

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____

Form 60 Approved  
OMB No. 1902-0215  
Expires 04/30/2016



## FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

<b>Exact Legal Name of Respondent (Company)</b> National Grid USA Service Company Inc.	<b>Year of Report</b> Dec 31, <u>2013</u>
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FERC FORM No. 60 (12-06)

## GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

### **I. Purpose**

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

### **II. Who Must Submit**

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

### **III. How to Submit**

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

### **IV. When to Submit**

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

### **V. Preparation**

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

### **VI. Time Period**

This report covers the entire calendar year.

### **VII. Whole Dollar Usage**

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

### **VIII. Accurateness**

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

### **IX. Applicability**

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

**X. Date Format**

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

**XI. Number Format**

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

**XII. Required Entries**

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

**XIII. Prior Year References**

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

**XIV. Where to Send Comments on Public Reporting Burden**

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),  
888 First Street NE,  
Washington, DC 20426  
or by email to [DataClearance@ferc.gov](mailto:DataClearance@ferc.gov)

And to:

Office of Information and Regulatory Affairs,  
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal  
Energy Regulatory Commission).  
Comments to OMB should be submitted by email to: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov)

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS
I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

**FERC FORM NO. 60  
ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent National Grid USA Service Company Inc.		02 Year of Report Dec 31, <u>2013</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) One Metrotech Center, Brooklyn, NY 11201		06 Name of Contact Person Colleen Dowling
07 Title of Contact Person Director-Service Company Integrity		08 Address of Contact Person One Metrotech Center - 12th Floor, Brooklyn, NY 11201
09 Telephone Number of Contact Person (929) 324-4260		10 E-mail Address of Contact Person colleen.dowling@nationalgrid.com
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		12 Resubmission Date (Month, Day, Year) / /
13 Date of Incorporation 09/05/1935	14 If Not Incorporated, Date of Organization / /	
15 State or Sovereign Power Under Which Incorporated or Organized MASSACHUSETTS		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: National Grid USA		
CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that:  I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.		
17 Name of Signing Officer Lorraine M. Lynch	19 Signature of Signing Officer Lorraine M. Lynch	20 Date Signed (Month, Day, Year) 10/01/2014
18 Title of Signing Officer VP, Service Company		

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>List of Schedules and Accounts</b>				
1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.				
Line No.	Description (a)	Page Reference (b)	Remarks (c)	
1	Schedule I - Comparative Balance Sheet	101-102		
2	Schedule II - Service Company Property	103		
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104		
4	Schedule IV - Investments	105		
5	Schedule V - Accounts Receivable from Associate Companies	106		
6	Schedule VI - Fuel Stock Expenses Undistributed	107		
7	Schedule VII - Stores Expense Undistributed	108		
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109		
9	Schedule IX - Miscellaneous Deferred Debits	110		
10	Schedule X - Research, Development, or Demonstration Expenditures	111		
11	Schedule XI - Proprietary Capital	201		
12	Schedule XII - Long-Term Debt	202		
13	Schedule XIII - Current and Accrued Liabilities	203		
14	Schedule XIV - Notes to Financial Statements	204		
15	Schedule XV - Comparative Income Statement	301-302		
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306		
17	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307		
18	Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)	308		
21	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307		
23	Schedule XX - Organization Chart	401		
24	Schedule XXI - Methods of Allocation	402		

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<b>Schedule I - Comparative Balance Sheet</b>					
1. Give balance sheet of the Company as of December 31 of the current and prior year.					
Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		<b>Service Company Property</b>			
2	101	Service Company Property	103	896,072,527	825,082,764
3	101.1	Property Under Capital Leases	103		
4	106	Completed Construction Not Classified			
5	107	Construction Work In Progress	103	113,807,343	74,243,833
6		Total Property (Total Of Lines 2-5)		1,009,879,870	899,326,597
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	127,261,870	115,188,811
8	111	Less: Accumulated Provision for Amortization of Service Company Property		104,827,819	52,805,005
9		Net Service Company Property (Total of Lines 6-8)		777,790,181	731,332,781
10		<b>Investments</b>			
11	123	Investment In Associate Companies	105		
12	124	Other Investments	105	54,249,722	53,510,489
13	128	Other Special Funds	105	160,430,323	148,416,758
14		Total Investments (Total of Lines 11-13)		214,680,045	201,927,247
15		<b>Current And Accrued Assets</b>			
16	131	Cash			
17	134	Other Special Deposits		3,650,348	3,475,905
18	135	Working Funds		300,000	300,000
19	136	Temporary Cash Investments		421,234,233	
20	141	Notes Receivable			
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		48,126,019	53,443,754
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	4,469,762,192	4,829,367,629
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies			345,771
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		269,608,001	35,060,237
29	171	Interest And Dividends Receivable		7,593	
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets - Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		5,212,688,386	4,921,993,296
36		<b>Deferred Debits</b>			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets		1,498,986	2,050,251
39	183	Preliminary Survey And Investigation Charges			
40	184	Clearing Accounts			( 21,825,245)
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits		163,189,448	450,687,318
43	188	Research, Development, or Demonstration Expenditures	110		
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes		226,800,492	562,547,018
46		Total Deferred Debits (Total of Lines 37-45)		391,488,926	993,459,342
47		<b>TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)</b>		<b>6,596,647,538</b>	<b>6,848,712,666</b>

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<b>Schedule I - Comparative Balance Sheet (continued)</b>					
Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		<b>Proprietary Capital</b>			
49	201	Common Stock Issued	201	32,724,319	32,723,994
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-in-Capital	201	443,943,779	445,761,953
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	86,208,765	67,553,403
54	219	Accumulated Other Comprehensive Income	201	( 514,908,187)	( 298,479,919)
55		Total Proprietary Capital (Total of Lines 49-54)		47,968,676	247,559,431
56		<b>Long-Term Debt</b>			
57	223	Advances From Associate Companies	202	475,044,311	475,044,311
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)		475,044,311	475,044,311
62		<b>Other Non-current Liabilities</b>			
63	227	Obligations Under Capital Leases-Non-current			
64	228.2	Accumulated Provision for Injuries and Damages		7,043,918	3,225,033
65	228.3	Accumulated Provision For Pensions and Benefits		2,229,471	21,418,137
66	230	Asset Retirement Obligations		4,288,667	4,026,408
67		Total Other Non-current Liabilities (Total of Lines 63-66)		13,562,056	28,669,578
68		<b>Current and Accrued Liabilities</b>			
69	231	Notes Payable			
70	232	Accounts Payable		447,228,333	683,227,111
71	233	Notes Payable to Associate Companies	203	3,311,575,562	3,217,672,855
72	234	Accounts Payable to Associate Companies	203	1,440,215,160	1,195,266,773
73	236	Taxes Accrued		5,664,070	39,854,039
74	237	Interest Accrued		4,424,649	1,584,574
75	241	Tax Collections Payable			2,457,411
76	242	Miscellaneous Current and Accrued Liabilities	203	123,733,675	112,463,619
77	243	Obligations Under Capital Leases - Current			
78	244	Derivative Instrument Liabilities			
79	245	Derivative Instrument Liabilities - Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		5,332,841,449	5,252,526,382
81		<b>Deferred Credits</b>			
82	253	Other Deferred Credits		623,264,246	723,745,582
83	254	Other Regulatory Liabilities		16,127,949	32,697,752
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		226,581,719	117,683,533
87	283	Accumulated deferred income taxes-Other		( 138,742,868)	( 29,213,903)
88		Total Deferred Credits (Total of Lines 82-87)		727,231,046	844,912,964
89		<b>TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)</b>		6,596,647,538	6,848,712,666

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<b>Schedule II - Service Company Property</b>							
1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote. 2. Describe each construction work in progress on lines 18 through 30 in Column (b).							
Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	377,231,139	57,087,426		( 460)	434,318,105
3	306	Leasehold Improvements					
4	389	Land and Land Rights	142,546,354				142,546,354
5	390	Structures and Improvements	199,898,329	10,189,333		( 39)	210,087,623
6	391	Office Furniture and Equipment	62,996,096	2,396,559		499	65,393,154
7	392	Transportation Equipment	376,024				376,024
8	393	Stores equipment	732,986				732,986
9	394	Tools, Shop and Garage Equipment	21,561,986				21,561,986
10	395	Laboratory Equipment	5,928,221				5,928,221
11	396	Power Operated Equipment					
12	397	Communications Equipment	7,519,836	1,396,104			8,915,940
13	398	Miscellaneous Equipment	5,129,199	( 79,660)			5,049,539
14	399	Other Tangible Property	988,577				988,577
15	399.1	Asset Retirement Costs					
16		<b>Total Service Company Property (Total of Lines 1-15)</b>	824,908,747	70,989,762			895,898,509
17	107	<b>Construction Work in Progress:</b>					
18		Buildings & Structures	33,366,042	1,792,042			35,158,084
19		Capitalized Software	40,773,756	37,731,082			78,504,838
20		Office Furniture & Equipment	104,035	40,386			144,421
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31		<b>Total Account 107 (Total of Lines 18-30)</b>	74,243,833	39,563,510			113,807,343
32		<b>Total (Lines 16 and Line 31)</b>	899,152,580	110,553,272			1,009,705,852

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2013
FOOTNOTE DATA			

**Schedule Page: 103 Line No.: 16 Column: c**  
During the preparation of 2013 report, an error was discovered in the prior year submission. The balances for Service Company Property were entered on the wrong line. We have corrected for the current year submission.  
**Schedule Page: 103 Line No.: 16 Column: g**

Footnote Data					
Account Balance	Title of Company	Balance at December 31, 2012	Additions	Other Changes	Balance at December 31, 2013
	Total Line 16 of Page 103	824,908,747	70,989,763	-	895,898,510
121	Non Utility Property	174,017	-	-	174,017
	Total Service Company Property Per Schedule 1	825,082,764	70,989,763	-	896,072,527

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<b>Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property</b>							
1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.							
Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	52,176,299	51,978,930			104,155,229
3	306	Leasehold Improvements					
4	389	Land and Land Rights	( 13,107)				( 13,107)
5	390	Structures and Improvements	65,688,235	5,370,247		1,428,720	72,487,202
6	391	Office Furniture and Equipment	32,547,378	6,245,104		35,614	38,828,096
7	392	Transportation Equipment	319,949	14,289		( 853,478)	( 519,240)
8	393	Stores equipment	224,684	27,853		( 96)	252,441
9	394	Tools, Shop and Garage Equipment	9,659,527	700,726			10,360,253
10	395	Laboratory Equipment	2,339,472	161,248			2,500,720
11	396	Power Operated Equipment				( 709,052)	( 709,052)
12	397	Communications Equipment	4,591,098	512,453			5,103,551
13	398	Miscellaneous Equipment	1,234,380	185,368		( 15)	1,419,733
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs	( 774,099)	23,339		( 1,025,377)	( 1,776,137)
16		<b>Total</b>	167,993,816	65,219,557		( 1,123,684)	232,089,689

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<b>Schedule IV – Investments</b>				
<p>1. For other investments (Account 124) and other special funds (Account 128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.</p> <p>2. For temporary cash investments (Account 136), list each investment separately in a footnote.</p> <p>3. Investments less than \$50,000 may be grouped, showing the number of items in each group.</p>				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies		
2	124	Other Investments	53,510,489	54,249,722
3	128	Other Special Funds	148,416,758	160,430,323
4	136	Temporary Cash Investments		421,234,233
5		(Total of Lines 1-4)	201,927,247	635,914,278

Name of Respondent	This Report is:	Resubmission Date	Year of Report
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<b>FOOTNOTE DATA</b>			

<b>Schedule Page: 105 Line No.: 2 Column: c</b>	
General American Life Insurance Company & Net Cash Surrender Value	\$ 22,548,351
Confederation Life Insurance Company & Net Cash Surrender Value	4,188,186
Aurora National Life Assurance Company & Net Cash Surrender Value	14,615,746
Metropolitan Life Insurance Company & Net Cash Surrender Value	7,961,165
Life Insurance Investments & Net Cash Surrender Value	(1,063,693)
Security Life of Denver & Net Cash Surrender Value	2,870,687
Guardian Life Insurance Company & Net Cash Surrender Value	238,326
Allamerica Financial Life Insurance Company & Net Cash Surrender Value	296,611
CRG Life Insurance Company & Net Cash Surrender Value	1,855,111
<b>Total</b>	<b>\$ 53,510,489</b>

<b>Schedule Page: 105 Line No.: 2 Column: d</b>	
General American Life Insurance Company & Net Cash Surrender Value	\$ 22,508,759
Confederation Life Insurance Company & Net Cash Surrender Value	4,420,864
Aurora National Life Assurance Company & Net Cash Surrender Value	13,919,951
Metropolitan Life Insurance Company & Net Cash Surrender Value	8,005,444
Life Insurance Investments & Net Cash Surrender Value	(1,291,503)
Security Life of Denver & Net Cash Surrender Value	3,721,604
Guardian Life Insurance Company & Net Cash Surrender Value	339,687
Commonwealth Annuity & Life Insurance Company & Net Cash Surrender Value	858,579
Pacific Life Insurance Company & Net Cash Surrender Value	1,766,337
<b>Total</b>	<b>\$ 54,249,722</b>

<b>Schedule Page: 105 Line No.: 3 Column: c</b>	
<b>Supplemental Retirement/Deferred Compensation</b>	
Plan Trust Fund	\$ 141,553,304
SERP Investment for KeySpan	6,863,454

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National Grid USA Service Company Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013
FOOTNOTE DATA			

**Total** \$ 148,416,758

*Schedule Page: 105 Line No.: 3 Column: d*

**Supplemental Retirement/Deferred Compensation**

Plan Trust Fund	\$ 153,515,576
SERP Investment for KeySpan	6,914,747

**Total** \$ 160,430,323

*Schedule Page: 105 Line No.: 4 Column: d*

The balance represents NGUSA's investments made during 2013 in external markets on behalf of the regulated moneypool participants.

