,460**	**40,126,237**	**40,640,719**	**40,715,243**
23	Residential Non-Heating	394,249	377,535	362,293	347,358	331,486
24	Residential Heating	18,972,650	19,175,829	19,334,643	19,727,706	19,714,422
25	C&I Heating	11,816,913	11,847,710	11,978,300	12,068,608	12,162,774
26	C&I Non-Heating	8,125,914	8,271,386	8,451,001	8,497,046	8,506,561
27	**Total**	**39,309,726**	**39,672,460**	**40,126,237**	**40,640,719**	**40,715,243**
28	Annual Change		362,734	453,777	514,481	74,524
29	Average Annual Change					**351,379**
30	Annual Percentage Change		0.9%	1.1%	1.3%	0.2%
31	Average Annual Percentage Change					**0.9%**

PUC 1-13(b) (Forecasts)

Request:

Please provide the following information for the Company:

(b) the most recent five-year financial forecast;

Response:

(b) Please see Attachment PUC 1-13(b) (Forecasts) for the most recent five-year financial forecast for The Narragansett Electric Company.

Prepared by or under the supervision of: Melissa Little

The Narragansett Electric Company - Electric
Income Statement (GAAP)

FYE March 31st	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**
Net Margin	$306.9	$330.9	$354.1	$363.6	$373.6
Net Revenue	$306.9	$330.9	$354.1	$363.6	$373.6
Operating Expenses					
Direct Opex	($44.6)	($45.2)	($46.4)	($47.8)	($48.8)
Indirect Opex	($51.2)	($52.2)	($53.3)	($54.3)	($55.4)
Bad Debt (Commodity)	($8.3)	($8.3)	($8.4)	($8.4)	($8.5)
Bad Debt (Non-Commodity)	($5.5)	($5.6)	($5.6)	($5.6)	($5.6)
Pension & OPEB	($14.9)	($11.1)	($11.2)	($7.6)	($6.2)
Other Controllable	($20.2)	($20.9)	($21.7)	($22.4)	($23.2)
Environmental	$0.0	$0.0	$0.0	$0.0	$0.0
Storm Costs	($11.1)	($11.2)	($11.3)	($11.4)	($11.6)
Other Non-Controllable	($22.4)	($23.9)	($24.0)	($25.2)	($26.4)
Property Taxes	($34.6)	($37.3)	($40.5)	($44.6)	($46.7)
Total Operating Expenses	($212.8)	($215.8)	($222.3)	($227.5)	($232.3)
EBITDA	**$94.0**	**$115.1**	**$131.8**	**$136.1**	**$141.3**
Depreciation (Book)	($50.9)	($50.8)	($56.1)	($59.2)	($61.5)
Depreciation Deferral	$0.0	$0.0	$0.0	$0.0	$0.0
Amortization of Environmental Reg Asse	($3.1)	($3.1)	($3.1)	($3.1)	($3.1)
Amortization of Other Regulatory Assets	$0.0	$0.0	$0.0	$0.0	$0.0
Amortization of Regulatory Liabilities	$0.0	$0.0	$0.0	$0.0	$0.0
EBIT (Operating Profit)	**$40.0**	**$61.3**	**$72.5**	**$73.9**	**$76.7**
Net Interest	($18.3)	($18.9)	($19.0)	($18.6)	($19.0)
PBT (Profit Before Taxes)	**$21.8**	**$42.4**	**$53.6**	**$55.3**	**$57.7**
Current Taxes	$0.0	$0.0	($0.5)	($0.8)	($0.9)
Deferred Taxes	($7.6)	($14.8)	($18.2)	($18.6)	($19.3)
Income Tax Expense	($7.6)	($14.8)	($18.8)	($19.4)	($20.2)
Net Income	**$14.2**	**$27.6**	**$34.8**	**$35.9**	**$37.5**

PUC 1-13(c) (Forecasts)

Request:

Please provide the following information for the Company:

(c) the most recent project financings for the next five years.

Response:

This response assumes that the question is requesting information regarding the most recent projected financings for the next five years. The Company is in the process of requesting approval from the Rhode Island Division of Public Utilities and Carriers of its request for $925 million of long-term financing. The Company plans to issue at least $250 million of long-term debt in 2018. The remainder may be issued over the following four years to repay the Company's maturing debt, finance its capital needs, align its capital structure, and accomplish other general corporate purposes.

Prepared by or under the supervision of: Melissa Little

PUC 1-14

Request:

Please provide the debt and equity rating history for the fiscal years 2015 through 2017 for National Grid and its affiliates.

Response:

Please refer to Attachment PUC 1-14, which provides the credit ratings from Moody's and Standard & Poor's for National Grid USA and its affiliates for Fiscal Years 2015 through 2017. The corporate entities listed on the attachment are:

- National Grid USA (NGUSA)
- The Narragansett Electric Company (NECO)
- Massachusetts Electric Company (MECO)
- Nantucket Electric Company (NANT)
- Niagara Mohawk Power Corporation (NMPC)
- Boston Gas Company (BOS)
- Colonial Gas Company (COL)
- KeySpan Gas East Corporation (KEDLI)
- The Brooklyn Union Gas Company (KEDNY)

Prepared by or under the supervision of: Josh Nowak

National Grid USA and Affiliates
Corporate Credit Ratings at Fiscal Year End

	MOODY'S			STANDARD & POOR'S		
Entities	**2015**	**2016**	**2017[1]**	**2015**	**2016**	**2017**
NGUSA[2]	Baa1	Baa1	Baa1	A-	A-	A-
NECO	A3	A3	A3	A-	A-	A-
MECO	A3	A3	A3	A-	A-	A-
NANT	---	---	---	---	---	---
NMPC	A2	A2	A2	A-	A-	A-
BOS	A3	A3	A3	A-	A-	A-
COL	A3	A3	A3	A-	A-	A-
KEDLI	A2	A2	A2	A-	A-	A-
KEDNY	A2	A2	A2	A-	A-	A-

[1] As of November 30, 2017

[2] NGUSA is the only listed entity that has a split Issuer and Senior Unsecured rating for S&P of A-/BBB+

PUC 1-15

Request:

Please provide the following items for the Company for each of the most recent five calendar years (2012-2016):

(a) the plant in service by account and the additions, retirements, transfers, and adjustments to each of those accounts;
(b) the year-end construction work in progress balances; and
(c) the land and rights-of-way by account

Response:

Please refer to Attachment PUC 1-15-1 for the information requested in part (b) for Narragansett Electric and Narragansett Gas for the calendar years 2012 through 2016.

Please refer to Attachment PUC 1-15-2 for the information requested in parts (a) and (c) for Narragansett Electric for the calendar years 2012 through 2016.