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<b>Schedule V – Accounts Receivable from Associate Companies</b>				
<p>1. List the accounts receivable from each associate company.  2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.</p>				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	<b>Accounts Receivable From Associate Companies</b>		
2		<b>Associate Company:</b>		
3		National Grid USA Parent	407,457,920	238,419,875
4		Nantucket Electric Company	( 3,291,111)	
5		Massachusetts Electric Company	56,691,314	22,301,010
6		NE Hydro-Trans Elec Co, Inc.	1,251,796	919,855
7		NE Hydro-Trans Corporation	178,490	40,761
8		New England Power Company	35,585,647	28,021,104
9		NE Electric Trans Corporation	1,168,001	1,126,730
10		National Grid Trans Services	134	134
11		Niagara Mohawk Holdings, Inc	( 15,111,179)	
12		Niagara Mohawk Power Corp	90,748,775	47,185,810
13		Opinac North America, Inc.	65	65
14		Granite State Electric Company	1,681,204	
15		Narragansett Electric Company	33,721,426	16,853,251
16		Wayfinder Group, Inc.	11,184	
17		Valley Appliance & Merchandise	203,916	194,161
18		National Grid PLC	35,662,294	
19		GridAmerica Holdings, Inc.	24,265	24,264
20		NEES Energy, Inc.	1,378	1,377
21		EUA Energy Investment	1,824	1,824
22		Prudence Corporation	187,808	
23		Patience Corporation	8,739	
24		Newport America Corporation	4,732	4,732
25		Metrowest Realty LLC	81,305	86,215
26		Boston Gas	113,580,348	97,104,094
27		Colonial Gas-Lowell	21,719,204	18,549,255
28		EnergyNorth	( 797,791)	
29		KeySpan Electric	125,308,705	85,806,074
30		KeySpan Generation	37,905,157	32,000,404
31		KeySpan Gas East Corp - KEDLI	115,009,552	94,627,538
32		Brooklyn Union Gas Co - KEDNY	149,835,176	119,642,671
33		KS Energy Trading Services LLC	541,645	457,859
34		KS-Glenwood Energy Center, LLC	208,620	62,331
35		KS-Port Jefferson Energy Cntr	197,506	76,065
36		KeySpan Services, Inc.	1,733,652	1,386,178
37		KeySpan Corporation	251,458,873	123,837,484
38		Seneca-Upshur Petroleum, Inc	1	1
39		KeySpan LNG LP RegulatedEntity	133,442	1,909

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule V – Accounts Receivable from Associate Companies (continued)</b>				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	<b>Accounts Receivable From Associate Companies</b>		
2		<b>Associate Company:</b>		
3		KeySpan Engineering Services	3,597,517	26,222,278
4		NGUSLLC	30	30
5		NG NEHoldings 2 LLC	10,253,429	10,228,522
6		Granite St Elec-Post Sale	2,298,928	
7		EnergyNorth Gas-Post Sale	1,453,466	
8		NG Exploration & Production	( 2,313)	
9		Transgas Inc	1,313,443	1,098,187
10		KS Energy Corp-West Hold	( 293,766)	
11		NG Development Holdings Corp	1,202,816	644,483
12		NG North East Ventures	9	9
13		NG Energy Services LLC	314	314
14		NG Energy Management LLC	53,760	373
15		KS Gen Services LLC	1,945	97,830
16		NG North America Inc.	518	517
17		National Grid Electric Services LLC		40,259,955
18		National Grid UK		14,866,566
19				
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29				
30				
31		Detail of Convenience Payments Included Above - see footnote	0	0
32				
33				
34		Notes Receivable from Associate Companies	3,346,383,516	3,447,610,097
35				
36				
37				
38				
39				
40	<b>Total</b>		<b>4,829,367,629</b>	<b>4,469,762,192</b>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2013
<b>FOOTNOTE DATA</b>			

<b>Schedule Page: 106.1 Line No.: 31 Column: c</b>	
National Grid USA	\$ 7,539,518
Nantucket Electric Company	2,299,042
Massachusetts Electric Company	143,342,119
NE Hydro-Trans Elec Co, Inc.	(200,280)
NE Hydro-Trans Corporation	56,441
New England Power Company	99,890,574
NE Electric Trans Corporation	730,576
National Grid Trans Services	73
Niagara Mohawk Holdings, Inc	283
Niagara Mohawk Power Corp	339,638,150
Opinac North America, Inc.	4,265
Granite State Electric Company	2,598,620
Narragansett Gas Company	37,631,296
Narragansett Electric Company	148,691,997
Wayfinder Group, Inc.	(135)
National Grid UK	167,129
NEES Energy, Inc.	1
Patience Corporation	725
Metrowest Realty LLC	118,634
Boston Gas	1,889,102
Essex Gas	32,052
Colonial Gas-Lowell	269,385
Colonial Gas-Cape Cod Division	47,505
EnergyNorth	13,581
Keyspan Corporate	4,946,668
KeySpan Electric Services LLC	586,246
KeySpan Generation LLC	586,246
<b>FERC FORM NO. 60 (NEW 12-05)</b>	
Footnotes.1	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2013

**FOOTNOTE DATA**

KEDC Holdings Corp	318,957
KeySpan Gas East Corp - KEDLI	1,382
Brooklyn Union Gas Co - KEDNY	674,465 1,117,255
KS Energy Trading Services LLC	(250)
KS-Glenwood Energy Center, LLC	4,541
KS-Port Jefferson Energy Cntr	3,518
Kwyspan Energy Supply, LLC	47,488
KeySpan Services, Inc.	681,475
KeySpan Corporation	423,828
Seneca-Upshur Petroleum, Inc	15,104
KeySpan LNG LP RegulatedEntity	(232)
<b>Total at beginning of the year</b>	<b>\$ 793,581,096</b>

**Schedule Page: 106.1 Line No.: 31 Column: d**

National Grid USA	\$
Nantucket Electric Company	31,645
Massachusetts Electric Company	25,031 1,375,318
NE Hydro-Trans Elec Co, Inc.	30,916
NE Hydro-Trans Corporation	130
New England Power Company	76,600
Niagara Mohawk Power Corp	2,066,472
Narragansett Electric Company	693,665
Boston Gas	2,580,019
Colonial Gas-Lowell	103,027
Keyspan Corporate	1,933
National Grid Electric Services LLC	5,368,309
KeySpan Generation LLC	4,671
KeySpan Gas East Corp - KEDLI	265,410

FERC FORM NO. 60 (NEW 12-05)

Footnotes.2

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2013
<b>FOOTNOTE DATA</b>			

Brooklyn Union Gas Co - KEDNY	485,007
KeySpan LNG LP RegulatedEntity	30,622
Valley Appliance & Merch	139
<b>Total balance at the end of the year</b>	<b>\$ 13,138,914</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013	
<b>Schedule VI – Fuel Stock Expenses Undistributed</b>					
<p>1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.  2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.</p>					
Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
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38					
39					
<b>40</b>	<b>Total</b>				

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013	
<b>Schedule VII – Stores Expense Undistributed</b>					
1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.					
Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3					
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39					
<b>40</b>	<b>Total</b>				

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule VIII - Miscellaneous Current and Accrued Assets</b>				
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3				
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40	Total			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule IX - Miscellaneous Deferred Debits</b>				
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	<b>Miscellaneous Deferred Debits</b>		
2		<b>Items List:</b>		
3		Pension Funding Assets	449,290,431	102,177,778
4		Post Retirement Healthcare Funding Asset		50,626,714
5		FIN 48 Federal and State Income Tax Provisions		9,110,570
6		Other	1,396,887	1,274,386
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39				
40	<b>Total</b>		<b>450,687,318</b>	<b>163,189,448</b>

Name of Respondent	This Report is:	Resubmission Date	Year of Report
National Grid USA Service Company Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013
<b>FOOTNOTE DATA</b>			

**Schedule Page: 110 Line No.: 40 Column: d**  
Changes are a result of account balances previously reported on the NG Holding Company. During the current year, the balances were reclassified from the NG Holding Company to its affiliates.

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule X - Research, Development, or Demonstration Expenditures</b>				
1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Amount (c)	
1	188	<b>Research, Development, or Demonstration Expenditures</b>		
2		<b>Project List:</b>		
3				
4				
5				
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39				
40	<b>Total</b>			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule XI - Proprietary Capital</b>					
<p>1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.</p> <p>2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.</p>					
Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)	
1	201	Common Stock Issued	Number of Shares Authorized	4,000	
2			Par or Stated Value per Share	25.00	
3			Outstanding Number of Shares	250	
4			Close of Period Amount	32,724,319	
5		Preferred Stock Issued	Number of Shares Authorized		
6			Par or Stated Value per Share		
7			Outstanding Number of Shares		
8			Close of Period Amount		
9	211	Miscellaneous Paid-In Capital		443,943,779	
10	215	Appropriated Retained Earnings			
11	219	Accumulated Other Comprehensive Income		( 514,908,187)	
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	67,553,403	
13			Net Income or (Loss)	18,655,362	
14			Dividend Paid		
15			Balance at Close of Year	86,208,765	

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /		Year/Period of Report Dec 31, 2013			
<b>Schedule XII – Long Term Debt</b>									
<p>1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).</p> <p>2. For the deductions in Column (h), please give an explanation in a footnote.</p> <p>3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).</p>									
Line No.	Account Number	Title of Account	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3			25 Years	04/01/2035	5.80300	80,000,000	80,000,000		80,000,000
4			10 Years	11/29/2022	3.28000	395,044,311	395,044,311		395,044,311
5									
6									
7									
8									
9									
10									
11									
12									
13		<b>TOTAL</b>					475,044,311		475,044,311
14	224	Other Long-Term Debt							
15		List Creditor:							
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28		<b>TOTAL</b>							

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule XIII – Current and Accrued Liabilities</b>				
<p>1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).  2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.</p>				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies	3,217,672,855	3,311,575,562
2				
3				
4				
5				
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11				
12				
13				
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23				
24	234	Accounts Payable to Associate Companies	1,195,266,773	1,440,215,160
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41	242	Miscellaneous Current and Accrued Liabilities	112,463,619	123,733,675
42				
43				
44				
45				
46				
47				
48				
49				
50		(Total)	4,525,403,247	4,875,524,397

Name of Respondent	This Report is:	Resubmission Date	Year of Report
National Grid USA Service Company Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013
FOOTNOTE DATA			

**Schedule Page: 203 Line No.: 1 Column: c**

Each company has a Money Pool Net Payable - Receivable position, as reflected in Schedule XIV - Notes to Financial Statements Note 4.

**Schedule Page: 203 Line No.: 1 Column: d**

Each company has a Money Pool Net Payable - Receivable position, as reflected in Schedule XIV - Notes to Financial Statements Note 4.

**Schedule Page: 203 Line No.: 24 Column: c**

NG North America Inc.	\$
	4,523
National Grid USA Parent	4,139,368
Niagara Mohawk Holdings	3,987,712
KeySpan Corporation	1,066,354,668
NG NEHoldings 2 LLC	637,132
Engineering Serv Co	1,193,018
Niagara Mohawk Power Corp	10,356,269
Brooklyn Union Gas-KEDNY	11,681,018
KS Gas East Corp-KEDLI	22,067,926
NG Electric Services LLC	29,976,877
Massachusetts Electric Co	10,215,073
Nantucket Electric Co	182,455
Boston Gas Company	18,459,535
Colonial Gas Company	3,677,801
Narragansett Electric Co	5,769,975
Granite State Electric Co	(852,878)
Granite State Elec-Post Sale	811,561
EnergyNorth Natural Gas	3,348
EnergyNorth Gas-Post Sale	294,828

FERC FORM NO. 60 (NEW 12-05) Footnotes.1

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2013
<b>FOOTNOTE DATA</b>			

New England Power Company	1,010,924
NE Hydro-Trans Elec Co	46,096
NE Hydro-Trans Corp	27,405
NE Electric Trans Corp	(465,721)
NG LNG LP RegulatedEntity	1,895
NG Generation LLC	1,331,023
NG Glenwood Energy Center	24,550
NG Port Jeff Energy Cente	59,666
National Grid US LLC	20
NG Trans Services Corp	202
Metrowest Realty LLC	(352,141)
Wayfinder Group, Inc.	2,425
Prudence Corporation	23
Patience Corporation	212
Newport America Corp	462
NEES Energy, Inc.	5
GridAmerica Holdings Inc.	43,692
Opinac North America, Inc	900
NG Energy Trading Service	398,918
Transgas Inc	901,576
NG Development Holdings C	75,946
NG Services, Inc.	137,414
KS Home Energy Svcs, LLC	4,902
NG Energy Services LLC	10,747
NG Energy Management LLC	(14,630)
Valley Appliance & Merch	593
National Grid UK	<u>3,059,460</u>

FERC FORM NO. 60 (NEW 12-05)	Footnotes.2
------------------------------	-------------

Name of Respondent	This Report is:	Resubmission Date	Year of Report
National Grid USA Service Company Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013
FOOTNOTE DATA			

**Total** \$ 1,195,266,773

**Schedule Page: 203 Line No.: 24 Column: d**

NG North America Inc.	\$
	529,379
National Grid USA Parent	68,321,646
Niagara Mohawk Holdings	18,412,303
KeySpan Corporation	1,208,848,045
NG NEHoldings 2 LLC	620,338
Engineering Serv Co	1,118,712
National Grid Electric Service LLC	25,720,914
Niagara Mohawk Power Corp	16,311,441
Brooklyn Union Gas-KEDNY	19,691,270
KS Gas East Corp-KEDLI	24,109,306
NG Electric Services LLC	10,763,039
Massachusetts Electric Co	6,292,079
Nantucket Electric Co	4,041,815
Boston Gas Company	18,301,916
Colonial Gas Company	3,735,581
Narragansett Electric Co	4,257,251
New England Power Company	563,017
NE Hydro-Trans Elec Co	118,007
NE Hydro-Trans Corp	131,013
NE Electric Trans Corp	44,744
NG LNG LP RegulatedEntity	51,670
NG LNG LP LLC	2
NG Generation LLC	2,716,308
NG Glenwood Energy Center	87,769
NG Port Jeff Energy Cente	63,094
National Grid US LLC	

FERC FORM NO. 60 (NEW 12-05) Footnotes.3

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2013
<b>FOOTNOTE DATA</b>			

	20
NG Trans Services Corp	202
Wayfinder Group, Inc.	1,778
Newport America Corp	462
NEES Energy, Inc.	5
GridAmerica Holdings Inc.	43,692
Opinac North America, Inc	900
NG Energy Trading Service	452,068
Transgas Inc	1,040,380
KS Energy Corp-West Hold	293,766
NG Development Holdings C	80,002
NG Services, Inc.	460,185
KS Home Energy Srvc, LLC	4,902
NG Energy Management LLC	88,657
Valley Appliance & Merch	593
KS Energy Devlp Co (NS)	328,296
KS Gen Services, LLC	80
National Grid UK	<u>2,568,515</u>
<b>Total</b>	<b><u>\$ 1,440,215,160</u></b>

**Schedule Page: 203 Line No.: 41 Column: c**

Accrued Bonuses	39,710,057
Accrued Payroll and Employee Benefits	71,446,192
Other Accounts Payable	<u>1,307,370</u>
Total	112,463,619

**Schedule Page: 203 Line No.: 41 Column: d**

Accrued Bonuses	41,492,952
Accrued Payroll and Employee Benefits	81,735,919
Other Accounts Payable	<u>504,804</u>

**FERC FORM NO. 60 (NEW 12-05)** Footnotes.4

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2013
<b>FOOTNOTE DATA</b>			

Total 123,733,675

Name of Respondent	This Report is:	Resubmission Date	Year of Report
National Grid USA Service Company Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013
<b>Schedule XIV - Notes to Financial Statements</b>			

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

**SCHEDULE XIV - NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

**Organization of the Company**

National Grid USA Service Company Inc. (or the "Company") is a wholly-owned subsidiary of National Grid USA ("NGUSA" or the "Parent"), a holding company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). The primary operating companies of the Parent are New England Power Company, Massachusetts Electric Company, Nantucket Electric Company, Narragansett Electric Company, Granite State Electric Company, Niagara Mohawk Power Corporation, New England Hydro-Transmission Electric Company, Inc., New England Hydro-Transmission Corporation and New England Hydro Finance Company, Inc. Additionally, NGUSA is the parent of KeySpan Corporation, a public utility holding company that, through its subsidiaries, distributes natural gas to customers in New York City, Long Island, Massachusetts, and owns electric generating plants on Long Island. The primary operating companies of KeySpan include the Brooklyn Union Gas Company, KeySpan Gas East Corporation, Boston Gas Company, Colonial Gas Company, National Grid Generation LLC, and National Grid Electric Services LLC.

NGUSA is a public utility holding company with regulated subsidiaries engaged in the transmission, distribution and sale of both natural gas and electricity. NGUSA is a wholly owned subsidiary of National Grid plc., a public limited company incorporated under the laws of England and Wales.

Pursuant to PUHCA 2005, the Federal Energy Regulatory Commission ("FERC") has jurisdiction over certain holding company activities, including (i) regulating certain transactions among affiliates within NGUSA's holding company system, including KeySpan Corporation; (ii) governing the issuance, acquisition and disposition of securities and assets by certain of NGUSA and KeySpan Corporation's public utility subsidiaries; and (iii) approving certain utility mergers and acquisitions.

Moreover, NGUSA's affiliate transactions also remain subject to certain regulations of the Public Service Commission of the State of New York ("NYPSC"), the Massachusetts Department of Public Utility ("MADPU"), the Rhode Island Public Utilities Commission ("RIPUC") and in addition to FERC.

**Description of Business**

Pursuant to Service Agreements between the Company, the Parent and KeySpan Corporation and all affiliated companies (collectively, the "Client Companies"), the Company provides the following services to the Client Companies: (a) corporate affairs (b) executive and administration (c) corporate audit (d) customer services (e) financial services (f) information technology (g) security (h)

Name of Respondent	This Report is:	Resubmission Date	Year of Report
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procurement (i) human resources (j) legal and regulatory (k) network strategy and services (l) operating services (m) safety, health, and environment and (n) shared services.

Services provided to Client Companies are allocated to each company in accordance with applicable federal and state laws. Costs are: (1) directly assigned where possible; (2) allocated using a reasonable and equitable allocation ratio based upon a cost-causation relationship; or (3) allocated broad based. Service allocation ratios are defined in the Service Agreements. Cost of service will include all costs of doing business incurred by Service Company, including a reasonable return on capital.

#### Basis of Presentation

The financial statements supporting this filing were prepared in conformity with generally accepted accounting principles ("GAAP") in the United States under the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts for Centralized Service Companies. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements presented herein include the years ended December 31, 2013 and 2012.

The accounting records of the Company are maintained in accordance with the FERC Uniform System of Accounts for Centralized Service Companies under PUHCA.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and temporary investments purchased with the original maturity of three months or less.

#### Income Taxes

Federal and state income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses and general business credit carryforwards.

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken or expected to be taken in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

National Grid North America Inc. ("NGNA") files consolidated federal tax returns including all of the

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activities of its subsidiaries. Each subsidiary company determines its current and deferred taxes based on the separate return method. The Company settles its current tax liability or benefit each year with NGNA pursuant to a tax sharing arrangement between NGNA and its subsidiaries. Tax benefits attributable to the tax attributes of other group companies and allocated by NGNA are treated as capital contributions.

**Company Property**

The Company's property includes capital leases related to computer information systems as well as some communication towers, software and hardware. The Company's property is stated at original cost, which includes labor, material, applicable taxes, and allocations of overhead. Depreciation is provided on a straight-line basis in amounts equivalent to composite rates on average depreciable property. The cost of property retired, plus the cost of removal less salvage, is charged to accumulated depreciation. Amortization of the capital lease is charged to rent expense.

**Note 2. Postretirement Benefits**

**Pension:** The Company's employees are members of the Parent's noncontributory defined benefit pension plans covering substantially all employees associated with the Parent. Benefits are based on years of service and compensation. Pension costs are allocated to the Company; related pension obligations and assets are commingled and are not allocated to the individual sponsors (i.e. the Company). Pension expense attributed to the Company for the years ended December 31, 2013 and 2012, was approximately \$123.0 million and \$122.7 million, respectively. These costs are then allocated to affiliated companies as burden costs based upon direct labor costs of the Company. Funding for pensions is in accordance with requirements of federal law and regulations

**Other Postretirement Benefits:** The Company employees are members of NGUSA's noncontributory defined benefit plans under which are provided certain health care and life insurance benefits for retired employees of NGUSA. Other postretirement benefit costs are allocated to the Company; related pension obligations and assets are commingled and are not allocated to the individual sponsors (i.e. the Company). NGUSA has been funding a portion of future benefits over employees' active service lives through Voluntary Employee Beneficiary Association (VEBA) trusts. Contributions to VEBA trusts are tax deductible, subject to limitations contained in the Internal Revenue Code. Other postretirement benefit expense attributed to the Company for the years ended December 31, 2013 and 2012 was approximately \$60.8 million and \$137.0 million, respectively. These costs are then allocated to affiliated companies as burden costs based upon direct labor costs of the Company

**Note 3. Other Investments**

The Company has corporate assets recorded on the balance sheet, in Other Investments and Other Special Funds primarily representing funds designated for Supplemental Executive Retirement Plans. These funds are invested in corporate owned life insurance policies, mutual funds and other securities.

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**Note 4. Notes Payable to Associate Companies (Money Pool)**

The Company and NGUSA has established a utility money pool (which is recorded in "Notes Receivable and Payable to Associated Companies") to coordinate short-term borrowings for certain subsidiaries. The money pool and advances from the parent provides a more efficient use of cash resources of NGUSA and its affiliates and reduces outside borrowings. The money pool is administered by the Company and funded, as needed, through the intercompany loans with NGUSA or National Grid plc. Interest charged on outstanding borrowings is generally equal to NGUSA's short term borrowing rate, plus a proportional share of the administrative costs incurred in obtaining the required funds.

**Money Pool**

National Grid USA Service Company, Inc. ("Company") is designated to administer the National Grid USA money pool as agent for the member companies. The Company has classified money pool transactions of the member companies on a net basis in the current and prior year balance sheets.

At December 31, 2013 the detail of this money pool was as follows:

Investments	
Nat Grid Holdings, Inc.	\$
	32,035,791
NGUSA Service Company	136,034,536
NG Engineering Svcs, LLC	154,951,740
Niagara Mohawk Power Corp	217,974,499
Massachusetts Electric Co	265,594,684
Colonial Gas Company	14,142,100
Narragansett Electric Co	172,866,488
New England Power Company	241,731,054
NE Hydro-Trans Elec Co	3,889,922
NE Hydro-Trans Corp	814,765
NE Electric Trans Corp	7,526,839
NE Hydro Finance Co, Inc.	13,131
NG LNG LP RegulatedEntity	17,835,583
NG LNG GP LLC	5,733,050
NG Generation LLC	

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	347,005,514	
NG Glenwood Energy Center	62,901,591	
NG Port Jeff Energy Center	78,737,998	
NG IGTS Corp.	6,014,962	
NG Millennium LLC	29,440,166	
North East Transmission Co	87,971,407	
Metrowest Realty LLC	19,601,507	
Wayfinder Group, Inc.	29,577,951	
EUA Energy Investment	23,961,929	
NG Energy Trading Svcs	64,434,056	
KeySpan MHK, Inc.	372,538	
NG Islander East Pipeline	2,161,842	
KEDC Holdings Corp	452,928,318	
NG North East Ventures	6,440,813	
NG Services, Inc.	118,571,194	
KS Home Energy Svcs, LLC	376,108	
KS Plumbing & Heating Sol	80,947	
KeySpan Energy Services	5,804,564	
Northeast Gas Markets LLC	1,711,031	
KS CI Midstream Limited	8,214,312	
Nicodama Beheer V.B.V.	8,429,085	
KeySpan C.I., LTD	8,693,772	
KeySpan C.I. II, LTD	832,294	
Fritze LLC	1	
Valley Appliance & Merch	25,333	
	<u>25,333</u>	
		<b>\$ 2,635,433,414</b>

**Borrowings**

National Grid USA Parent	\$ (1,081,961,738)
Brooklyn Union Gas-KEDNY	

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KS Gas East Corp-KEDLI	(147,835,846)
NG Electric Services LLC	(455,817,885)
Nantucket Electric Co	(433,153,170)
Boston Gas Company	(14,145,620)
Niagara Mohawk Holdings	(120,479,551)
NG NE Holdings 2 LLC	(21,371,642)
NG LNG LP LLC	(105,568,291)
NG Trans Services Corp	(8,289,737)
Newport America Corp	(971,971)
NEES Energy, Inc.	(598,546)
GridAmerica Holdings Inc.	(589,407)
Opinac North America, Inc.	(12,656,965)
NG Exploration&Production	(408,446)
PCC Land Company, Inc.	(1)
Philadelphia Coke Co.	(1,466,611)
Transgas Inc	(2,916,994)
KS Energy Corp-West Hold	(6,303,830)
NG Technologies Inc	(160,669,440)
Broken Bridge Corp.	(6,510,473)
NG Energy Supply LLC	(1,104,762)
NG Energy Supply LLC	(15,723,355)
KSI Mechanical, LLC	(5,794,285)
KS Plumbing Solutions Inc	(830,818)
NG Energy Management LLC	(2,686,609)
Metro Energy L.L.C.	(1,022,653)
KeySpan Midstream, Inc.	(6,541,512)
KS Luxembourg S.A.R.L.	(13,280,413)
KS Energy Devlp Co (NS)	(3,437,270)

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KS International Corp	(3,295,571)	<b>\$ (2,635,433,413)</b>
		<b>\$</b>
		<b>0</b>

**Note 5. Income Tax**

The components of federal and state income tax expense are as follows:

	Years Ended December 31, 2013	2012
	<i>(in thousands of dollars)</i>	
Current tax expense(benefit):		
Federal	<b>\$ (247,313)</b>	\$ 2,958
State	<b>(1,198)</b>	6,170
Total current tax expense	<b>(248,511)</b>	9,128
Deferred tax expense(benefit):		
Federal	<b>294,995</b>	19,205
State	<b>(2,478)</b>	(59,217)
Total deferred tax expense(benefit)	<b>292,517</b>	(40,012)
Total income tax expense(benefit)	<b>\$ 44,006</b>	\$ (30,884)
Total income taxes in the consolidated statements of operations:		
Income taxes charged to operations	<b>\$ 44,006</b>	\$ (30,884)
Income taxes credited to "other income (deductions)"		
Total	<b>\$ 44,006</b>	\$ (30,884)

A reconciliation between the expected federal income tax expense, using the federal statutory rate of 35% to the Company's actual income tax expense for the years ended December 31, 2013 and December 31, 2012 is as follows:

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	Years Ended December 31,	
	2013	2012
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 22,755	\$ 4,182
Change in computed taxes resulting from:		
Adjustments related to prior year, federal and state	25,227	-
State income tax, net of federal benefit	(2,389)	(34,480)
Employee stock ownership plan dividends	(1,795)	-
Other items - net	208	(586)
Total	21,251	(35,066)
Federal and state income taxes	\$ 44,006	\$ (30,884)

In September 2013, the IRS issued final regulations, effective for tax years beginning in 2014, that provide guidance on the appropriate tax treatment of costs incurred to acquire, produce or improve tangible property, as well as routine maintenance and repair costs. Proposed regulations were issued addressing the tax treatment of asset dispositions. The Company has evaluated tax accounting method changes that may be elected or required by the final regulations. The application of these regulations is not expected to have a material impact on the Company's financial position, results of operations or cash flow.

On March 31, 2014, New York's legislature enacted as part of the 2014-15 budget package, legislation which included significant tax changes. For tax years beginning on or after January 1, 2016, the New York corporate franchise rate is reduced from 7.1% to 6.5%. Additionally, for tax years beginning on or after January 1, 2015, New York State will generally require combined reporting if the taxpayer is engaged in a unitary business and a 50% common ownership test is met. The MTA surcharge rate increased from 17% to 25.6% of the NY rate for taxable years beginning after 2014 and before 2016. For subsequent years, the rate is to be adjusted by the Commissioner. The application of this legislation is not expected to have a material impact on the Company's financial position, results of operations or liquidity.

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2013 and December 31, 2012 are as follows:

December 31,	December
2013	31, 2012
<i>(in thousands of dollars)</i>	

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Deferred tax assets:		
Pensions, OPEB and other employee benefits	<b>\$</b>	<b>\$</b>
	<b>120,384</b>	552,375
Net operating losses		-
	<b>101,079</b>	
Future federal benefit on state taxes		-
	<b>(28,784)</b>	(31,803)
Other items		-
	<b>34,121</b>	41,975
Total deferred tax assets (1)	<b>226,800</b>	562,547
Deferred tax liabilities:		
Property related differences		-
	<b>226,582</b>	117,684
Regulatory Assets - pension and OPEB		-
	<b>(143,331)</b>	(23,220)
Investments		-
	<b>17,341</b>	
Regulatory assets - other		-
	<b>(12,753)</b>	
Other items		-
		(5,994)
Total deferred tax liabilities	<b>87,839</b>	88,470
Net deferred income tax asset	<b>\$</b>	<b>\$</b>
	<b>138,961</b>	474,077

(1) There were no valuation allowances for deferred tax assets at December 31, 2013 or 2012.

The Company is a member of the National Grid North America Inc. ("NGNA") and subsidiaries consolidated federal income tax return. The Company has joint and several liability for any potential assessments against the consolidated group.

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket AI07-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC docket AI07-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2013 and December 31, 2012, the Company did not have any unrecognized tax benefits.

It is reasonably possible that other events will occur during the next 12 months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not

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believe any such increases or decreases would be material to their results of operations, financial position, or cash flows.

Federal income tax returns have been examined and all appeals and issues have been agreed with the Internal Revenue Service (IRS) and the NGNA consolidated filing group, through March 31, 2007.

During fiscal year 2014 the IRS has concluded its examination of the NGNA consolidated filing group's corporate income tax returns for the periods ended March 31, 2008 and March 31, 2009. The examinations were completed on March 31, 2014, with an agreement on the majority of income tax issues for the years referenced above, as well as an acknowledgment that certain discrete items remain disputed. NGNA is in the process of appealing these disputed items with the IRS Office of Appeals. The Company does not anticipate a change in its unrecognized tax positions in the next twelve months as a result of the appeals. However, pursuant to the Company's tax sharing agreement, the audit or appeals may result in a change to allocated tax. Fiscal years ended March 31, 2010 through March 31, 2014 remain subject to examination by the IRS.

The Company is a member of the National Grid USA Service Company Massachusetts unitary group since fiscal year ended March 31, 2010. The tax returns for the fiscal years ended March 31, 2010 through March 31, 2014 remain subject to examination by the State of Massachusetts.

The Company is in the process of appealing certain adjustments made by the Massachusetts Department of Revenue ("MADOR") for the years ended March 31, 2003 through March 31, 2005. The Company is currently under audit by the MADOR for years ended March 31, 2006 through March 31, 2008.

The following table indicates the earliest tax year subject to examination:

Jurisdiction	Tax Year
Federal	March 31, 2008*
New York	March 31, 2006
Massachusetts	March 31, 2006

\*The NGNA consolidated filing group is in the process of appealing certain disputed issues with the IRS Office of Appeals for the fiscal years ended March 31, 2008 through March 31, 2009.