Please refer to Attachment PUC 1-15-3 for the information requested in parts (a) and (c) for Narragansett Gas for the calendar years 2012 through 2016.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2012/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	2,249,084,298	1,507,428,004
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	290,539,609	281,746,382
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	2,539,623,907	1,789,174,386
9	Leased to Others		
10	Held for Future Use	15,015,983	15,015,983
11	Construction Work in Progress	209,668,845	162,792,976
12	Acquisition Adjustments	751,163,593	516,105,537
13	Total Utility Plant (8 thru 12)	3,515,472,328	2,483,088,882
14	Accum Prov for Depr, Amort, & Depl	1,001,355,721	679,327,505
15	Net Utility Plant (13 less 14)	2,514,116,607	1,803,761,377
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	961,381,830	652,973,703
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	13,620,089	
22	Total In Service (18 thru 21)	975,001,919	652,973,703
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj	26,353,802	26,353,802
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,001,355,721	679,327,505

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2012/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
741,656,294					3
					4
					5
8,793,227					6
					7
750,449,521					8
					9
					10
46,875,869					11
235,058,056					12
1,032,383,446					13
322,028,216					14
710,355,230					15
					16
					17
308,408,127					18
					19
					20
13,620,089					21
322,028,216					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
322,028,216					33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2013/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	2,346,496,567	1,574,402,273
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	408,578,566	392,651,873
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	2,755,075,133	1,967,054,146
9	Leased to Others		
10	Held for Future Use	15,016,230	15,016,230
11	Construction Work in Progress	167,204,952	74,956,047
12	Acquisition Adjustments	751,163,593	516,105,537
13	Total Utility Plant (8 thru 12)	3,688,459,908	2,573,131,960
14	Accum Prov for Depr, Amort, & Depl	1,048,045,213	707,172,607
15	Net Utility Plant (13 less 14)	2,640,414,695	1,865,959,353
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	1,004,649,466	680,818,805
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	17,041,945	
22	Total In Service (18 thru 21)	1,021,691,411	680,818,805
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj	26,353,802	26,353,802
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,048,045,213	707,172,607

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2013/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
772,094,294					3
					4
					5
15,926,693					6
					7
788,020,987					8
					9
					10
92,248,905					11
235,058,056					12
1,115,327,948					13
340,872,606					14
774,455,342					15
					16
					17
323,830,661					18
					19
					20
17,041,945					21
340,872,606					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
340,872,606					33

Name of Respondent The Narragansett Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Report (Mo, Da, Yr) 11/03/2015	Year/Period of Report End of 2014/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	2,733,678,450	1,878,304,986
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	240,320,295	183,216,163
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	2,973,998,745	2,061,521,149
9	Leased to Others		
10	Held for Future Use	15,016,477	15,016,477
11	Construction Work in Progress	204,281,554	157,220,169
12	Acquisition Adjustments	751,163,593	516,105,537
13	Total Utility Plant (8 thru 12)	3,944,460,369	2,749,863,332
14	Accum Prov for Depr, Amort, & Depl	1,102,507,230	746,027,064
15	Net Utility Plant (13 less 14)	2,841,953,139	2,003,836,268
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	1,055,702,411	719,673,262
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	20,451,017	
22	Total In Service (18 thru 21)	1,076,153,428	719,673,262
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj	26,353,802	26,353,802
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,102,507,230	746,027,064

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2014/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
855,373,464					3
					4
					5
57,104,132					6
					7
912,477,596					8
					9
					10
47,061,385					11
235,058,056					12
1,194,597,037					13
356,480,166					14
838,116,871					15
					16
					17
336,029,149					18
					19
					20
20,451,017					21
356,480,166					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
356,480,166					33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☒ An Original (2) ☐ A Resubmission	03/31/2016	End of 2015/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	2,910,570,915	1,973,333,698
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	385,586,665	310,138,043
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	3,296,157,580	2,283,471,741
9	Leased to Others		
10	Held for Future Use	15,028,192	15,028,192
11	Construction Work in Progress	142,563,308	85,078,745
12	Acquisition Adjustments	751,163,593	516,105,537
13	Total Utility Plant (8 thru 12)	4,204,912,673	2,899,684,215
14	Accum Prov for Depr, Amort, & Depl	1,145,511,688	765,205,935
15	Net Utility Plant (13 less 14)	3,059,400,985	2,134,478,280
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	1,095,323,498	738,852,133
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	23,834,388	
22	Total In Service (18 thru 21)	1,119,157,886	738,852,133
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj	26,353,802	26,353,802
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,145,511,688	765,205,935

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☒ An Original (2) ☐ A Resubmission	03/31/2016	End of 2015/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
937,237,217					3
					4
					5
75,448,622					6
					7
1,012,685,839					8
					9
					10
57,484,563					11
235,058,056					12
1,305,228,458					13
380,305,753					14
924,922,705					15
					16
					17
356,471,365					18
					19
					20
23,834,388					21
380,305,753					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
380,305,753					33

Name of Respondent The Narragansett Electric Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2017	Year/Period of Report End of 2016/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	3,084,973,503	2,083,163,225
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	429,395,493	333,250,174
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	3,514,368,996	2,416,413,399
9	Leased to Others		
10	Held for Future Use	15,028,308	15,028,308
11	Construction Work in Progress	165,990,682	106,608,842
12	Acquisition Adjustments	751,163,593	516,105,537
13	Total Utility Plant (8 thru 12)	4,446,551,579	3,054,156,086
14	Accum Prov for Depr, Amort, & Depl	1,176,357,934	776,924,872
15	Net Utility Plant (13 less 14)	3,270,193,645	2,277,231,214
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	1,122,813,217	750,510,731
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	27,190,915	60,339
22	Total In Service (18 thru 21)	1,150,004,132	750,571,070
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj	26,353,802	26,353,802
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,176,357,934	776,924,872

Name of Respondent The Narragansett Electric Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2017	Year/Period of Report End of 2016/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
1,001,810,278					3
					4
					5
96,145,319					6
					7
1,097,955,597					8
					9
					10
59,381,840					11
235,058,056					12
1,392,395,493					13
399,433,062					14
992,962,431					15
					16
					17
372,302,486					18
					19
					20
27,130,576					21
399,433,062					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
399,433,062					33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	6,989	
28	(331) Structures and Improvements	1,993,757	
29	(332) Reservoirs, Dams, and Waterways	1,125,689	
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	3,126,435	
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	3,126,435	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
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					20
					21
					22
					23
					24
					25
					26
			6,989		27
			1,993,757		28
			1,125,689		29
					30
					31
					32
					33
					34
			3,126,435		35
					36
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					40
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					42
					43
					44
					45
			3,126,435		46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	8,731,633	
49	(352) Structures and Improvements	21,394,832	522,209
50	(353) Station Equipment	149,872,445	74,651,399
51	(354) Towers and Fixtures	1,562,413	-7,673
52	(355) Poles and Fixtures	64,713,662	77,598,040
53	(356) Overhead Conductors and Devices	42,390,709	16,485,391
54	(357) Underground Conduit	4,830,086	
55	(358) Underground Conductors and Devices	27,192,096	138,584
56	(359) Roads and Trails	492,181	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	321,180,057	169,387,950
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	10,065,085	1,463,318
61	(361) Structures and Improvements	8,059,769	-150,490
62	(362) Station Equipment	174,903,018	9,126,423
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	193,783,953	5,572,299
65	(365) Overhead Conductors and Devices	264,289,700	15,062,110
66	(366) Underground Conduit	64,644,815	299,466
67	(367) Underground Conductors and Devices	143,513,827	6,813,608
68	(368) Line Transformers	163,943,966	5,736,706
69	(369) Services	79,239,137	3,751,039
70	(370) Meters	51,184,221	1,714,649
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	53,260,611	1,443,457
74	(374) Asset Retirement Costs for Distribution Plant	14,000	
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	1,206,902,102	50,832,585
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	975,637	
87	(390) Structures and Improvements	25,817,822	461,962
88	(391) Office Furniture and Equipment	35,493	4,927
89	(392) Transportation Equipment	1,263,284	
90	(393) Stores Equipment	108,165	
91	(394) Tools, Shop and Garage Equipment	1,508,724	11,080
92	(395) Laboratory Equipment	1,498,528	
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	26,465,636	9,649
95	(398) Miscellaneous Equipment	34,791	
96	SUBTOTAL (Enter Total of lines 86 thru 95)	57,708,100	487,618
97	(399) Other Tangible Property	12,143	
98	(399.1) Asset Retirement Costs for General Plant	103,000	
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	57,823,243	487,618
100	TOTAL (Accounts 101 and 106)	1,589,031,837	220,708,153
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	1,589,031,837	220,708,153