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<b>Schedule XV- Comparative Income Statement</b>				
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		<b>SERVICE COMPANY OPERATING REVENUES</b>		
2	400	Service Company Operating Revenues	2,251,722,249	1,137,058,471
3		<b>SERVICE COMPANY OPERATING EXPENSES</b>		
4	401	Operation Expenses	1,837,663,750	1,084,159,203
5	402	Maintenance Expenses	30,963,196	
6	403	Depreciation Expenses	13,240,631	2,098,549
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property	51,978,925	5,045,085
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	234,570,919	33,001,256
13	409.1	Income Taxes, Operating Income	( 248,511,097)	9,127,748
14	410.1	Provision for Deferred Income Taxes, Operating Income	292,517,300	( 42,144,744)
15	411.1	Provision for Deferred Income Taxes – Credit , Operating Income		2,132,581
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant		
18	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense	262,258	
20	412	Costs and Expenses of Construction or Other Services		
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work		
22		<b>TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)</b>	2,212,685,882	1,093,419,678
23		<b>NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)</b>	39,036,367	43,638,793
24		<b>OTHER INCOME</b>		
25	418.1	Equity in Earnings of Subsidiary Companies		
26	419	Interest and Dividend Income	6,586,968	167,685
27	419.1	Allowance for Other Funds Used During Construction	2,521,693	( 57)
28	421	Miscellaneous Income or Loss	2,268,080	( 3,424)
29	421.1	Gain on Disposition of Property	300,157	
30		<b>TOTAL OTHER INCOME (Total of Lines 25-29)</b>	11,676,898	164,204
31		<b>OTHER INCOME DEDUCTIONS</b>		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	5,566,769	( 223,168)
35	426.2	Life Insurance	2,123,001	
36	426.3	Penalties		
37	426.4	Expenditures for Certain Civic, Political and Related Activities	850,898	827
38	426.5	Other Deductions	( 1,069,007)	25,876
39		<b>TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)</b>	7,471,661	( 196,465)
40		<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>		

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<b>Schedule XV- Comparative Income Statement (continued)</b>				
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
42	409.2	Income Taxes, Other Income and Deductions		
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)</b>		
47		<b>INTEREST CHARGES</b>		
48	427	Interest on Long-Term Debt		
49	428	Amortization of Debt Discount and Expense	( 82,815)	( 246)
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies	340,441	244,293
52	431	Other Interest Expense	23,384,458	3,503,866
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit	( 944,158)	897,532
54		<b>TOTAL INTEREST CHARGES (Total of Lines 48-53)</b>	24,586,242	2,850,381
55		<b>NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)</b>	18,655,362	41,149,081
56		<b>EXTRAORDINARY ITEMS</b>		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		<b>Net Extraordinary Items (Line 57 less Line 58)</b>		
60	409.4	(less) Income Taxes, Extraordinary		
61		<b>Extraordinary Items After Taxes (Line 59 less Line 60)</b>		
62		<b>NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)</b>	18,655,362	41,149,081

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies								
1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.								
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	403-403.1	Depreciation Expense	13,240,631		13,240,631			
2	404-405	Amortization Expense	51,978,925		51,978,925			
3	407.3-407.4	Regulatory Debits/Credits – Net						
4	408.1-408.2	Taxes Other Than Income Taxes	234,570,919		234,570,919			
5	409.1-409.3	Income Taxes		( 248,511,097)	( 248,511,097)			
6	410.1-411.2	Provision for Deferred Taxes		292,517,300	292,517,300			
7	411.1-411.2	Provision for Deferred Taxes – Credit						
8	411.6	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
10	411.4-411.5	Investment Tax Credit Adjustment						
11	411.10	Accretion Expense	262,258		262,258			
12	412	Costs and Expenses of Construction or Other Services						
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies						
14	418	Non-operating Rental Income	932,154		932,154			
15	418.1	Equity in Earnings of Subsidiary Companies						
16	419	Interest and Dividend Income		6,586,969	6,586,969			
17	419.1	Allowance for Other Funds Used During Construction		2,521,693	2,521,693			
18	421	Miscellaneous Income or Loss	1,335,926		1,335,926			
19	421.1	Gain on Disposition of Property	300,157		300,157			
20	421.2	Loss on Disposition Of Property						
21	425	Miscellaneous Amortization						
22	426.1	Donations	5,566,769		5,566,769			
23	426.2	Life Insurance	2,123,002		2,123,002			
24	426.3	Penalties						
25	426.4	Expenditures for Certain Civic, Political and Related Activities	850,898		850,898			
26	426.5	Other Deductions	( 1,069,008)		( 1,069,008)			
27	427	Interest On Long-Term Debt						
28	428	Amortization of Debt Discount and Expense	( 82,815)		( 82,815)			
29	429	Amortization of Premium on Debt – Credit						
30	430	Interest on Debt to Associate Companies	340,441		340,441			
31	431	Other Interest Expense	1,750,059	21,634,399	23,384,458			
32	432	Allowance for Borrowed Funds Used During Construction	( 944,158)		( 944,158)			
33	500-509	Total Steam Power Generation Operation Expenses	2,571,576		2,571,576			
34	510-515	Total Steam Power Generation Maintenance Expenses	84,386		84,386			

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Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	517-525	Total Nuclear Power Generation Operation Expenses						
36	528-532	Total Nuclear Power Generation Maintenance Expenses						
37	535-540.1	Total Hydraulic Power Generation Operation Expenses						
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses						
39	546-550.1	Total Other Power Generation Operation Expenses	6,571		6,571			
40	551-554.1	Total Other Power Generation Maintenance Expenses	20,891		20,891			
41	555-557	Total Other Power Supply Operation Expenses						
42	560	Operation Supervision and Engineering	549,395		549,395			
43	561.1	Load Dispatch-Reliability	6,272,791		6,272,791			
44	561.2	Load Dispatch-Monitor and Operate Transmission System						
45	561.3	Load Dispatch-Transmission Service and Scheduling						
46	561.4	Scheduling, System Control and Dispatch Services						
47	561.5	Reliability Planning and Standards Development	1,724,190		1,724,190			
48	561.6	Transmission Service Studies						
49	561.7	Generation Interconnection Studies						
50	561.8	Reliability Planning and Standards Development Services						
51	562	Station Expenses (Major Only)	1,692,764		1,692,764			
52	563	Overhead Line Expenses (Major Only)	600,999		600,999			
53	564	Underground Line Expenses (Major Only)						
54	565	Transmission of Electricity by Others (Major Only)						
55	566	Miscellaneous Transmission Expenses (Major Only)	9,566,560		9,566,560			
56	567	Rents	379,725		379,725			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)						
58		Total Transmission Operation Expenses	20,786,424		20,786,424			
59	568	Maintenance Supervision and Engineering (Major Only)	1,022,432		1,022,432			
60	569	Maintenance of Structures (Major Only)	6,033		6,033			
61	569.1	Maintenance of Computer Hardware						
62	569.2	Maintenance of Computer Software						
63	569.3	Maintenance of Communication Equipment	19,318		19,318			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant						
65	570	Maintenance of Station Equipment (Major Only)	842,413		842,413			
66	571	Maintenance of Overhead Lines (Major Only)	425,399		425,399			
67	572	Maintenance of Underground Lines (Major Only)	16,181		16,181			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	283,043		283,043			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2013			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
		Total Transmission Maintenance Expenses	2,614,819		2,614,819			
71	575.1-575.8	Total Regional Market Operation Expenses						
72	576.1-576.5	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	24,662,731		24,662,731			
74	590-598	Total Distribution Maintenance Expenses	6,208,258		6,208,258			
75		Total Electric Operation and Maintenance Expenses	362,975,340	61,575,326	424,550,666			
76	700-798	Production Expenses (Provide selected accounts in a footnote)	18,343		18,343			
77	800-813	Total Other Gas Supply Operation Expenses	19,766		19,766			
78	814-826	Total Underground Storage Operation Expenses						
79	830-837	Total Underground Storage Maintenance Expenses						
80	840-842.3	Total Other Storage Operation Expenses	1,300,381		1,300,381			
81	843.1-843.9	Total Other Storage Maintenance Expenses	744		744			
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses	1,152,943		1,152,943			
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses	147,532		147,532			
84	850	Operation Supervision and Engineering	23,425		23,425			
85	851	System Control and Load Dispatching						
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses	22		22			
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations						
90	856	Mains Expenses	869		869			
91	857	Measuring and Regulating Station Expenses	181,466		181,466			
92	858	Transmission and Compression of Gas By Others						
93	859	Other Expenses						
94	860	Rents						
95		Total Gas Transmission Operation Expenses	205,782		205,782			
96	861	Maintenance Supervision and Engineering	1,240,522		1,240,522			
97	862	Maintenance of Structures and Improvements						
98	863	Maintenance of Mains	42,780		42,780			
99	864	Maintenance of Compressor Station Equipment						
100	865	Maintenance of Measuring And Regulating Station Equipment	11,842		11,842			
101	866	Maintenance of Communication Equipment						
102	867	Maintenance of Other Equipment						
103		Total Gas Transmission Maintenance Expenses	1,295,144		1,295,144			
104	870-881	Total Distribution Operation Expenses	29,031,302		29,031,302			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	Mo. Da. Yr / /	Dec 31, 2013			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	885-894	Total Distribution Maintenance Expenses	16,002,263		16,002,263			
106		Total Natural Gas Operation and Maintenance Expenses	49,174,200		49,174,200			
107	901	Supervision	2,582,633		2,582,633			
108	902	Meter reading expenses	9,140,266		9,140,266			
109	903	Customer records and collection expenses	43,664,573		43,664,573			
110	904	Uncollectible accounts	2,348,547		2,348,547			
111	905	Miscellaneous customer accounts expenses	18,185,407		18,185,407			
112	906	Total Customer Accounts Operation Expenses	75,921,426		75,921,426			
113	907	Supervision						
114	908	Customer assistance expenses	22,195,213		22,195,213			
115	909	Informational And Instructional Advertising Expenses	1,852,666		1,852,666			
116	910	Miscellaneous Customer Service And Informational Expenses	223,009		223,009			
117		Total Service and Informational Operation Accounts	24,270,888		24,270,888			
118	911	Supervision						
119	912	Demonstrating and Selling Expenses	5,524,438		5,524,438			
120	913	Advertising Expenses	1,520,955		1,520,955			
121	916	Miscellaneous Sales Expenses						
122		Total Sales Operation Expenses	7,045,393		7,045,393			
123	920	Administrative and General Salaries	425,252,050		425,252,050			
124	921	Office Supplies and Expenses	147,198,271		147,198,271			
125	923	Outside Services Employed	590,323,730		590,323,730			
126	924	Property Insurance	17,576,289		17,576,289			
127	925	Injuries and Damages	22,141,724		22,141,724			
128	926	Employee Pensions and Benefits	412,129,173		412,129,173			
129	928	Regulatory Commission Expenses	23,843		23,843			
130	930.1	General Advertising Expenses	255,619		255,619			
131	930.2	Miscellaneous General Expenses	6,576,851		6,576,851			
132	931	Rents	29,064,357		29,064,357			
133		Total Administrative and General Operation Expenses	1,650,541,907		1,650,541,907			
134	935	Maintenance of Structures and Equipment	4,717,477		4,717,477			
135		Total Administrative and General Maintenance Expenses	1,762,497,091		1,762,497,091			
136		Total Cost of Service	2,174,646,631	61,575,326	2,236,221,957			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)</b>					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (f)	Total Charges for Services Indirect Cost (g)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense	13,240,631		13,240,631
2	404-405	Amortization Expense	51,978,925		51,978,925
3	407.3-407.4	Regulatory Debits/Credits – Net			
4	408.1-408.2	Taxes Other Than Income Taxes	234,570,919		234,570,919
5	409.1-409.3	Income Taxes		( 248,511,097)	( 248,511,097)
6	410.1-411.2	Provision for Deferred Taxes		292,517,300	292,517,300
7	411.1-411.2	Provision for Deferred Taxes – Credit			
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense	262,258		262,258
12	412	Costs and Expenses of Construction or Other Services			
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies			
14	418	Non-operating Rental Income	932,154		932,154
15	418.1	Equity in Earnings of Subsidiary Companies			
16	419	Interest and Dividend Income		6,586,969	6,586,969
17	419.1	Allowance for Other Funds Used During Construction		2,521,693	2,521,693
18	421	Miscellaneous Income or Loss	1,335,926		1,335,926
19	421.1	Gain on Disposition of Property	300,157		300,157
20	421.2	Loss on Disposition Of Property			
21	425	Miscellaneous Amortization			
22	426.1	Donations	5,566,769		5,566,769
23	426.2	Life Insurance	2,123,002		2,123,002
24	426.3	Penalties			
25	426.4	Expenditures for Certain Civic, Political and Related Activities	850,898		850,898
26	426.5	Other Deductions	( 1,069,008)		( 1,069,008)
27	427	Interest On Long-Term Debt			
28	428	Amortization of Debt Discount and Expense	( 82,815)		( 82,815)
29	429	Amortization of Premium on Debt – Credit			
30	430	Interest on Debt to Associate Companies	340,441		340,441
31	431	Other Interest Expense	1,750,059	21,634,399	23,384,458
32	432	Allowance for Borrowed Funds Used During Construction	( 944,158)		( 944,158)
33	500-509	Total Steam Power Generation Operation Expenses	2,571,576		2,571,576
34	510-515	Total Steam Power Generation Maintenance Expenses	84,386		84,386

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)</b>					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (f)	Total Charges for Services Indirect Cost (g)	Total Charges for Services Total Cost (k)
35	517-525	Total Nuclear Power Generation Operation Expenses			
36	528-532	Total Nuclear Power Generation Maintenance Expenses			
37	535-540.1	Total Hydraulic Power Generation Operation Expenses			
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses			
39	546-550.1	Total Other Power Generation Operation Expenses	6,571		6,571
40	551-554.1	Total Other Power Generation Maintenance Expenses	20,891		20,891
41	555-557	Total Other Power Supply Operation Expenses			
42	560	Operation Supervision and Engineering	549,395		549,395
43	561.1	Load Dispatch-Reliability	6,272,791		6,272,791
44	561.2	Load Dispatch-Monitor and Operate Transmission System			
45	561.3	Load Dispatch-Transmission Service and Scheduling			
46	561.4	Scheduling, System Control and Dispatch Services			
47	561.5	Reliability Planning and Standards Development	1,724,190		1,724,190
48	561.6	Transmission Service Studies			
49	561.7	Generation Interconnection Studies			
50	561.8	Reliability Planning and Standards Development Services			
51	562	Station Expenses (Major Only)	1,692,764		1,692,764
52	563	Overhead Line Expenses (Major Only)	600,999		600,999
53	564	Underground Line Expenses (Major Only)			
54	565	Transmission of Electricity by Others (Major Only)			
55	566	Miscellaneous Transmission Expenses (Major Only)	9,566,560		9,566,560
56	567	Rents	379,725		379,725
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	20,786,424		20,786,424
59	568	Maintenance Supervision and Engineering (Major Only)	1,022,432		1,022,432
60	569	Maintenance of Structures (Major Only)	6,033		6,033
61	569.1	Maintenance of Computer Hardware			
62	569.2	Maintenance of Computer Software			
63	569.3	Maintenance of Communication Equipment	19,318		19,318
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant			
65	570	Maintenance of Station Equipment (Major Only)	842,413		842,413
66	571	Maintenance of Overhead Lines (Major Only)	425,399		425,399
67	572	Maintenance of Underground Lines (Major Only)	16,181		16,181
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	283,043		283,043

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2013
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (f)	Total Charges for Services Indirect Cost (g)	Total Charges for Services Total Cost (k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	2,614,819		2,614,819
71	575.1-575.8	Total Regional Market Operation Expenses			
72	576.1-576.5	Total Regional Market Maintenance Expenses			
73	580-589	Total Distribution Operation Expenses	24,662,731		24,662,731
74	590-598	Total Distribution Maintenance Expenses	6,208,258		6,208,258
75		Total Electric Operation and Maintenance Expenses	362,975,340	61,575,326	424,550,666
76	700-708	Production Expenses (Provide selected accounts in a footnote)	18,343		18,343
77	800-813	Total Other Gas Supply Operation Expenses	19,766		19,766
78	814-826	Total Underground Storage Operation Expenses			
79	830-837	Total Underground Storage Maintenance Expenses			
80	840-842.3	Total Other Storage Operation Expenses	1,300,381		1,300,381
81	843.1-843.9	Total Other Storage Maintenance Expenses	744		744
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses	1,152,943		1,152,943
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses	147,532		147,532
84	850	Operation Supervision and Engineering	23,425		23,425
85	851	System Control and Load Dispatching,			
86	852	Communication System Expenses			
87	853	Compressor Station Labor and Expenses	22		22
88	854	Gas for Compressor Station Fuel			
89	855	Other Fuel and Power for Compressor Stations			
90	856	Mains Expenses	869		869
91	857	Measuring and Regulating Station Expenses	181,466		181,466
92	858	Transmission and Compression of Gas By Others			
93	859	Other Expenses			
94	860	Rents			
95		Total Gas Transmission Operation Expenses	205,782		205,782
96	861	Maintenance Supervision and Engineering	1,240,522		1,240,522
97	862	Maintenance of Structures and Improvements			
98	863	Maintenance of Mains	42,780		42,780
99	864	Maintenance of Compressor Station Equipment			
100	865	Maintenance of Measuring And Regulating Station Equipment	11,842		11,842
101	866	Maintenance of Communication Equipment			
102	867	Maintenance of Other Equipment			
103		Total Gas Transmission Maintenance Expenses	1,295,144		1,295,144
104	870-881	Total Distribution Operation Expenses	29,031,302		29,031,302

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2013
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (l)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	885-894	Total Distribution Maintenance Expenses	16,002,263		16,002,263
106		Total Natural Gas Operation and Maintenance Expenses	49,174,200		49,174,200
107	901	Supervision	2,582,633		2,582,633
108	902	Meter reading expenses	9,140,266		9,140,266
109	903	Customer records and collection expenses	43,664,573		43,664,573
110	904	Uncollectible accounts	2,348,547		2,348,547
111	905	Miscellaneous customer accounts expenses	18,185,407		18,185,407
112	906	Total Customer Accounts Operation Expenses	75,921,426		75,921,426
113	907	Supervision			
114	908	Customer assistance expenses	22,195,213		22,195,213
115	909	Informational And Instructional Advertising Expenses	1,852,666		1,852,666
116	910	Miscellaneous Customer Service And Informational Expenses	223,009		223,009
117		Total Service and Informational Operation Accounts	24,270,888		24,270,888
118	911	Supervision			
119	912	Demonstrating and Selling Expenses	5,524,438		5,524,438
120	913	Advertising Expenses	1,520,955		1,520,955
121	918	Miscellaneous Sales Expenses			
122		Total Sales Operation Expenses	7,045,393		7,045,393
123	920	Administrative and General Salaries	425,252,050		425,252,050
124	921	Office Supplies and Expenses	147,198,271		147,198,271
125	923	Outside Services Employed	590,323,730		590,323,730
126	924	Property Insurance	17,576,289		17,576,289
127	925	Injuries and Damages	22,141,724		22,141,724
128	926	Employee Pensions and Benefits	412,129,173		412,129,173
129	928	Regulatory Commission Expenses	23,843		23,843
130	930.1	General Advertising Expenses	255,619		255,619
131	930.2	Miscellaneous General Expenses	6,576,851		6,576,851
132	931	Rents	29,064,357		29,064,357
133		Total Administrative and General Operation Expenses	1,650,541,907		1,650,541,907
134	935	Maintenance of Structures and Equipment	4,717,477		4,717,477
135		Total Administrative and General Maintenance Expenses	1,762,497,091		1,762,497,091
136		Total Cost of Service	2,174,646,631	61,575,326	2,236,221,957

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule XVII - Analysis of Billing – Associate Companies (Account 457)</b>					
1. For services rendered to associate companies (Account 457), list all of the associate companies.					
Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Nat Grid Holdings, Inc.	60,171			60,171
2	National Grid USA Parent	416,431,418	25,729	116,597	416,573,744
3	Niagara Mohawk Holdings	3,896			3,896
4	KeySpan Corporation	7,520,273	1,449	8,499	7,530,221
5	NG NE Holdings 2 LLC	1,365,427			1,365,427
6	NGUSA Service Company	3,692,211			3,692,211
7	NG Engineering Svcs, LLC	( 1,578,191)			( 1,578,191)
8	National Grid Electric Services	178,047,847	854,913	4,442,582	183,345,342
9	Niagara Mohawk Power Corp	354,124,740	2,168,026	10,630,702	366,923,468
10	Brooklyn Union Gas-KEDNY	230,629,440	946,050	4,677,788	236,253,278
11	KS Gas East Corp-KEDLI	199,057,045	627,296	3,232,589	202,916,930
12	Massachusetts Electric Co	235,265,048	1,732,332	9,330,061	246,327,441
13	Nantucket Electric Co	33,726,992	15,196	84,607	33,826,795
14	Boston Gas Company	128,567,341	538,862	2,705,694	131,811,897
15	Colonial Gas Company	49,429,680	96,905	485,797	50,012,382
16	Narragansett Electric Co	157,725,270	749,769	3,475,660	161,950,699
17	New England Power Company	83,034,620	144,848	830,160	84,009,628
18	NE Hydro-Trans Elec Co	4,307,715	5,996	36,494	4,350,205
19	NE Hydro-Trans Corp	253,564	7,521	49,756	310,841
20	NE Electric Trans Corp	596,348	4,224	31,892	632,464
21	NG LNG LP RegulatedEntity	1,795,439			1,795,439
22	NG LNG LP LLC	2,097			2,097
23	NG Generation LLC	92,581,429	305,643	1,568,888	94,455,960
24	NG Glenwood Energy Center	3,341,995	10,101	51,946	3,404,042
25	NG Port Jeff Energy Center	1,900,414	8,811	44,194	1,953,419
26	Metrowest Really LLC	186,303			186,303
27	Wayfinder Group, Inc.	195,758	6	33	195,797
28	EUA Energy Investment	6,840			6,840
29	Newport America Corp	451			451
30	GridAmerica Holdings Inc.	14,143			14,143
31	NG Energy Trading Svcs	485,152	1,618	9,469	496,239
32	Transgas Inc	930,265			930,265
33	NG Development Holdings Corp	9,181,008	11,018	49,576	9,241,602
34	Broken Bridge Corp.	559			559
35	NG Services, Inc.	1,126,917	859	4,649	1,132,425
36	NG Energy Management LLC	( 49,215)			( 49,215)
37	Valley Appliance & Merch	52,951			52,951
38	KS Gen Services, LLC	65,731			65,731
39	National Grid UK	7,418,257			7,418,257

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule XVII - Analysis of Billing – Associate Companies (Account 457) (continued)</b>					
Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1					
2					
3					
4					
5					
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34					
35					
36					
37					
38					
39					
<b>40</b>	<b>Total</b>	<b>2,201,497,349</b>	<b>8,257,172</b>	<b>41,867,633</b>	<b>2,251,622,154</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013	
<b>Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)</b>						
1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.						
Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	Northeast Utilities	3,500				3,500
2	T-Mobile USA Inc.	90,096				90,096
3	Mall Properties, Inc.	6,500				6,500
4						
5						
6						
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37						
38						
39						
40	<b>Total</b>	<b>100,096</b>				<b>100,096</b>

Name of Respondent	This Report is:	Resubmission Date	Year of Report
National Grid USA Service Company Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013
FOOTNOTE DATA			

**Schedule Page: 308 Line No.: 40 Column: b**

Customer	Charges
Northeast Utilities	Rent - West Bridgewater Communication Tower
T-Mobile USA Inc.	Rent - West Bridgewater Communication Tower
Mail Properties, Inc.	Landlord contribution to remove drive through area

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2013
<b>Schedule XIX - Miscellaneous General Expenses - Account 930.2</b>				
<p>1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.  2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.</p>				
Line No.	Title of Account (a)	Amount (b)		
1	Misc Dues & Subscriptions	1,450,914		
2	Misc Employee Related	3,527,534		
3	Misc Fleet	729,365		
4	Misc Hardware	4,006		
5	Misc Materials	55,969		
6	Misc Messenger	26,488		
7	Misc Other Expenses	162,707		
8	Misc Postage	4,700		
9	Misc Printing & Mailing	9,509		
10	Misc Software	383,567		
11	Misc Telecom	208,495		
12	Misc Training	13,599		
13				
14				
15				
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36				
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38				
39				
<b>40</b>	<b>Total</b>	<b>6,576,853</b>		



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2013

Schedule XX - Organization Chart

- Officers Vice President
- Officers Vice President & Treasurer
- Officers Secretary
- Officers Controller
- Officers Assistant Treasurer
- Officers Assistant Secretary
- Officers Assistant Secretary
- Officers Assistant Secretary
- Officers Master Electrician

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2013
<b>Schedule XXI - Methods of Allocation</b>			

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.  
2. Include any other allocation methods used to allocate costs.

**Cost Allocation Principles**

The following principles guide the allocation of costs of products or services provided by the Service Companies to the Client or Operating Companies. These principles also pertain to transactions among Operating Companies such as storm restoration services.

- Direct charging or direct assignment is the preferred allocation methodology and should be used if the cost of providing a product or service can be identified with the specific affiliates receiving the benefit of that product or service. Direct charging should only be used if the cost of providing a product or service to an individual Client Company can be isolated and reported separately from costs to provide other products or services and from costs to provide the same product and service to other Client Companies.
- The costs of products and services that cannot be direct charged should be allocated based on cost causative allocation bases representative of the underlying cost drivers of that product or service.
- The cost allocation methodology should be comprehensive, transparent, stable and administratively manageable and cost effective.
- The calculation of the cost allocation bases should be supported by a clearly defined methodology, model and supporting policy and procedure documentation.
- The cost allocation methodology should accommodate changes in the size of the allocation bases from period to period based on changes in the underlying cost drivers; the allocation bases should not vary significantly from period to period for uncontrollable factors not related to the underlying cost drivers. For example, you would not choose an allocation basis that fluctuates significantly from period to period based on changes in weather if weather is not a cost driver for that activity.
- The calculation of the allocation bases should be updated at least annually and more frequently if needed to reflect significant events (e.g., the sale of a significant affiliate).

**Services Provided by the Service Company - Description and Allocation Methodology**

The following table lists those services provided by the Service Company and the Client Companies to whom these services are provided. These services are provided in accordance with the service agreements filed with the Commissions. In addition, the provision of these services is governed by the Service Level Agreements. Service Level Agreements describe the services offered, services selected, compensation and billing, terms and cost accumulation, assignment and allocation methodologies. These documents are filed with the utility regulatory commissions.

<i>Function / Department</i>	<i>Description of Services Provided</i>	<i>Client Companies</i>
<b>FINANCE</b>		
Jurisdictional Finance Business Partners	Provide financial services at the jurisdictional level which includes: <ul style="list-style-type: none"> <li>• Provide variance reporting and variance forecasting on income statement</li> <li>• Perform regulatory strategy/rate of return</li> </ul>	LDCs in MA, NY, RI, NH, FERC regulated companies
FERC FORM 60 (NEW 12-05) 402.1		

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Schedule XXI - Methods of Allocation			

	<ul style="list-style-type: none"> <li>analyses</li> <li>Perform revenue/margin analysis</li> <li>Manage LIPA MSA, i.e. financial statements, variance analysis, contract costs and updates to contract profitability when necessary</li> <li>Provide support to rate filings and rate cases</li> </ul>	and LIPA
Decision Support/Finance Business Partners	Provide decision support at the functional level which includes: <ul style="list-style-type: none"> <li>Provide operating and capital budgets decisions and management reporting activities</li> <li>Perform economic and financial analysis, and short and long-term financial forecasting</li> <li>Align financial support functions with strategic plans, policies, procedures and internal controls</li> <li>Perform benchmarking and monitoring of operations metrics to help the business achieve targeted results</li> <li>Identify savings and potential efficiencies</li> </ul>	Internal Business Functions
Accounting Services	Maintain the general ledger for the 18 regulated utilities; Carry out specialized accounting; Produce external reports for regulated utilities as well as PSC and FERC reports; Maintain plant accounting, billing systems, revenue accounting and reconciliations.	Regulated and non-regulated utilities
IS Finance	Provide decision support related to IS initiatives; Manage IS project planning, budgeting, forecasting and accounting; Maintain hardware and ongoing infrastructure services.	Indirectly serve all companies
US Treasury	Provide services related to cash management, capital markets and compliance; pension and 401k investment management; and energy risk management and reporting (Regulated entities only).	All US entities
US Tax	Provide income tax compliance; income tax audit defense and controversy resolution; income tax accounting and financial reporting; income tax budgeting and forecasting; and income tax research and planning	All companies
US Insurance	Manage the overall purchase and procurement of different types of insurance.	All companies
FERC FORM 60 (NEW 12-05) 402.2		

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National Grid USA Service Company Inc.			
<b>Schedule XXI - Methods of Allocation</b>			

		UK/US depending on the type of insurance
Corporate Planning and Reporting	Develop corporate Balance Sheets and Cash Flows used to develop forecasts, budget and variance reports; Report on financial statements; Manage business planning process including calendar and deliverables.	Mostly Regulated companies; consolidated US operations and internal customers
Regulatory Accounting	Prepare rate orders and compliance requirements that create regulatory deferrals; Ensure proper accounting of regulatory assets and liabilities; Perform secondary review of FERC Form 1.	Regulated companies
<b>Global Corporate Audit</b>		
Internal Audit	Periodically conduct operating audits and audits of the accounting records and other records maintained by the operating companies. Issue audit reports and provide recommendations, as appropriate, on improving processes and the internal control framework.	All companies
SHE Audit	Periodically conduct Safety, Health and Environmental compliance audits at operating company facilities.	All companies
<b>Human Resources</b>		
Labor and Employee Relations	Advise and assist the operating companies with: <ul style="list-style-type: none"> <li>• Labor contract negotiations and administration</li> <li>• Investigations into specific instances of misconduct or malfeasance</li> <li>• Employee grievances, arbitration and external complaint administration and management</li> <li>• Litigation</li> </ul>	All regulated and non-regulated companies
HR Business Partners	Assist with the development of the annual and five-year human resources plan and workforce strategy; Facilitate the succession planning process and organizational design; Drive the performance management process.	All regulated and non-regulated companies
Recruiting, inclusion and diversity	Identify recruitment needs and create regional recruiting strategies to source those needs, including external sourcing management,	All companies

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National Grid USA Service Company Inc.			
<b>Schedule XXI - Methods of Allocation</b>			

	internal sourcing management and the testing and hiring and testing of union employees; Advise and assist operating companies in the administration of the design and implementation of diversity and EEO programs.	
HR Operations	Provide overall direction and leadership for the HR function while managing internal HR metrics and performance management.	All companies
Compensation, Benefits and Pension	Provide central administration for payroll and employee benefit and pension plans including: <ul style="list-style-type: none"> <li>• Design and implementation of Total Rewards packages</li> <li>• Compliance with requirements of regulatory bodies</li> </ul>	All companies
Technical Training	Assist with the design and delivery of technical training programs for Gas, Electric, Safety, Process support and Professional development.	All companies
<b>US Regulation and Pricing</b>		
Regulatory Strategy	Assess revenue requirements, design pricing structures, and file and defend rate cases. Compile earnings reports, compliance filings, special filings and any other filings required by the PUC on a yearly basis.	Regulated companies
Pricing and Federal Affairs	Develop long-term regulatory goals and filing plans consistent with business plans, trends, pricing and policy; Manage regulatory relationships; and provide strategic and policy advice to the regulated entities.	Regulated companies
<b>Shared Services</b>		
Employee Services (TDC)	Provide employee services including: <ul style="list-style-type: none"> <li>• Manage employee data within the HRIS</li> <li>• Provide employees and retirees with information and services related to payroll and year-end tax reporting; medical, dental and life insurance; retirement and pensions</li> <li>• Maintain and administer payments to current and retired employees</li> </ul>	All operating companies
Procure to pay (TDC)	Maintain and administer the non-inventory procurement process; Maintain vendor master files; and administer the P-Card process, processing of invoices and review of expenses.	All regulated companies
Response	Responsible for intake of incoming contact	All
FERC FORM 60 (NEW 12-05) 402.4		