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
407,970			8,323,663		48
698,451			21,218,590		49
2,613,927		1,811,661	223,721,578		50
			1,554,740		51
21,101			142,290,601		52
96,985			58,779,115		53
			4,830,086		54
			27,330,680		55
			492,181		56
					57
3,838,434		1,811,661	488,541,234		58
					59
			11,528,403		60
386,074			7,523,205		61
8,658,290		-1,811,661	173,559,490		62
					63
1,013,819		-9,979,466	188,362,967		64
4,268,662		-12,082,462	263,000,686		65
5,210		38,170,246	103,109,317		66
791,428		-8,316,033	141,219,974		67
338,507			169,342,165		68
121,812		-5,937,906	76,930,458		69
678,058			52,220,812		70
					71
					72
264,238		-1,854,379	52,585,451		73
			14,000		74
16,526,098		-1,811,661	1,239,396,928		75
					76
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					81
					82
					83
					84
					85
			975,637		86
217,072			26,062,712		87
			40,420		88
			1,263,284		89
			108,185		90
			1,519,804		91
			1,498,528		92
					93
			26,475,285		94
			34,791		95
217,072			57,978,646		96
			12,143		97
	16,000		119,000		98
217,072	16,000		58,109,789		99
20,581,604	16,000		1,789,174,386		100
					101
					102
					103
20,581,604	16,000		1,789,174,386		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2013/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	6,989	
28	(331) Structures and Improvements	1,993,757	
29	(332) Reservoirs, Dams, and Waterways	1,125,689	
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	3,126,435	
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	3,126,435	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2013/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
					4
					5
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					21
					22
					23
					24
					25
					26
			6,989		27
			1,993,757		28
			1,125,689		29
					30
					31
					32
					33
					34
			3,126,435		35
					36
					37
					38
					39
					40
					41
					42
					43
					44
					45
			3,126,435		46

Name of Respondent The Narragansett Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Report (Mo, Da, Yr) 11/03/2015	Year/Period of Report End of 2013/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	8,323,663	
49	(352) Structures and Improvements	21,218,590	
50	(353) Station Equipment	223,721,578	1,440,810
51	(354) Towers and Fixtures	1,554,740	
52	(355) Poles and Fixtures	142,290,601	134,552,145
53	(356) Overhead Conductors and Devices	58,779,115	17,573,882
54	(357) Underground Conduit	4,830,086	
55	(358) Underground Conductors and Devices	27,330,680	
56	(359) Roads and Trails	492,181	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	488,541,234	153,566,837
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	11,528,403	348,175
61	(361) Structures and Improvements	7,523,205	290,459
62	(362) Station Equipment	173,559,490	6,014,364
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	188,362,967	13,893,694
65	(365) Overhead Conductors and Devices	263,000,686	6,657,848
66	(366) Underground Conduit	103,109,317	45,413
67	(367) Underground Conductors and Devices	141,219,974	2,493,713
68	(368) Line Transformers	169,342,165	4,356,069
69	(369) Services	76,930,458	4,083,010
70	(370) Meters	52,220,812	386,378
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	52,585,451	543,376
74	(374) Asset Retirement Costs for Distribution Plant	14,000	
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	1,239,396,928	39,112,499
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	975,637	
87	(390) Structures and Improvements	26,062,712	3,320,930
88	(391) Office Furniture and Equipment	40,420	
89	(392) Transportation Equipment	1,263,284	
90	(393) Stores Equipment	108,185	
91	(394) Tools, Shop and Garage Equipment	1,519,804	
92	(395) Laboratory Equipment	1,498,528	
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	26,475,285	301,195
95	(398) Miscellaneous Equipment	34,791	103,584
96	SUBTOTAL (Enter Total of lines 86 thru 95)	57,978,646	3,725,709
97	(399) Other Tangible Property	12,143	
98	(399.1) Asset Retirement Costs for General Plant	119,000	
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	58,109,789	3,725,709
100	TOTAL (Accounts 101 and 106)	1,789,174,386	196,405,045
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	1,789,174,386	196,405,045

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2013/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
	-1		8,323,662		48
	-2	1,196,782	22,415,370		49
1,076,674	-1	-1,248,800	222,836,913		50
	1		1,554,741		51
6,973,848	6		269,868,904		52
7,825,887			68,527,110		53
			4,830,086		54
			27,330,680		55
	1		492,182		56
					57
15,876,409	4	-52,018	626,179,648		58
					59
			11,876,578		60
83,247		2,172,769	9,903,186		61
1,482,073		-2,172,769	175,919,012		62
					63
6,917		16,482,340	218,732,084		64
3,067		12,982,063	282,637,530		65
		-40,906,713	62,248,017		66
116		1,906,160	145,619,731		67
170,861			173,527,373		68
31,387		5,157,577	86,139,658		69
120,925			52,486,265		70
					71
					72
13,494		4,378,573	57,493,906		73
			14,000		74
1,912,087			1,276,597,340		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			975,637		86
			29,383,642		87
			40,420		88
662,127			601,157		89
			108,185		90
			1,519,804		91
			1,498,528		92
					93
43,648			26,732,832		94
			138,375		95
705,775			60,998,580		96
			12,143		97
	21,000		140,000		98
705,775	21,000		61,150,723		99
18,494,271	21,004	-52,018	1,967,054,146		100
					101
					102
					103
18,494,271	21,004	-52,018	1,967,054,146		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2014/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	6,989	
28	(331) Structures and Improvements	1,993,757	
29	(332) Reservoirs, Dams, and Waterways	1,125,689	
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	3,126,435	
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	3,126,435	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2014/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
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					21
					22
					23
					24
					25
					26
			6,989		27
			1,993,757		28
			1,125,689		29
					30
					31
					32
					33
					34
			3,126,435		35
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					43
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					45
			3,126,435		46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2014/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	8,323,662	
49	(352) Structures and Improvements	22,415,370	
50	(353) Station Equipment	222,836,913	16,256,536
51	(354) Towers and Fixtures	1,554,741	
52	(355) Poles and Fixtures	269,868,902	
53	(356) Overhead Conductors and Devices	68,527,112	11,188,694
54	(357) Underground Conduit	4,830,086	
55	(358) Underground Conductors and Devices	27,330,680	-58,704
56	(359) Roads and Trails	492,182	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	626,179,648	27,386,526
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	11,876,578	533,255
61	(361) Structures and Improvements	9,903,186	8,348
62	(362) Station Equipment	175,919,012	16,846,587
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	218,732,084	15,290,057
65	(365) Overhead Conductors and Devices	282,637,530	11,693,941
66	(366) Underground Conduit	62,248,017	2,781,503
67	(367) Underground Conductors and Devices	145,619,731	10,827,817
68	(368) Line Transformers	173,527,373	7,132,958
69	(369) Services	86,139,658	6,174,598
70	(370) Meters	52,486,265	900,855
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	57,493,906	2,425,587
74	(374) Asset Retirement Costs for Distribution Plant	14,000	
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	1,276,597,340	74,615,506
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	975,638	
87	(390) Structures and Improvements	29,383,642	690,209
88	(391) Office Furniture and Equipment	40,420	472,541
89	(392) Transportation Equipment	601,157	
90	(393) Stores Equipment	108,185	
91	(394) Tools, Shop and Garage Equipment	1,519,804	42,217
92	(395) Laboratory Equipment	1,498,528	171,518
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	26,732,832	1,463,683
95	(398) Miscellaneous Equipment	138,373	451,896
96	SUBTOTAL (Enter Total of lines 86 thru 95)	60,998,579	3,292,064
97	(399) Other Tangible Property	12,143	16,065
98	(399.1) Asset Retirement Costs for General Plant	140,000	16,065
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	61,150,722	3,324,194
100	TOTAL (Accounts 101 and 106)	1,967,054,145	105,326,226
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	1,967,054,145	105,326,226