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National Grid USA Service Company Inc.			
Schedule XXI - Methods of Allocation			

Team (TDC)	center calls for procurement, vendors.	companies
Billing Operations (TDC)	Process, review and issue customer invoices for retail and wholesale electric and gas sales; Provide maintenance of customer systems; Process billing exceptions, shared metering and mixed metering; Process special billing related to line extensions, pole rentals, water heaters, DOT work (outside companies).	All operating companies including LIPA
Credit and Collections (TDC)	Process employee services transactions, commercial and industrial credit and collections, and collections invoices; Devise strategy for field collections and residential collections.	All operating companies
Customer Care	Manage customer inquiries made either in-person, by telephone, by mail and by email; Manage emergency contact center; Manage outsourcing and move/connect inbound and outbound calls.	All regulated companies
Business Process Excellence	Develop and implement reporting/communications, quality and benchmarking strategies for Shared Services; Develop and provide Training programs for shared services; Lead all continuous improvement activities; Develop and coordinate the US Service Level Agreement governance process.	Shared Services
Property Strategy	Recommend strategies to optimize the use of the property portfolio.	All entities
Facilities Management	Provide building maintenance services; provide capital improvements to NG USA facilities.	All entities
<b>Operations</b>		
Resource Planning	Prepare resource work plans; Assist on forecasting of capital spend five year plan; Manage scheduling and work coordination; Manage project control and regulatory reporting of operations projects.	Regulated entities
Emergency Planning PMO	Develop emergency response plans and support storm restoration activities.	Gas and electric entities
Maintenance and Construction	Provides electric and gas maintenance of facilities and infrastructure and non-complex construction services; Conduct emergency response activities when necessary	Gas and electric utilities
Operations Performance	Provides quality assurance and control services for fieldwork; Manage operations metrics; Provide project management and construction	Regulated entities

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Schedule XXI - Methods of Allocation			

	services for complex projects; Develop and report of KPIs.	
Control Center Operations	Operate gas and electric transmission and distribution networks and provide meter data management services.	Electric and Gas utilities
Power Plant Operations	Operate and maintain power plants under contract with National Grid.	LIPA
LNG Operations	Operate and maintain LNG and propane air plants; Ensure adequate regulation, compliance and training related to the LNG facilities.	Regulated gas companies
Operations Support	Provide fleet, aviation, materials and logistics, technical labs and testing services; Manage connections process for new gas and electric customers; Provide clerical support to all operations.	Regulated entities including LIPA
<b>Network Strategy</b>		
Asset Management	Develop and deliver asset strategies and policies, procedures and work plans to manage the lifecycle of company assets enabling system performance and the reliable energy supplies; Develop strategies and plans around smart grid technologies; Manage vegetation and maintenance programs.	Regulated entities
Gas Systems Engineering	Provides engineering and design services for gas distribution to deliver new customers connections and asset investment projects; Analyze data to ensure gas supplies are sufficient to support growth and maintain system reliability.	Regulated Gas entities
Electric Systems Engineering	Provides planning, engineering and design services for electric transmission and distribution; Work with NERC, FERC and other working committees.	T&D companies
Investment Planning	Develop capital plans for both electric and gas entities and monitor their long-term investment strategies and work plans; Manage sanctioning process.	Regulated entities
FERC	Develop strategy impact analyses on assets under FERC jurisdiction.	Entities under FERC jurisdiction
Standards, Codes and Policies	Develop and communicate work and materials standards for gas and electric transmission and distribution engineering and operations; Provide training of new materials; Write procedures for gas and T&D organizations; Manage third party	Gas and electric entities

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National Grid USA Service Company Inc.			
<b>Schedule XXI - Methods of Allocation</b>			

	pole attachments.	
Regulatory Support and Reporting	Provide Regulatory Rate Case support e.g. technical support, expert witness support and input to discovery questions; Gather information and compile reports for required regulatory reporting.	Regulated entities
<b>Safety, Health and Environment</b>		
Safety	Manage overall and specific safety programs; ensure field identification of hazards and safety performance; Develop and manage safety communications.	All companies
Health	Manage the wellness program and related health services; Support the delivery of health services relating to absences due to both occupational (workers comp) and non-occupational illnesses; Provide medical screening services; Administer the drug and alcohol program.	All companies
Environment	Ensure environmental compliance with all federal, state and local regulations including developing policies and procedures, training, and reporting; Manage licensing and permitting processes; Responsible for all site investigation and remediation activities.	All companies
<b>Legal</b>		
Real Estate	Provide legal advice and counsel in connection with real property matters affecting National Grid's businesses.	All entities
Corporate Counsel	Provide advice and support related to financing activity such as debt issuances, mergers and acquisitions, and commercial activities such as contracting and procurement.	All entities
Litigation, Environment and Employment	Provide legal advice and counsel regarding litigation, environment, labor and employment issues, including issues related to National Grid's MSA with LIPA.	All entities
Federal and State Regulatory	Provide legal strategic guidance and support on all regulatory issues related to jurisdictional operations on matters before state utility commissions and related regulators, FERC and other federal agencies.	Regulated entities
Ethics and Business Conduct	Provide advice and counsel related to business ethics and compliance.	All entities
Records	Provides records management services to meet	All entities

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Schedule XXI - Methods of Allocation			

Management	business needs and ensure regulatory compliance.	
<b>Strategy and Business Development</b>		
Mergers and Acquisitions	Coordinate purchases and divestitures (Direct charged to the US Holding Companies).	All entities
Business Development	Devise and implement business development efforts (Direct charged to the US Holding Companies).	All entities
Strategy	Coordinate development of US strategic plan.	All entities
Global Technology	Set the technology strategy and develop technology partnerships.	All entities
<b>Corporate Affairs</b>		
Communications and Brand	Formulate and assist with communication programs and administer corporate philanthropic programs.	All entities
Federal Affairs	Manage relationships with the Federal government, agencies and legislative bodies.	Regulated entities
Government Relations	Manage relationships with State and local governments, agencies and legislative bodies.	Regulated entities
Media Relations	Manage the relationship with the media including crisis and risk communications.	All entities
<b>Customer</b>		
Energy Solutions Delivery	Responsible for the increase in gas margin and energy efficiency products and solutions sales.	All utilities
Energy Products	Provide product knowledge and technical expertise for all growth programs; Manage the planning and evaluation of electric and gas energy efficiency, demand reduction, and climate change policy initiatives; Design new and manage existing portfolio of customer-focused programs for business and residential markets.	All utilities, LIPA
Market Strategy and Implementation	Develop and implement market research and intelligence, market strategy, trade marketing, web marketing initiatives and overall communications.	Regulated entities
Customer and Business Strategy	Design emergency programs for each jurisdiction; Serve as energy efficiency regulatory leader, collecting expenses related to energy efficiency; Manage solar and electric vehicles programs; Conceptualize corporate image; Manage relationships with and supports through economic development activities the	All entities

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National Grid USA Service Company Inc.			
<b>Schedule XXI - Methods of Allocation</b>			

	local communities in which NG operates.	
Energy Procurement	Plan for and acquire energy (gas and electric) and related commodities; Manage jurisdictional and seasonal contracts as well as FERC compliance activities including training; Handle RFPs in MA and RI to contract with renewable energy suppliers (Solar, Wind, etc.); Manage long term gas planning processes including planning for peak loads, handling long-haul gas pipeline and market area storage.	Regulated Utilities, LIPA
Lead Intake	Contact center for prospective gas conversion customers.	Regulated gas utilities
Customer Analytics and risk management	Provides market analytics, electricity and gas forecasting; Customer Choice studies and administration of CC program, commercial and wholesale electric market policy services; Perform research trends on energy usage.	Regulated and unregulated companies
<b>Global Information Services</b>		
Solution Delivery	Provides centralized IS project management, application development and application support services.	All entities
Service Delivery	Manages all IT infrastructure including data centers and voice and data networks.	All entities
Relationship Management	Manages the relationships between IS and its internal customers.	All entities
IS Security	Provides IS security services.	All entities
<b>Global Procurement</b>		
Procurement Strategy	Provide strategic direction and oversight for the procurement function.	All entities
Sourcing	Responsible for procuring and contracting for goods and services.	All entities

**Cost Allocation Methodologies for Services Provided**

<i>Function / Department</i>	<i>Cost Allocation Methodologies</i>
<b>FINANCE</b>	
Jurisdictional Finance Business Partners	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• General Allocator</li> </ul>
Decision Support/Finance Business Partners	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> </ul>
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	<ul style="list-style-type: none"> <li>• General Allocator</li> </ul>
Accounting Services	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of GL Transactions (future implementation)</li> <li>• Capital Expenditures</li> <li>• Dollar Value of Property Owned</li> <li>• General Allocator</li> </ul>
Regulatory Accounting	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
IS Finance	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
US Treasury	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Average Level of Debt Outstanding</li> </ul>
US Tax	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• Dollar Value of Property Owned</li> <li>• General Allocator</li> </ul>
US Insurance	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Claims Processed</li> <li>• Dollar Value of Property Owned</li> <li>• General Allocator</li> </ul>
Corporate Planning and Reporting	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Global Corporate Audit</b>	
Internal Audit	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Other Allocation Bases Depending on Nature of Audit</li> <li>• General Allocator</li> </ul>
SHE Audit	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• Dollar value of Property Owned</li> <li>• Total T&amp;D Expenditures</li> </ul>
<b>Human Resources</b>	
Labor Relations and Employee Relations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
HR Business Partners	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Recruiting, Inclusion, and Diversity	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>

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National Grid USA Service Company Inc.			
<b>Schedule XXI - Methods of Allocation</b>			

HR Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Compensation, Benefits and Pension	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Technical Training	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
<b>US Regulation and Pricing</b>	
Regulatory Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Pricing and Federal Affairs	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Shared Services</b>	
Employee Services (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Procure to Pay (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> <li>• # of Invoice Lines Processed (future implementation)</li> <li>• # of PO Lines (future implementation)</li> </ul>
Response Team (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Billing Operations (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> <li>• # of Bills</li> <li>• # of Joint Use Poles</li> </ul>
Credit and Collections (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Call Minutes</li> <li>• # of Customers/Meters</li> <li>• # of Inbound and Outbound Collection Calls</li> </ul>
Customer Care	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Number of Inbound Call Minutes</li> <li>• # of Customers/Meters</li> </ul>
Business Process Excellence	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Follows TDC direct and cost causative charges</li> </ul>
Property Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned</li> </ul>
Facilities Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• [Periodic Square Footage Study]</li> </ul>

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National Grid USA Service Company Inc.			

**Schedule XXI - Methods of Allocation**

<b>Operations</b>	
Resource Planning	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned (Utilities)</li> <li>• Total T&amp;D Expenditures</li> <li>• General Allocator</li> </ul>
Emergency Planning PMO	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Miles of Overhead Lines</li> </ul>
Maintenance and Construction	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• Capital Expenditures</li> </ul>
Operations Performance	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• Dollar Value of Property Owned</li> </ul>
Control Center Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Power Plant Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> </ul>
LNG Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> </ul>
Operations Support	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• # of Customers/Meters</li> </ul>
<b>Network Strategy</b>	
Asset Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned</li> <li>• Miles of Overhead Lines</li> </ul>
Gas Systems Engineering	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Capital Expenditures</li> </ul>
Electric Systems Engineering	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Capital Expenditures</li> </ul>
Investment Planning	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned</li> </ul>
FERC	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> </ul>
Standards, Codes, and Policies	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• Capital Expenditures</li> <li>• Dollar value of Property Owned (Utilities)</li> <li>• # of Joint Use Poles</li> </ul>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2013
Schedule XXI - Methods of Allocation			

Regulatory Support and Reporting	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Safety, Health and Environment</b>	
Safety	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• Total T&amp;D Expenditures</li> </ul>
Health	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar value of Property Owned</li> <li>• Total T&amp;D Expenditures</li> </ul>
<b>Legal</b>	
Real Estate	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Corporate Counsel	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Litigation, Environment and Employment	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• General Allocator</li> </ul>
Federal and State Regulatory	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Ethics and Business Conduct	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Records Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Mergers & Acquisitions	<ul style="list-style-type: none"> <li>• M&amp;A related work not allocated to operating companies</li> </ul>
<b>Strategy and Business Development</b>	
Mergers and Acquisitions	<ul style="list-style-type: none"> <li>• M&amp;A related work not allocated to operating companies</li> </ul>
Business Development	<ul style="list-style-type: none"> <li>• Direct Charge (generally to Corporate)</li> <li>• General Allocator</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Global Technology	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Corporate Affairs</b>	
Communications and Brand	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> <li>• General Allocator</li> </ul>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2013
National Grid USA Service Company Inc.			
<b>Schedule XXI - Methods of Allocation</b>			

Federal Affairs	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Government Relations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Media Relations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Customer</b>	
Energy Solutions Delivery	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Energy Products	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Market Strategy and Implementation	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Customer and Business Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Energy Procurement	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Lead Intake	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Customer Analytics and Risk Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
<b>Global Information Services</b>	
Solution Delivery	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> <li>• # of Employees</li> </ul>
Service Delivery	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> <li>• # of Employees</li> </ul>
Relationship Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> </ul>
IS Security	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> <li>• # of Employees</li> <li>• General Allocator</li> </ul>

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National Grid USA Service Company Inc.			
Schedule XXI - Methods of Allocation			

Global Procurement	
Procurement Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of PO Lines (future implementation)</li> </ul>
Sourcing	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of PO Lines (future implementation)</li> </ul>

**SAP Service Company Orders and Work Breakdown Structure**

National Grid uses an Order and Work Breakdown Structure (WBS) elements within SAP as the mechanisms by which the appropriate allocation bases are applied to resources consumed. Individual Orders/WBS have been established for each cost center based on the work performed, the nature of resources consumed (e.g., labor, materials, outside services) in performing that work, and the operating companies benefitting from the work performed. Embedded in the WBS is the allocation code associated with the "operating companies benefitting from the work performed.

**Approved Cost Allocation Bases – SAP Internal Order Code, Description and Source**

An Allocation Basis such as the General Allocator will have multiple SAP Allocation Codes. This is required because individual employees may provide services to one, a combination of, or all operating companies.

SAP Allocation Code	Description	Definition / Source
G-xxx	Net margin, net plant, & Net O&M expenses (GENERAL ALLOCATOR)	<p>"Net Margins" are Total Operating Revenues less "Cost of Goods Sold" and revenues related to recovery of stranded costs.</p> <p>"Net Plant" is the sum of Net Utility Plant and Net Non-Utility Plant .</p> <p>"Net O&amp;M Expenses" are all non "Cost of Goods Sold" expenses less costs allocated from the Service Company distributed to the Affiliate companies using the general allocator.</p> <p>A ratio based on the weighted average of Net Margin (33%), Net Plant (33%) and Net O&amp;M (33%) where the numerator is weighted average of the Client Company and the denominator is for All Companies that have these 3 factors reported on their financial statements</p>
D-xxx	# of Outbound and Inbound Collection Calls	Number of inbound and outbound collection telephone calls by utility as a percent of the total based on call center telephone statistics.
FERC FORM 60 (NEW 12-05)		402.15

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National Grid USA Service Company Inc.			

Schedule XXI - Methods of Allocation

		The source for this allocation basis is the TDC (Planning and Analysis Group).
H-xxx	# of Bills	Number of bills issued to customers by utility as a percent of the total bills in a given year.  The source for this allocation basis is the TDC (Billing operations Group).
Deferred Implementation	# of P.O. Lines	Number of purchase order lines for stock and non-stock materials and supplies and services by Company as a percent of the total.  The source for this allocation basis is the TDC (Procure to pay/Payment Processing Group).
Deferred Implementation	# of Invoice Lines Processed	Number of individual invoice lines processed by company as a percent of the total. Invoices may contain items purchased; each line represents the purchase of a specific good or service on behalf of a specific company.  The source for this allocation basis is the TDC (Procure to Pay/Payment Processing Group).
F-xxx	# of Inbound Call Minutes	Number of minutes call center representatives are on the telephone with specific operating companies' customers based on contact center reporting systems as a percent of the total.  The source for this allocation basis is the TDC (Planning and Analysis Group).
C-xxx	# of Customers	Number of retail and wholesale customers (via count of service meters) receiving utility services by company as a percent of the calendar year end total.  The source for this allocation basis is the TDC (Billing operations Group).
X-xxx	Capital Expenditures	Capital expenditures by company as a percent of the total.  The source for this allocation basis is the CAPEX based on "Cash Outflows for Plant" from the FERC
FERC FORM 60 (NEW 12-05)		402.16

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National Grid USA Service Company Inc.			
Schedule XXI - Methods of Allocation			

		Form 1 Statement of Cash Flows If this information is not available, use the Budgeted CAPEX from Financial Forecasts.
Deferred Implementation	Dollar Value of Service Company Costs Direct Charged and Allocated	Based on the aggregate amount of Service Company costs direct charged or allocated prior to the allocation of costs accumulated in this billing pool. A special report will be developed to retrieve this data from SAP.  The source for this allocation basis is the US Finance (Service Company and Regulatory Accounting group).
N-xxx	# of Employees	Total number of employees by company excluding the service company as a percent of the total. Count part time employees the same as full time employees.  The source for this allocation basis is the TDC (Employee Services Group).
Deferred Implementation	Mainframe Profile	Based on Company / Function use of mainframe services.  The source for this allocation basis is the US Finance (IS Finance Group). [IT allocation bases subject to change as part of IT Transformation initiative]
Deferred Implementation	Server Profile	Based on Company / Function use of server services.  The source for this allocation basis is the US Finance (IS Finance Group). [IT allocation bases subject to change as part of IT Transformation initiative]
Q-xxx	# of Claims Processed	Number of claims processed by company based on claims department claims tracking system as a percent of the total.  The source for this allocator basis is the US Finance (Claims group).
E-xxx	# of Joint Use	# of electric poles with 3rd party attachments (joint use poles) by Company as a percent of total joint
FERC FORM 60 (NEW 12-05) 402.17		

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Schedule XXI - Methods of Allocation			

	Poles	use poles.  The source for this allocation basis is the Network Strategy (Standards Codes and Procedures group).
K-xxx	Level of Debt Outstanding	Average level of long-term debt and short-term borrowing levels for prior CY by Company as a percent of the average level of long-term debt for all companies and short-term borrowing levels for all companies.  The source for the components of this allocation basis is the US Finance (Treasury group).
I-xxx	Dollar Value of Property Owned	A ratio based on gross fixed assets, valued at original acquisition costs, and investments owned in other companies, including construction work in progress, at the end of the calendar year, the numerator of which is for a specific client company and the denominator being all recipient client companies.  The source for the calculation of this ratio will be based on FERC Form 1 reports and State regulatory Gas Company reports.
Deferred Implementation	# of General Ledger Transactions	The number of general ledger transactions by Company as a percent of total GL transactions for all companies.  The source of this allocation basis will be SAP (still to be developed).
T-xxx	Total T&D Expenditures	Sum of T&D capital expenditures and O&M expenditures by Utility as a percent of total Utility T&D capital and O&M expenditures.  The source of this allocation basis is the CAPEX based on "Cash Outflows for Plant" from FERC Form 1 Statement of Cash Flows and T&D O&M costs in the FERC reports.
L-xxx	Miles of Overhead Lines	Number of miles of overhead transmission and distribution lines by utility as a percent of the total.  The source for this allocation basis is the Network

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National Grid USA Service Company Inc.			

**Schedule XXI - Methods of Allocation**

		Strategy (Standards Policies and Codes)
J-xxx	Square Feet	<p>Number of occupied square feet per facility for each department or company using the facility. Periodically done on a facility by facility basis.</p> <p>The source of the most recent data is provided by the Decision Support business partner serving the Facilities organization.</p>

**Manual Allocations**

There will be instances in which employees will choose to assign costs in a manner that is different from the allocation bases described above in order to ensure that costs are properly allocated among companies. To accomplish this requires a Manual Allocation. When employees choose to use a non-standard cost driver to allocate costs, the basis for that decision and the method used to allocate costs among companies should be thoroughly documented, approved by department supervision and sent to the Service Company Integrity Department in a timely manner for review.

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____

Form 60 Approved  
OMB No. 1902-0215  
Expires 04/30/2016



## FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

<b>Exact Legal Name of Respondent (Company)</b> National Grid USA Service Company Inc.	<b>Year of Report</b> Dec 31, <u>2014</u>
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FERC FORM No. 60 (12-06)

**GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60**

**I. Purpose**

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

**II. Who Must Submit**

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

**III. How to Submit**

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

**IV. When to Submit**

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

**V. Preparation**

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

**VI. Time Period**

This report covers the entire calendar year.

**VII. Whole Dollar Usage**

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

**VIII. Accurateness**

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

**IX. Applicability**

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

**X. Date Format**

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

**XI. Number Format**

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

**XII. Required Entries**

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

**XIII. Prior Year References**

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

**XIV. Where to Send Comments on Public Reporting Burden**

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),  
888 First Street NE,  
Washington, DC 20426  
or by email to [DataClearance@ferc.gov](mailto:DataClearance@ferc.gov)

And to:

Office of Information and Regulatory Affairs,  
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal  
Energy Regulatory Commission).  
Comments to OMB should be submitted by email to: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov)

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS
I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

**FERC FORM NO. 60  
ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent National Grid USA Service Company Inc.		02 Year of Report Dec 31, <u>2014</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) One Metrotech Center, Brooklyn, NY 11201		06 Name of Contact Person Mia DeMontigny
07 Title of Contact Person Assistant Controller		08 Address of Contact Person One Metrotech Center - 12th Floor, Brooklyn, NY 11201
09 Telephone Number of Contact Person (929) 324-4271		10 E-mail Address of Contact Person mia.demontigny@nationalgrid.com
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		12 Resubmission Date (Month, Day, Year) / /
13 Date of Incorporation 09/05/1935		14 If Not Incorporated, Date of Organization / /
15 State or Sovereign Power Under Which Incorporated or Organized MASSACHUSETTS		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: National Grid USA		
CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that:  I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.		
17 Name of Signing Officer Charles V. DeRosa		19 Signature of Signing Officer Charles V. DeRosa
18 Title of Signing Officer VP, US Controller and Tax		20 Date Signed (Month, Day, Year) 05/01/2015

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>List of Schedules and Accounts</b>				
1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.				
Line No.	Description (a)	Page Reference (b)	Remarks (c)	
1	Schedule I - Comparative Balance Sheet	101-102		
2	Schedule II - Service Company Property	103		
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104		
4	Schedule IV - Investments	105		
5	Schedule V - Accounts Receivable from Associate Companies	106		
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None	
7	Schedule VII - Stores Expense Undistributed	108	None	
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None	
9	Schedule IX - Miscellaneous Deferred Debits	110		
10	Schedule X - Research, Development, or Demonstration Expenditures	111	None	
11	Schedule XI - Proprietary Capital	201		
12	Schedule XII - Long-Term Debt	202		
13	Schedule XIII - Current and Accrued Liabilities	203		
14	Schedule XIV - Notes to Financial Statements	204		
15	Schedule XV - Comparative Income Statement	301-302		
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306		
17	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307		
18	Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)	308		
21	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307		
23	Schedule XX - Organization Chart	401		
24	Schedule XXI - Methods of Allocation	402		

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014	
<b>Schedule I - Comparative Balance Sheet</b>					
1. Give balance sheet of the Company as of December 31 of the current and prior year.					
Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		<b>Service Company Property</b>			
2	101	Service Company Property	103	924,096,069	896,072,527
3	101.1	Property Under Capital Leases	103		
4	106	Completed Construction Not Classified			
5	107	Construction Work In Progress	103	180,098,343	113,807,343
6		Total Property (Total Of Lines 2-5)		1,104,194,412	1,009,879,870
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	116,965,263	127,261,870
8	111	Less: Accumulated Provision for Amortization of Service Company Property		155,794,427	104,827,819
9		Net Service Company Property (Total of Lines 6-8)		831,434,722	777,790,181
10		<b>Investments</b>			
11	123	Investment In Associate Companies	105		
12	124	Other Investments	105	50,814,394	54,249,722
13	128	Other Special Funds	105	177,474,739	160,430,323
14		Total Investments (Total of Lines 11-13)		228,289,133	214,680,045
15		<b>Current And Accrued Assets</b>			
16	131	Cash			
17	134	Other Special Deposits			3,650,348
18	135	Working Funds		633,053	300,000
19	136	Temporary Cash Investments		280,925,649	421,234,233
20	141	Notes Receivable			
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		21,486,755	48,126,019
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	3,559,701,525	4,469,762,192
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies			
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		59,818,889	269,608,001
29	171	Interest And Dividends Receivable			7,593
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets - Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		3,922,565,871	5,212,688,386
36		<b>Deferred Debits</b>			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets		839,747	1,498,986
39	183	Preliminary Survey And Investigation Charges			
40	184	Clearing Accounts			
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits		13,795,623	163,189,448
43	188	Research, Development, or Demonstration Expenditures	110		
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes		540,144,675	226,800,492
46		Total Deferred Debits (Total of Lines 37-45)		554,780,045	391,488,926
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		5,537,069,771	6,596,647,538

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<b>Schedule I - Comparative Balance Sheet (continued)</b>					
Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		<b>Proprietary Capital</b>			
49	201	Common Stock Issued	201	32,724,319	32,724,319
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	538,059,786	443,943,779
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	92,355,409	86,208,765
54	219	Accumulated Other Comprehensive Income	201	( 470,464,621)	( 514,908,187)
55		Total Proprietary Capital (Total of Lines 49-54)		192,674,893	47,968,676
56		<b>Long-Term Debt</b>			
57	223	Advances From Associate Companies	202	475,044,311	475,044,311
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)		475,044,311	475,044,311
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current			
64	228.2	Accumulated Provision for Injuries and Damages		1,302,301	7,043,918
65	228.3	Accumulated Provision For Pensions and Benefits		15,181,022	2,229,471
66	230	Asset Retirement Obligations		4,545,987	4,288,667
67		Total Other Non-current Liabilities (Total of Lines 63-66)		21,029,310	13,562,056
68		<b>Current and Accrued Liabilities</b>			
69	231	Notes Payable			
70	232	Accounts Payable		313,824,846	447,228,333
71	233	Notes Payable to Associate Companies	203	1,761,794,580	3,311,575,562
72	234	Accounts Payable to Associate Companies	203	2,046,978,408	1,440,215,160
73	236	Taxes Accrued		14,333,719	5,664,070
74	237	Interest Accrued		4,399,963	4,424,649
75	241	Tax Collections Payable		588,475	
76	242	Miscellaneous Current and Accrued Liabilities	203	105,956,603	123,733,675
77	243	Obligations Under Capital Leases - Current			
78	244	Derivative Instrument Liabilities			
79	245	Derivative Instrument Liabilities - Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		4,247,876,594	5,332,841,449
81		<b>Deferred Credits</b>			
82	253	Other Deferred Credits		332,122,343	623,264,246
83	254	Other Regulatory Liabilities		9,876,897	16,127,949
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		209,339,271	226,581,719
87	283	Accumulated deferred income taxes-Other		49,106,152	( 138,742,868)
88		Total Deferred Credits (Total of Lines 82-87)		600,444,663	727,231,046
89		<b>TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)</b>		5,537,069,771	6,596,647,538

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014		
<b>Schedule II - Service Company Property</b>							
1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote. 2. Describe each construction work in progress on lines 18 through 30 in Column (b).							
Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	434,318,105	30,951,980			465,270,085
3	306	Leasehold Improvements					
4	389	Land and Land Rights	142,546,354	5,713		98,728	142,650,795
5	390	Structures and Improvements	210,087,623	18,446,709	1,080,435		227,453,897
6	391	Office Furniture and Equipment	65,393,154	3,062,707	18,450,618		50,005,243
7	392	Transportation Equipment	376,024		376,024		
8	393	Stores equipment	732,986		167,511		565,475
9	394	Tools, Shop and Garage Equipment	21,561,986	1,977,917	2,397,055		21,142,848
10	395	Laboratory Equipment	5,928,221		96,534		5,831,687
11	396	Power Operated Equipment					
12	397	Communications Equipment	8,915,940		3,330,698		5,585,242
13	398	Miscellaneous Equipment	5,049,539	13,188	634,523		4,428,204
14	399	Other Tangible Property	988,577				988,577
15	399.1	Asset Retirement Costs					
16		<b>Total Service Company Property (Total of Lines 1-15)</b>	895,898,509	54,458,214	26,533,398	98,728	923,922,053
17	107	<b>Construction Work in Progress:</b>					
18		Buildings & Structures	35,158,084	( 18,059,786)			17,098,298
19		Capitalized Software	78,504,838	84,350,786			162,855,624
20		Office Furniture & Equipment	144,421				144,421
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31		<b>Total Account 107 (Total of Lines 18-30)</b>	113,807,343	66,291,000			180,098,343
32		<b>Total (Lines 16 and Line 31)</b>	1,009,705,852	120,749,214		98,728	1,104,020,396

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
National Grid USA Service Company Inc.			
FOOTNOTE DATA			

<b>Schedule Page: 103 Line No.: 16 Column: g</b>						
<b>Account Balance</b>	<b>Title of Company</b>	<b>Balance at December 31, 2012</b>	<b>Additions</b>	<b>Other Changes</b>	<b>Retirements or Sales</b>	<b>Balance at December 31, 2013</b>
	Total Line 16 of Page 103	895,898,510	54,458,214	98,727	(26,533,398)	923,922,053
121	Non Utility Property	174,016	-	-		174,016
	Total Service Company Property Per Schedule 1	896,072,526	54,458,214	98,727	(26,533,398)	924,096,069

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014		
<b>Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property</b>							
1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.							
Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	104,155,229	51,037,475		( 2,839)	155,189,865
3	306	Leasehold Improvements					
4	389	Land and Land Rights	( 13,107)				( 13,107)
5	390	Structures and Improvements	72,487,202	5,798,081	1,080,435	( 742,580)	76,462,268
6	391	Office Furniture and Equipment	38,828,096	4,809,995	18,450,618	143,489	25,330,962
7	392	Transportation Equipment	( 519,240)	1,786	376,024		( 893,478)
8	393	Stores equipment	252,441	24,888	167,510		109,819
9	394	Tools, Shop and Garage Equipment	10,360,253	707,483	2,397,055	( 762,351)	7,908,330
10	395	Laboratory Equipment	2,500,720	160,044	96,534		2,564,230
11	396	Power Operated Equipment	( 709,052)				( 709,052)
12	397	Communications Equipment	5,103,551	375,081	3,330,698	3,238,790	5,386,724
13	398	Miscellaneous Equipment	1,419,733	178,025	634,523	1	963,236
14	399	Other Tangible Property		23,339			23,339
15	399.1	Asset Retirement Costs	( 1,776,137)			2,212,691	436,554
16		<b>Total</b>	232,089,689	63,116,197	26,533,397	4,087,201	272,759,690