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☐ An Original (2) ☒ A Resubmission	11/03/2015	End of 2014/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
			8,323,662		48
761		2,469,817	24,884,426		49
1,181,964		-2,938,315	234,973,170		50
			1,554,741		51
1,435,761	-31,239	-40,871,256	227,530,646		52
247,085	-3	40,871,256	120,339,974		53
			4,830,086		54
2,162			27,269,814		55
			492,182		56
					57
2,867,733	-31,242	-468,498	650,198,701		58
					59
			12,409,833		60
	4	445,567	10,357,105		61
648,475	-1	22,931	192,140,054		62
					63
989,543		-1,997	233,030,601		64
2,551,263	1,876,440	-2,906	293,653,742		65
2,481	-1	2,906	65,029,944		66
1,699,233	-1	52,551	154,800,865		67
695,137		-38	179,965,156		68
772,474	1		91,541,783		69
277,914	2		53,109,208		70
					71
					72
130,858	2	-50,516	59,738,121		73
	-14,000				74
7,767,378	1,862,446	468,498	1,345,776,412		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			975,638		86
137,804			29,936,047		87
			512,961		88
601,157					89
			108,185		90
			1,562,021		91
			1,670,046		92
					93
1,316,354			26,880,161		94
			590,269		95
2,055,315			62,235,328		96
			28,208		97
			156,065		98
2,055,315			62,419,601		99
12,690,426	1,831,204		2,061,521,149		100
					101
					102
					103
12,690,426	1,831,204		2,061,521,149		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☒ An Original (2) ☐ A Resubmission	03/31/2016	End of 2015/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	6,989	
28	(331) Structures and Improvements	1,993,757	
29	(332) Reservoirs, Dams, and Waterways	1,125,689	
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	3,126,435	
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	3,126,435	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☒ An Original (2) ☐ A Resubmission	03/31/2016	End of 2015/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
					4
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					21
					22
					23
					24
					25
					26
			6,989		27
			1,993,757		28
			1,125,689		29
					30
					31
					32
					33
					34
			3,126,435		35
					36
					37
					38
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					40
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					44
					45
			3,126,435		46

Name of Respondent The Narragansett Electric Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2016	Year/Period of Report End of 2015/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	8,323,662	854,511
49	(352) Structures and Improvements	24,884,426	
50	(353) Station Equipment	234,973,170	48,715,409
51	(354) Towers and Fixtures	1,554,741	
52	(355) Poles and Fixtures	227,530,646	96,655,062
53	(356) Overhead Conductors and Devices	120,339,974	19,160,482
54	(357) Underground Conduit	4,830,086	
55	(358) Underground Conductors and Devices	27,269,814	1,451,458
56	(359) Roads and Trails	492,182	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	650,198,701	166,836,922
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	12,409,833	372,178
61	(361) Structures and Improvements	10,357,105	
62	(362) Station Equipment	192,140,054	27,496,930
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	233,030,601	-1,553,460
65	(365) Overhead Conductors and Devices	293,653,742	14,247,377
66	(366) Underground Conduit	65,029,944	9,657,735
67	(367) Underground Conductors and Devices	154,800,865	12,084,296
68	(368) Line Transformers	179,965,156	7,044,710
69	(369) Services	91,541,783	6,396,162
70	(370) Meters	53,109,208	2,503,120
71	(371) Installations on Customer Premises		119,825
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	59,738,121	301,249
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	1,345,776,412	78,670,122
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	975,638	
87	(390) Structures and Improvements	29,936,047	4,402,554
88	(391) Office Furniture and Equipment	512,961	
89	(392) Transportation Equipment		
90	(393) Stores Equipment	108,185	
91	(394) Tools, Shop and Garage Equipment	1,562,021	244,246
92	(395) Laboratory Equipment	1,670,046	146,280
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	26,880,161	244,056
95	(398) Miscellaneous Equipment	590,269	
96	SUBTOTAL (Enter Total of lines 86 thru 95)	62,235,328	5,037,136
97	(399) Other Tangible Property	28,208	
98	(399.1) Asset Retirement Costs for General Plant	156,065	
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	62,419,601	5,037,136
100	TOTAL (Accounts 101 and 106)	2,061,521,149	250,544,180
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	2,061,521,149	250,544,180

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☒ An Original (2) ☐ A Resubmission	03/31/2016	End of 2015/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
			9,178,173		48
		95,532	24,979,958		49
1,619,847	-4,213,348	25,397	277,880,781		50
			1,554,741		51
126,223	1,009,154		325,068,639		52
38,249			139,462,207		53
			4,830,086		54
	1		28,721,273		55
			492,182		56
					57
1,784,319	-3,204,193	120,929	812,168,040		58
					59
3,645			12,778,366		60
246		-95,532	10,261,327		61
1,793,627	4,213,348	69,131	222,125,836		62
					63
3,813,210	1	-144,179	227,519,753		64
6,978,090	1,254,373	144,179	302,321,581		65
35,181	1		74,652,499		66
4,159,798	1		162,725,364		67
6,416,243		-94,528	180,499,095		68
3,743,868			94,194,077		69
280,707			55,331,621		70
			119,825		71
					72
654,407			59,384,963		73
					74
27,879,022	5,467,724	-120,929	1,401,914,307		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			975,638		86
966,718			33,371,883		87
	-1		512,960		88
					89
			108,185		90
			1,806,267		91
			1,816,326		92
					93
322,637	3		26,801,583		94
	1	12,143	602,413		95
1,289,355	3	12,143	65,995,255		96
		-12,143	16,065		97
	95,327		251,392		98
1,289,355	95,330		66,262,712		99
30,952,696	2,358,861		2,283,471,494		100
					101
					102
					103
30,952,696	2,358,861		2,283,471,494		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☒ An Original (2) ☐ A Resubmission	04/13/2017	End of 2016/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		440,739
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		440,739
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	6,989	
28	(331) Structures and Improvements	1,993,757	
29	(332) Reservoirs, Dams, and Waterways	1,125,689	
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	3,126,435	
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	3,126,435	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2017	Year/Period of Report End of 2016/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
			440,739		4
			440,739		5
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					23
					24
					25
					26
			6,989		27
			1,993,757		28
			1,125,689		29
					30
					31
					32
					33
					34
			3,126,435		35
					36
					37
					38
					39
					40
					41
					42
					43
					44
					45
			3,126,435		46

Name of Respondent The Narragansett Electric Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2017	Year/Period of Report End of 2016/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	9,178,173	366,045
49	(352) Structures and Improvements	24,979,958	-18,267,240
50	(353) Station Equipment	277,880,781	36,955,908
51	(354) Towers and Fixtures	1,554,741	
52	(355) Poles and Fixtures	325,068,639	14,858,206
53	(356) Overhead Conductors and Devices	139,462,207	75,666,493
54	(357) Underground Conduit	4,830,086	821,409
55	(358) Underground Conductors and Devices	28,721,273	5,609,673
56	(359) Roads and Trails	492,182	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	812,168,040	116,010,494
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	12,778,366	191,738
61	(361) Structures and Improvements	10,261,327	65,489
62	(362) Station Equipment	222,125,836	19,698,935
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	227,519,753	5,343,343
65	(365) Overhead Conductors and Devices	302,321,581	11,766,206
66	(366) Underground Conduit	74,652,499	-2,378,791
67	(367) Underground Conductors and Devices	162,725,364	6,718,716
68	(368) Line Transformers	180,499,095	8,160,088
69	(369) Services	94,194,077	7,011,138
70	(370) Meters	55,331,621	1,866,544
71	(371) Installations on Customer Premises	119,825	
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	59,384,963	2,574,600
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	1,401,914,307	61,018,006
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	975,638	
87	(390) Structures and Improvements	33,371,883	4,764,483
88	(391) Office Furniture and Equipment	512,960	
89	(392) Transportation Equipment		
90	(393) Stores Equipment	108,185	
91	(394) Tools, Shop and Garage Equipment	1,806,267	730,167
92	(395) Laboratory Equipment	1,816,326	-61,663
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	26,801,583	426,639
95	(398) Miscellaneous Equipment	602,413	174,118
96	SUBTOTAL (Enter Total of lines 86 thru 95)	65,995,255	6,033,744
97	(399) Other Tangible Property	16,065	
98	(399.1) Asset Retirement Costs for General Plant	251,392	
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	66,262,712	6,033,744
100	TOTAL (Accounts 101 and 106)	2,283,471,494	183,502,983
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	2,283,471,494	183,502,983

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) ☒ An Original (2) ☐ A Resubmission	04/13/2017	End of 2016/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
		-57,450	9,486,768		48
916,507			5,796,211		49
7,918,482	-15,591,154	755,654	292,082,707		50
			1,554,741		51
731,045	-1,556,150	19,924	337,659,574		52
1,777,358	-66,612,258	4,697	146,743,781		53
	-821,409		4,830,086		54
21,882	-5,932,402		28,376,662		55
		67,114	559,296		56
					57
11,365,274	-90,513,373	789,939	827,089,826		58
					59
			12,970,104		60
167,050			10,159,766		61
2,377,229	89,307,076	-796,694	327,957,924		62
					63
1,865,030		314	230,998,380		64
9,085,563	-2,602,384		302,399,840		65
54,120			72,219,588		66
2,483,498			166,960,582		67
1,162,432		-258,773	187,237,978		68
1,921,833			99,283,382		69
276,995			56,921,170		70
			119,825		71
					72
9,553,060			52,406,503		73
		265,214	265,214		74
28,946,810	86,704,692	-789,939	1,519,900,256		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			975,638		86
20,934		-1,072,409	37,043,023		87
			512,960		88
					89
			108,185		90
203,805			2,332,629		91
			1,754,663		92
					93
6,168,641		-3,486	21,056,095		94
46,933			729,598		95
6,440,313		-1,075,895	64,512,791		96
		1,075,894	1,091,959		97
			251,392		98
6,440,313		-1	65,856,142		99
46,752,397	-3,808,681	-1	2,416,413,398		100
					101
					102
					103
46,752,397	-3,808,681	-1	2,416,413,398		104

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2012	12/2012	5360-Narragansett Electric and Gas	(302) Franchises and Consents	213,499	-	-	-	213,499
01/2012	12/2012	5360-Narragansett Electric and Gas	(303) Miscellaneous Intangible Plant	28,673,625	14,870,550	(13,699,344)	-	29,844,831
01/2012	12/2012	5360-Narragansett Electric and Gas	(304) Land and Land Rights	208,196	(11,198)	-	-	196,998
01/2012	12/2012	5360-Narragansett Electric and Gas	(305) Structures and Improvements	1,446,351	-	-	-	1,446,351
01/2012	12/2012	5360-Narragansett Electric and Gas	(307) Other Power Equipment	45,873	-	-	-	45,873
01/2012	12/2012	5360-Narragansett Electric and Gas	(311) Structures and Improvements	1,057,412	796,452	-	-	1,853,864
01/2012	12/2012	5360-Narragansett Electric and Gas	(320) Land and Land Rights	313,197	14,793	-	-	327,990
01/2012	12/2012	5360-Narragansett Electric and Gas	(360) Land and Land Rights	249,472	-	-	-	249,472
01/2012	12/2012	5360-Narragansett Electric and Gas	(361) Structures and Improvements	3,200,312	114,129	-	-	3,314,441
01/2012	12/2012	5360-Narragansett Electric and Gas	(362) Station Equipment	5,486,864	(825,542)	-	-	4,661,322
01/2012	12/2012	5360-Narragansett Electric and Gas	(363) Storage Battery Equipment	9,543,177	210,725	-	-	9,753,903
01/2012	12/2012	5360-Narragansett Electric and Gas	(374) Asset Retirement Costs for Distribution Plant	768,799	21,940	-	-	790,739
01/2012	12/2012	5360-Narragansett Electric and Gas	(375) Structures and Improvements	8,463,024	78,681	(2,659)	-	8,539,046
01/2012	12/2012	5360-Narragansett Electric and Gas	(376) Mains	293,932,324	40,491,799	(2,129,144)	-	332,294,980
01/2012	12/2012	5360-Narragansett Electric and Gas	(377) Compressor Station Equipment	248,656	-	-	-	248,656
01/2012	12/2012	5360-Narragansett Electric and Gas	Regulating Station Equipment-General	4,443,945	5,892,362	(4,762)	-	10,331,545

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2012	12/2012	5360-Narragansett Electric and Gas	Regulating Station Equipment-City Gate	7,311,159	571,136	(21,236)	-	7,861,058
01/2012	12/2012	5360-Narragansett Electric and Gas	(380) Services	190,324,535	17,645,596	(2,534,625)	-	205,435,505
01/2012	12/2012	5360-Narragansett Electric and Gas	(381) Meters	50,592,706	3,080,893	(31)	-	53,673,568
01/2012	12/2012	5360-Narragansett Electric and Gas	(382) Meter Installations	49,794,015	3,521,522	(777,001)	-	52,538,536
01/2012	12/2012	5360-Narragansett Electric and Gas	(383) House Regulators	469,616	-	-	-	469,616
01/2012	12/2012	5360-Narragansett Electric and Gas	(384) House Regulator Installations	614,691	22,045	-	-	636,735
01/2012	12/2012	5360-Narragansett Electric and Gas	(385) Industrial Measuring and Regulating Station Equipment	317,555	-	-	-	317,555
01/2012	12/2012	5360-Narragansett Electric and Gas	(386) Other Property on Customers' Premisises	381,896	-	-	-	381,896
01/2012	12/2012	5360-Narragansett Electric and Gas	(387) Other Equipment	534,429	-	-	-	534,429
01/2012	12/2012	5360-Narragansett Electric and Gas	(389) Land and Land Rights	285,357	-	-	-	285,357
01/2012	12/2012	5360-Narragansett Electric and Gas	(390) Structures and Improvements	2,649,837	1,231,165	-	-	3,881,002
01/2012	12/2012	5360-Narragansett Electric and Gas	(391) Office Furniture and Equipment	8,089,300	10,143	-	-	8,099,443
01/2012	12/2012	5360-Narragansett Electric and Gas	(392) Transportation Equipment	2,106,980	-	-	-	2,106,980
01/2012	12/2012	5360-Narragansett Electric and Gas	(393) Stores Equipment	56,255	-	-	-	56,255
01/2012	12/2012	5360-Narragansett Electric and Gas	(394) Tools, Shop and Garage Equipment	2,635,609	(51,624)	-	-	2,583,984
01/2012	12/2012	5360-Narragansett Electric and Gas	(395) Laboratory Equipment	338,874	-	-	-	338,874
01/2012	12/2012	5360-Narragansett Electric and Gas	(397) Communication Equipment	2,883,149	-	-	-	2,883,149

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2012	12/2012	5360-Narragansett Electric and Gas	(398) Miscellaneous Equipment	2,931,941	544,127	-	-	3,476,068
01/2012	12/2012	5360-Narragansett Electric and Gas	(399) Other Tangible Property	776,000	-	-	-	776,000
			TOTAL Gas Plant in Service	**681,388,630**	**88,229,694**	**(19,168,803)**	**-**	**750,449,521**

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2013	12/2013	5360-Narragansett Electric and Gas	(302) Franchises and Consents	213,499	-	-	-	213,499
01/2013	12/2013	5360-Narragansett Electric and Gas	(303) Miscellaneous Intangible Plant	29,844,831	-	-	-	29,844,831
01/2013	12/2013	5360-Narragansett Electric and Gas	(304) Land and Land Rights	196,998	-	-	-	196,998
01/2013	12/2013	5360-Narragansett Electric and Gas	(305) Structures and Improvements	1,446,351	-	-	-	1,446,351
01/2013	12/2013	5360-Narragansett Electric and Gas	(307) Other Power Equipment	45,873	-	-	-	45,873
01/2013	12/2013	5360-Narragansett Electric and Gas	(311) Structures and Improvements	1,853,864	-	-	-	1,853,864
01/2013	12/2013	5360-Narragansett Electric and Gas	(320) Land and Land Rights	327,990	(6,456)	-	-	321,533
01/2013	12/2013	5360-Narragansett Electric and Gas	(360) Land and Land Rights	249,472	11,709	-	-	261,182
01/2013	12/2013	5360-Narragansett Electric and Gas	(361) Structures and Improvements	3,314,441	-	-	-	3,314,441
01/2013	12/2013	5360-Narragansett Electric and Gas	(362) Station Equipment	4,661,322	-	-	-	4,661,322
01/2013	12/2013	5360-Narragansett Electric and Gas	(363) Storage Battery Equipment	9,753,903	269,852	-	-	10,023,755
01/2013	12/2013	5360-Narragansett Electric and Gas	(374) Asset Retirement Costs for Distribution Plant	790,739	19,123	-	-	809,862

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2013	12/2013	5360-Narragansett Electric and Gas	(375) Structures and Improvements	8,539,046	-	-	-	8,539,046
01/2013	12/2013	5360-Narragansett Electric and Gas	(376) Mains	332,294,980	22,317,793	(706,082)	-	353,906,691
01/2013	12/2013	5360-Narragansett Electric and Gas	(377) Compressor Station Equipment	248,656	-	-	-	248,656
01/2013	12/2013	5360-Narragansett Electric and Gas	Regulating Station Equipment-General	10,331,545	33,212	-	-	10,364,757
01/2013	12/2013	5360-Narragansett Electric and Gas	Regulating Station Equipment-City Gate	7,861,058	2,516	-	-	7,863,574
01/2013	12/2013	5360-Narragansett Electric and Gas	(380) Services	205,435,505	16,166,011	(67,700)	-	221,533,816
01/2013	12/2013	5360-Narragansett Electric and Gas	(381) Meters	53,673,568	2,481,292	(819,153)	-	55,335,708
01/2013	12/2013	5360-Narragansett Electric and Gas	(382) Meter Installations	52,538,536	-	(2,194,607)	-	50,343,929
01/2013	12/2013	5360-Narragansett Electric and Gas	(383) House Regulators	469,616	-	-	-	469,616
01/2013	12/2013	5360-Narragansett Electric and Gas	(384) House Regulator Installations	636,735	-	-	-	636,735
01/2013	12/2013	5360-Narragansett Electric and Gas	(385) Industrial Measuring and Regulating Station Equipment	317,555	-	-	-	317,555
01/2013	12/2013	5360-Narragansett Electric and Gas	(386) Other Property on Customers' Premisises	381,896	-	-	-	381,896
01/2013	12/2013	5360-Narragansett Electric and Gas	(387) Other Equipment	534,429	24,494	-	-	558,923
01/2013	12/2013	5360-Narragansett Electric and Gas	(389) Land and Land Rights	285,357	-	-	-	285,357
01/2013	12/2013	5360-Narragansett Electric and Gas	(390) Structures and Improvements	3,881,002	2,683	-	-	3,883,685
01/2013	12/2013	5360-Narragansett Electric and Gas	(391) Office Furniture and Equipment	8,099,443	57,967	-	-	8,157,410
01/2013	12/2013	5360-Narragansett Electric and Gas	(392) Transportation Equipment	2,106,980	-	(21,187)	-	2,085,793

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2013	12/2013	5360-Narragansett Electric and Gas	(393) Stores Equipment	56,255	-	-	-	56,255
01/2013	12/2013	5360-Narragansett Electric and Gas	(394) Tools, Shop and Garage Equipment	2,583,984	-	-	-	2,583,984
01/2013	12/2013	5360-Narragansett Electric and Gas	(395) Laboratory Equipment	338,874	-	-	-	338,874
01/2013	12/2013	5360-Narragansett Electric and Gas	(397) Communication Equipment	2,883,149	-	-	-	2,883,149
01/2013	12/2013	5360-Narragansett Electric and Gas	(398) Miscellaneous Equipment	3,476,068	-	-	-	3,476,068
01/2013	12/2013	5360-Narragansett Electric and Gas	(399) Other Tangible Property	776,000	-	-	-	776,000
			TOTAL Gas Plant in Service	**750,449,521**	**41,380,196**	**(3,808,729)**	**-**	**788,020,987**

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2014	12/2014	5360-Narragansett Electric and Gas	(302) Franchises and Consents	213,499	-	-	-	213,499
01/2014	12/2014	5360-Narragansett Electric and Gas	(303) Miscellaneous Intangible Plant	29,844,831	102,976	-	-	29,947,807
01/2014	12/2014	5360-Narragansett Electric and Gas	(304) Land and Land Rights	196,998	-	-	-	196,998
01/2014	12/2014	5360-Narragansett Electric and Gas	(305) Structures and Improvements	1,446,351	19,827	-	-	1,466,178
01/2014	12/2014	5360-Narragansett Electric and Gas	(307) Other Power Equipment	45,873	286	-	-	46,159
01/2014	12/2014	5360-Narragansett Electric and Gas	(311) Structures and Improvements	1,853,864	(87,507)	-	-	1,766,358
01/2014	12/2014	5360-Narragansett Electric and Gas	(320) Land and Land Rights	321,533	34,367	-	-	355,901
01/2014	12/2014	5360-Narragansett Electric and Gas	(360) Land and Land Rights	261,182	20,563	-	-	281,744

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2014	12/2014	5360-Narragansett Electric and Gas	(361) Structures and Improvements	3,314,441	128,830	(59,168)	-	3,384,103
01/2014	12/2014	5360-Narragansett Electric and Gas	(362) Station Equipment	4,661,322	3,279	-	-	4,664,601
01/2014	12/2014	5360-Narragansett Electric and Gas	(363) Storage Battery Equipment	10,023,755	654,016	(200)	-	10,677,571
01/2014	12/2014	5360-Narragansett Electric and Gas	(374) Asset Retirement Costs for Distribution Plant	809,862	291	-	-	810,153
01/2014	12/2014	5360-Narragansett Electric and Gas	(375) Structures and Improvements	8,539,046	330,743	-	-	8,869,788
01/2014	12/2014	5360-Narragansett Electric and Gas	(376) Mains	353,906,691	76,812,764	(3,844,343)	-	426,875,113
01/2014	12/2014	5360-Narragansett Electric and Gas	(377) Compressor Station Equipment	248,656	-	-	-	248,656
01/2014	12/2014	5360-Narragansett Electric and Gas	Regulating Station Equipment-General	10,364,757	2,811,062	-	-	13,175,819
01/2014	12/2014	5360-Narragansett Electric and Gas	Regulating Station Equipment-City Gate	7,863,574	2,439,749	-	-	10,303,323
01/2014	12/2014	5360-Narragansett Electric and Gas	(380) Services	221,533,816	42,480,963	(2,206,559)	-	261,808,220
01/2014	12/2014	5360-Narragansett Electric and Gas	(381) Meters	55,335,708	1,696,646	(475,422)	-	56,556,931
01/2014	12/2014	5360-Narragansett Electric and Gas	(382) Meter Installations	50,343,929	2,588,431	(1,640,833)	-	51,291,528
01/2014	12/2014	5360-Narragansett Electric and Gas	(383) House Regulators	469,616	357,037	-	-	826,653
01/2014	12/2014	5360-Narragansett Electric and Gas	(384) House Regulator Installations	636,735	576,346	-	-	1,213,082
01/2014	12/2014	5360-Narragansett Electric and Gas	(385) Industrial Measuring and Regulating Station Equipment	317,555	955,983	-	-	1,273,537
01/2014	12/2014	5360-Narragansett Electric and Gas	(386) Other Property on Customers' Premisises	381,896	-	-	-	381,896
01/2014	12/2014	5360-Narragansett Electric and Gas	(387) Other Equipment	558,923	26,784	-	-	585,706

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2014	12/2014	5360-Narragansett Electric and Gas	(389) Land and Land Rights	285,357	-	-	-	285,357
01/2014	12/2014	5360-Narragansett Electric and Gas	(390) Structures and Improvements	3,883,685	1,886,112	-	-	5,769,797
01/2014	12/2014	5360-Narragansett Electric and Gas	(391) Office Furniture and Equipment	8,157,410	32,591	(881,122)	-	7,308,878
01/2014	12/2014	5360-Narragansett Electric and Gas	(392) Transportation Equipment	2,085,793	-	-	-	2,085,793
01/2014	12/2014	5360-Narragansett Electric and Gas	(393) Stores Equipment	56,255	-	-	-	56,255
01/2014	12/2014	5360-Narragansett Electric and Gas	(394) Tools, Shop and Garage Equipment	2,583,984	937,933	(80,173)	-	3,441,744
01/2014	12/2014	5360-Narragansett Electric and Gas	(395) Laboratory Equipment	338,874	-	(64,458)	-	274,416
01/2014	12/2014	5360-Narragansett Electric and Gas	(397) Communication Equipment	2,883,149	110,112	(857,382)	-	2,135,879
01/2014	12/2014	5360-Narragansett Electric and Gas	(398) Miscellaneous Equipment	3,476,068	45,727	(399,643)	-	3,122,153
01/2014	12/2014	5360-Narragansett Electric and Gas	(399) Other Tangible Property	776,000	-	-	-	776,000
			TOTAL Gas Plant in Service	**788,020,987**	**134,965,911**	**(10,509,302)**	**-**	**912,477,596**

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2015	12/2015	5360-Narragansett Electric and Gas	(302) Franchises and Consents	213,499	-	-	-	213,499
01/2015	12/2015	5360-Narragansett Electric and Gas	(303) Miscellaneous Intangible Plant	29,947,807	353	-	-	29,948,160
01/2015	12/2015	5360-Narragansett Electric and Gas	(304) Land and Land Rights	196,998	-	-	-	196,998
01/2015	12/2015	5360-Narragansett Electric and Gas	(305) Structures and Improvements	1,466,178	47,169	-	-	1,513,346

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2015	12/2015	5360-Narragansett Electric and Gas	(307) Other Power Equipment	46,159	-	-	-	46,159
01/2015	12/2015	5360-Narragansett Electric and Gas	(311) Structures and Improvements	1,766,358	59,843	-	-	1,826,201
01/2015	12/2015	5360-Narragansett Electric and Gas	(320) Land and Land Rights	355,901	-	-	-	355,901
01/2015	12/2015	5360-Narragansett Electric and Gas	(360) Land and Land Rights	281,744	(20,593)	-	-	261,151
01/2015	12/2015	5360-Narragansett Electric and Gas	(361) Structures and Improvements	3,384,103	2,149	(1,203)	-	3,385,049
01/2015	12/2015	5360-Narragansett Electric and Gas	(362) Station Equipment	4,664,601	-	(60,549)	-	4,604,052
01/2015	12/2015	5360-Narragansett Electric and Gas	(363) Storage Battery Equipment	10,677,571	3,219,313	-	-	13,896,884
01/2015	12/2015	5360-Narragansett Electric and Gas	(374) Asset Retirement Costs for Distribution Plant	810,153	41,478	-	-	851,631
01/2015	12/2015	5360-Narragansett Electric and Gas	(375) Structures and Improvements	8,869,788	407,212	(59,984)	-	9,217,017
01/2015	12/2015	5360-Narragansett Electric and Gas	(376) Mains	426,875,113	53,485,554	(161,393)	5,752,264	485,951,538
01/2015	12/2015	5360-Narragansett Electric and Gas	(377) Compressor Station Equipment	248,656	-	-	-	248,656
01/2015	12/2015	5360-Narragansett Electric and Gas	Regulating Station Equipment-General	13,175,819	4,491,531	(75,288)	-	17,592,063
01/2015	12/2015	5360-Narragansett Electric and Gas	Regulating Station Equipment-City Gate	10,303,323	(6,463)	-	-	10,296,860
01/2015	12/2015	5360-Narragansett Electric and Gas	(380) Services	261,808,220	28,906,697	(602,089)	-	290,112,829
01/2015	12/2015	5360-Narragansett Electric and Gas	(381) Meters	56,556,931	3,568,302	(431,096)	-	59,694,137
01/2015	12/2015	5360-Narragansett Electric and Gas	(382) Meter Installations	51,291,528	1,379,627	(1,206,635)	-	51,464,519
01/2015	12/2015	5360-Narragansett Electric and Gas	(383) House Regulators	826,653	110,569	-	-	937,222

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2015	12/2015	5360-Narragansett Electric and Gas	(384) House Regulator Installations	1,213,082	3,469	-	-	1,216,551
01/2015	12/2015	5360-Narragansett Electric and Gas	(385) Industrial Measuring and Regulating Station Equipment	1,273,537	(483,786)	-	-	789,751
01/2015	12/2015	5360-Narragansett Electric and Gas	(386) Other Property on Customers' Premisises	381,896	-	-	-	381,896
01/2015	12/2015	5360-Narragansett Electric and Gas	(387) Other Equipment	585,706	-	-	-	585,706
01/2015	12/2015	5360-Narragansett Electric and Gas	(389) Land and Land Rights	285,357	-	-	-	285,357
01/2015	12/2015	5360-Narragansett Electric and Gas	(390) Structures and Improvements	5,769,797	408,825	-	-	6,178,622
01/2015	12/2015	5360-Narragansett Electric and Gas	(391) Office Furniture and Equipment	7,308,878	-	-	-	7,308,878
01/2015	12/2015	5360-Narragansett Electric and Gas	(392) Transportation Equipment	2,085,793	-	-	-	2,085,793
01/2015	12/2015	5360-Narragansett Electric and Gas	(393) Stores Equipment	56,255	-	-	-	56,255
01/2015	12/2015	5360-Narragansett Electric and Gas	(394) Tools, Shop and Garage Equipment	3,441,744	1,242,574	-	-	4,684,318
01/2015	12/2015	5360-Narragansett Electric and Gas	(395) Laboratory Equipment	274,416	-	-	-	274,416
01/2015	12/2015	5360-Narragansett Electric and Gas	(397) Communication Equipment	2,135,879	-	-	(0)	2,135,879
01/2015	12/2015	5360-Narragansett Electric and Gas	(398) Miscellaneous Equipment	3,122,153	-	-	-	3,122,153
01/2015	12/2015	5360-Narragansett Electric and Gas	(399) Other Tangible Property	776,000	549,393	-	(359,000)	966,393
			TOTAL Gas Plant in Service	**912,477,596**	**97,413,216**	**(2,598,237)**	**5,393,264**	**1,012,685,839**

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2016	12/2016	5360-Narragansett Electric and Gas	(302) Franchises and Consents	213,499	-	-	-	213,499
01/2016	12/2016	5360-Narragansett Electric and Gas	(303) Miscellaneous Intangible Plant	29,948,160	-	-	(97,788)	29,850,371
01/2016	12/2016	5360-Narragansett Electric and Gas	(304) Land and Land Rights	196,998	1,246,785	-	-	1,443,783
01/2016	12/2016	5360-Narragansett Electric and Gas	(305) Structures and Improvements	1,513,346	14,466	-	86,713	1,614,526
01/2016	12/2016	5360-Narragansett Electric and Gas	(307) Other Power Equipment	46,159	-	-	-	46,159
01/2016	12/2016	5360-Narragansett Electric and Gas	(311) Structures and Improvements	1,826,201	164,176	-	-	1,990,377
01/2016	12/2016	5360-Narragansett Electric and Gas	(320) Land and Land Rights	355,901	(33,865)	-	-	322,036
01/2016	12/2016	5360-Narragansett Electric and Gas	(360) Land and Land Rights	261,151	-	-	-	261,151
01/2016	12/2016	5360-Narragansett Electric and Gas	(361) Structures and Improvements	3,385,049	-	-	-	3,385,049
01/2016	12/2016	5360-Narragansett Electric and Gas	(362) Station Equipment	4,604,052	81,880	-	-	4,685,932
01/2016	12/2016	5360-Narragansett Electric and Gas	(363) Storage Battery Equipment	13,896,884	(5,675)	-	-	13,891,210
01/2016	12/2016	5360-Narragansett Electric and Gas	(374) Asset Retirement Costs for Distribution Plant	851,631	105,058	-	-	956,689
01/2016	12/2016	5360-Narragansett Electric and Gas	(375) Structures and Improvements	9,217,017	1,522,907	(97,291)	-	10,642,632
01/2016	12/2016	5360-Narragansett Electric and Gas	(376) Mains	485,951,538	63,367,701	(904,791)	(3,851,204)	544,563,243
01/2016	12/2016	5360-Narragansett Electric and Gas	(377) Compressor Station Equipment	248,656	299	-	-	248,955
01/2016	12/2016	5360-Narragansett Electric and Gas	(378) Measuring and Regulating Station Equipment-General	17,592,063	2,868,783	(6,389)	-	20,454,457

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2016	12/2016	5360-Narragansett Electric and Gas	(379) Measuring and Regulating Station Equipment-City Gate	10,296,860	1,225,293	(33,953)	-	11,488,200
01/2016	12/2016	5360-Narragansett Electric and Gas	(380) Services	290,112,829	24,259,262	(876,493)	-	313,495,597
01/2016	12/2016	5360-Narragansett Electric and Gas	(381) Meters	59,694,137	8,680,182	(593,027)	(5,736,827)	62,044,465
01/2016	12/2016	5360-Narragansett Electric and Gas	(382) Meter Installations	51,464,519	732,636	(1,528,362)	-	50,668,794
01/2016	12/2016	5360-Narragansett Electric and Gas	(383) House Regulators	937,222	-	-	-	937,222
01/2016	12/2016	5360-Narragansett Electric and Gas	(384) House Regulator Installations	1,216,551	-	-	-	1,216,551
01/2016	12/2016	5360-Narragansett Electric and Gas	(385) Industrial Measuring and Regulating Station Equipment	789,751	6,357	-	-	796,108
01/2016	12/2016	5360-Narragansett Electric and Gas	(386) Other Property on Customers' Premisises	381,896	-	-	-	381,896
01/2016	12/2016	5360-Narragansett Electric and Gas	(387) Other Equipment	585,706	212,795	-	-	798,501
01/2016	12/2016	5360-Narragansett Electric and Gas	(388) ARO	-	-	-	5,736,827	5,736,827
01/2016	12/2016	5360-Narragansett Electric and Gas	(389) Land and Land Rights	285,357	-	-	-	285,357
01/2016	12/2016	5360-Narragansett Electric and Gas	(390) Structures and Improvements	6,178,622	414,086	-	(342,146)	6,250,561
01/2016	12/2016	5360-Narragansett Electric and Gas	(391) Office Furniture and Equipment	7,308,878	-	(6,779,294)	-	529,584
01/2016	12/2016	5360-Narragansett Electric and Gas	(392) Transportation Equipment	2,085,793	-	(2,085,793)	-	-
01/2016	12/2016	5360-Narragansett Electric and Gas	(393) Stores Equipment	56,255	-	(56,255)	-	-
01/2016	12/2016	5360-Narragansett Electric and Gas	(394) Tools, Shop and Garage Equipment	4,684,318	251,297	(919,523)	-	4,016,092

start_month	end_month	Company	Account	Balance at Beginning of Year	Additions	Retirements	Adjustment/ Transfers	Balance at End of Year
01/2016	12/2016	5360-Narragansett Electric and Gas	(395) Laboratory Equipment	274,416	-	(52,851)	-	221,565
01/2016	12/2016	5360-Narragansett Electric and Gas	(397) Communication Equipment	2,135,879	63,481	(1,748,229)	-	451,132
01/2016	12/2016	5360-Narragansett Electric and Gas	(398) Miscellaneous Equipment	3,122,153	130,836	(515,281)	-	2,737,708
01/2016	12/2016	5360-Narragansett Electric and Gas	(399) Other Tangible Property	966,393	20,828	-	342,146	1,329,368
			TOTAL Gas Plant in Service	**1,012,685,839**	**105,329,571**	**(16,197,533)**	**(3,862,280)**	**1,097,955,597**