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule IV – Investments</b>				
<p>1. For other investments (Account 124) and other special funds (Account 128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.</p> <p>2. For temporary cash investments (Account 136), list each investment separately in a footnote.</p> <p>3. Investments less than \$50,000 may be grouped, showing the number of items in each group.</p>				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies		
2	124	Other Investments	54,249,722	50,814,394
3	128	Other Special Funds	160,430,323	177,474,739
4	136	Temporary Cash Investments	421,234,233	280,925,649
5		(Total of Lines 1-4)	635,914,278	509,214,782

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
FOOTNOTE DATA			

Schedule Page: 105 Line No.: 2 Column: c

**Other Investments Balance Beginning of year:**

General American Life Insurance Company Net Cash Surrender Value	\$ 22,508,759
Confederation Life Insurance Company Net Cash surrender Value	4,420,864
Aurora National Life Assurance Company Net Cash Surrender Value	13,919,951
Metropolitan Life Insurance Company Net Cash Surrender Value	8,005,444
Pacific Mutual Life Insurance Company deferred Compensation	
Life Insurance Investments & Net Cash Surrender Value	(1,291,503)
Security Life of Denver Net Cash Surrender Value	3,721,604
Guardian Life Insurance Company Net Cash Surrender Value	339,687
Commonwealth Annuity & Life Insurance Company Net Cash Surrender Value	858,579
Pacific Life Insurance Company Net Cash Surrender Value	1,766,337
<b>Total</b>	<b>\$ 54,249,722</b>

Schedule Page: 105 Line No.: 2 Column: d

**Other Investments Balance End of year:**

General American Life Insurance Company Net Cash Surrender Value	\$ 23,453,323
Aurora National Life Assurance Company Net Cash Surrender Value	10,569,351
Metropolitan Life Insurance Company Net Cash Surrender Value	6,878,596
Pacific Mutual Life Insurance Company deferred Compensation	
Life Insurance Investments & Net Cash Surrender Value	(922,830)
Security Life of Denver Net Cash Surrender Value	2,067,673
Guardian Life Insurance Company Net Cash Surrender Value	255,248
Commonwealth Annuity & Life Insurance Company Net Cash Surrender Value	2,003,339
Pacific Life Insurance Company Net Cash Surrender Value	6,509,694
<b>Total</b>	<b>\$ 50,814,394</b>

FERC FORM NO. 60 (NEW 12-05) Footnotes.1

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
FOOTNOTE DATA			

**Schedule Page: 105 Line No.: 3 Column: c**

**Other Special Funds Balance Beginning of year:**

Supplemental Retirement/Deferred Compensation Plan Trust Fund	\$ 153,515,576
SERP Investment for KeySpan	6,914,747
<b>Total</b>	<b>\$ 160,430,323</b>

**Schedule Page: 105 Line No.: 3 Column: d**

**Other Special Funds Balance at End of year:**

Supplemental Retirement/Deferred Compensation Plan Trust Fund	\$ 170,698,509
SERP Investment for KeySpan	6,776,230
<b>Total</b>	<b>\$ 177,474,739</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule V – Accounts Receivable from Associate Companies</b>				
1. List the accounts receivable from each associate company. 2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	<b>Accounts Receivable From Associate Companies</b>		
2		<b>Associate Company:</b>		
3		Boston Gas	97,104,094	104,959,532
4		Brooklyn Union Gas Co - KEDNY	119,642,671	131,638,752
5		Colonial Gas Company	18,549,255	21,357,125
6		EUA Energy Investment	1,824	1,824
7		GridAmerica Holdings, Inc.	24,264	25,147
8		KeySpan Corporation	123,837,484	794,572,714
9		Massachusetts Electric Company	22,301,010	30,702,275
10		Metrowest Realty LLC	86,215	86,104
11		Nantucket Electric Company		7,479,632
12		Narragansett Electric Company	16,853,251	27,179,476
13		NE Electric Trans Corporation	1,126,730	1,123,725
14		NE Hydro-Trans Corporation	40,761	135,480
15		NE Hydro-Trans Elec Co, Inc.	919,855	961,597
16		NEES Energy, Inc.	1,377	1,378
17		New England Power Company	28,021,104	30,523,483
18		Newport America Corporation	4,732	4,732
19		NG Development Holdings Corp	644,483	1,445,178
20		NG Energy Management LLC	373	10,637
21		NG Energy Services LLC	314	314
22		NG Energy Trading Services LLC	457,859	445,685
23		NG Engineering Services	26,222,278	20,031,942
24		KeySpan Gas East Corp - KEDLI	94,627,538	97,715,473
25		NG Gen Services LLC	97,830	374,761
26		NG Generation	32,000,404	19,509,073
27		NG Glenwood Energy Center, LLC	62,331	
28		NG LNG LP Regulated Entity	1,909	37,825
29		NG NEHoldings 2 LLC	10,228,522	10,227,779
30		NG North America Inc.	517	445,646
31		NG North East Ventures	9	9
32		NG Port Jefferson Energy Cntr	76,065	
33		NG Services, Inc.	1,386,178	1,605,335
34		NG Trans Services	134	134
35		NG UK	14,866,566	33,146,937
36		NG USA Parent	364,485,904	204,528,791
37		NG USLLC	30	30
38		Niagara Mohawk Holdings, Inc		363
39		Niagara Mohawk Power Corp	47,185,810	63,548,042

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule V – Accounts Receivable from Associate Companies (continued)</b>				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	<b>Accounts Receivable From Associate Companies</b>		
2		<b>Associate Company:</b>		
3		Opinac North America, Inc.	65	65
4		Seneca-Upshur Petroleum, Inc	1	
5		Transgas Inc	1,098,187	1,059,412
6		Valley Appliance & Merchandise	194,161	194,220
7				
8				
9				
10				
11				
12		Detail of Convenience Payments	0	0
13				
14		Notes Receivable from Associate Companies - Money Pool	3,447,610,097	1,954,620,898
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40	<b>Total</b>		<b>4,469,762,192</b>	<b>3,559,701,525</b>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2014

FOOTNOTE DATA

Schedule Page: 106.1 Line No.: 12 Column: c

**Convenience Payments:**

Name	2013
Boston Gas	\$2,580,019
Brooklyn Union Gas Co - KEDNY	485,007
Colonial Gas-Lowell	103,027
Massachusetts Electric Company	1,375,318
Nantucket Electric Company	25,031
Narragansett Electric Company	693,665
NE Hydro-Trans Corporation	130
NE Hydro-Trans Elec Co, Inc.	30,916
New England Power Company	76,600
KeySpan Corporation	1,933
KeySpan Gas East Corp - KEDLI	265,410
NG Generation LLC	4,671
NG LNG LP RegulatedEntity	30,622
NG USA	5,399,954
Niagara Mohawk Power Corp	2,066,472
Valley Appliance & Merch	139
<b>Total</b>	<b>\$13,138,914</b>

Schedule Page: 106.1 Line No.: 12 Column: d

**Convenience Payments:**

Name	2014
Boston Gas	\$7,315,999
Brooklyn Union Gas Co - KEDNY	1,674,649
Colonial Gas	400,266
KEDC Holdings Corp	400
Massachusetts Electric Company	3,545,218
Nantucket Electric Company	100,924
Narragansett Electric Company	1,840,070
NE Hydro-Trans Elec Co, Inc.	34,521
New England Power Company	356,830
KeySpan Corporation	16,904
NG Engineering Services LLC	3,269
KeySpan Gas East Corp - KEDLI	867,174
NG Generation LLC	84,264
NG LNG LP RegulatedEntity	46,581
NG North America Inc.	90
NG USA	239,718
Niagara Mohawk Power Corp	9,209,010
Wayfinder Group, Inc.	102
<b>Total</b>	<b>\$25,735,989</b>

FERC FORM NO. 60 (NEW 12-05)

Footnotes.1

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014	
<b>Schedule VI – Fuel Stock Expenses Undistributed</b>					
1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.					
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.					
Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3		None			
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40	<b>Total</b>				

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014	
<b>Schedule VII – Stores Expense Undistributed</b>					
1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.					
Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3		None			
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<b>40</b>	<b>Total</b>				

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule VIII - Miscellaneous Current and Accrued Assets</b>				
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3		None		
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40	Total			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule IX - Miscellaneous Deferred Debits</b>				
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	<b>Miscellaneous Deferred Debits</b>		
2		<b>Items List:</b>		
3		Pension Funding Assets	102,177,778	13,795,623
4		Post Retirement and Healthcare Funding Asset	50,626,714	
5		FIN 48 Federal and State Income Tax Provisions	9,110,570	
6		Other	1,274,386	
7				
8				
9				
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40	<b>Total</b>		<b>163,189,448</b>	<b>13,795,623</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule X - Research, Development, or Demonstration Expenditures</b>				
1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Amount (c)	
1	188	Research, Development, or Demonstration Expenditures		
2		Project List:		
3		None		
4				
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40	Total			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule XI - Proprietary Capital</b>					
<p>1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.</p> <p>2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.</p>					
Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)	
1	201	Common Stock Issued	Number of Shares Authorized	4,000	
2			Par or Stated Value per Share	25.00	
3			Outstanding Number of Shares	250	
4			Close of Period Amount	32,724,319	
5		Preferred Stock Issued	Number of Shares Authorized		
6			Par or Stated Value per Share		
7			Outstanding Number of Shares		
8			Close of Period Amount		
9	211	Miscellaneous Paid-In Capital		538,059,786	
10	215	Appropriated Retained Earnings			
11	219	Accumulated Other Comprehensive Income		( 470,464,621)	
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	86,208,765	
13			Net Income or (Loss)	6,146,644	
14			Dividend Paid		
15			Balance at Close of Year	92,355,409	

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014				
<b>Schedule XII – Long Term Debt</b>									
<p>1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).</p> <p>2. For the deductions in Column (h), please give an explanation in a footnote.</p> <p>3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).</p>									
Line No.	Account Number (a)	Title of Account (b)	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3		NG USA Parent	25 Years	04/01/2035	5.80300		80,000,000		80,000,000
4		NG USA Parent	10 Years	11/29/2022	3.28000		395,044,311		395,044,311
5									
6									
7									
8									
9									
10									
11									
12									
13		<b>TOTAL</b>					475,044,311		475,044,311
14	224	Other Long-Term Debt							
15		List Creditor:							
16									
17									
18									
19									
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23									
24									
25									
26									
27									
28		<b>TOTAL</b>							

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule XIII – Current and Accrued Liabilities</b>				
1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234). 2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies		
2		Notes Payable to Associate Companies - Money Pool	3,311,575,562	1,761,794,580
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24	234	Accounts Payable to Associate Companies	1,440,215,160	2,046,978,408
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41	242	Miscellaneous Current and Accrued Liabilities	123,733,675	105,956,603
42				
43				
44				
45				
46				
47				
48				
49				
50		(Total)	4,875,524,397	3,914,729,591

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
FOOTNOTE DATA			

**Schedule Page: 203 Line No.: 1 Column: c**

Represents payable to Money Pool.

**Schedule Page: 203 Line No.: 1 Column: d**

Represents payable to Money Pool.

**Schedule Page: 203 Line No.: 24 Column: c**

Refer to schedule page 203 line no.: 24 column c.

**Schedule Page: 203 Line No.: 24 Column: d**

Associate Company	Balance at Beginning of year ( c)	Balance at Close of year ( d)
Boston Gas	\$ 18,301,914	\$ 20,708,336
Brooklyn Union Gas Co - KEDNY	19,691,270	25,094,774
Colonial Gas-Lowell	3,735,581	3,767,340
GridAmerica Holdings, Inc.	43,692	45,572
KeySpan Corporation	1,208,848,045	1,725,687,524
KeySpan Gas East Corp - KEDLI	24,109,306	42,638,535
Massachusetts Electric Company	6,292,079	12,565,041
Nantucket Electric Company	4,041,815	-
Narragansett Electric Company	4,257,251	7,346,419
NE Electric Trans Corporation	44,744	1,830
NE Hydro-Trans Corporation	131,013	-
NE Hydro-Trans Elec Co, Inc.	118,007	154,197
NEES Energy, Inc.	5	5
New England Power Company	563,017	595,276
Newport America Corporation	462	462
NG Development Holdings Corp	80,002	128,827
NG Energy Corp-West Hold	293,766	293,766
NG Energy Devlp Co (NS)	328,296	328,296
NG Energy Management LLC	88,657	53,565
NG Energy Trading Services LLC	452,068	398,926
NG Engineering Services	1,118,712	1,701,262
NG Gen Services LLC	80	80

FERC FORM NO. 60 (NEW 12-05)

Footnotes.1

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2014

**FOOTNOTE DATA**

NG Generation		2,650,196
NG Home Energy Svcs, LL	2,716,308	-
NG LNG LP LLC	4,902	
NG LNG LP RegulatedEntity	2	2
NG NEHoldings 2 LLC	51,670	45,555
NG North America Inc.	620,338	620,458
NG Services, Inc.	529,379	4,522
NG Trans Services	460,185	148,335
NG UK	202	202
NG USA Parent	2,568,515	23,473,198
NG-Glenwood Energy Center, LLC	104,805,599	150,948,124
NG-Port Jefferson Energy Cntr	87,769	376,289
NGUSLLC	63,094	694,503
Niagara Mohawk Holdings, Inc	20	20
Niagara Mohawk Power Corp	18,412,303	3,987,722
Opinac North America, Inc.	16,311,441	21,479,590
Transgas Inc	900	900
Valley Appliance & Merchandise	1,040,380	1,034,058
Wayfinder Group, Inc.	593	681
	1,778	4,020
<b>Total Accounts Payable to Associate Companies</b>	<b>\$ 1,440,215,160</b>	<b>\$ 2,046,978,408</b>

**Schedule Page: 203 Line No.: 41 Column: c**

Accrued Bonuses	\$ 41,492,952
Accrued Payroll and Employee Benefits	81,735,919
Other Accounts Payable	504,804
<b>Total</b>	<b>\$ 123,733,675</b>

**Schedule Page: 203 Line No.: 41 Column: d**

Accrued Bonuses	\$ 43,571,379
Accrued Payroll and Employee Benefits	61,993,306
Other Accounts Payable	391,918

FERC FORM NO. 60 (NEW 12-05)

Footnotes.2

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2014
FOOTNOTE DATA			

**Total**                      **\$ 105,956,603**

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
<b>Schedule XIV- Notes to Financial Statements</b>			

1. Use the space below for important notes regarding the financial statements or any account thereof.  
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.  
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.  
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.  
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.  
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

**SCHEDULE XIV - NOTES TO UNAUDITED FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

**Organization**

National Grid USA Service Company Inc. (the "Company") is a wholly-owned subsidiary of National Grid USA ("NGUSA"), a public utility holding company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005") with subsidiaries that engage in transmission, distribution and sale of natural gas and electricity.

NGUSA is a wholly owned subsidiary of National Grid plc., a public limited company incorporated under the laws of England and Wales.

Pursuant to PUHCA 2005, the Federal Energy Regulatory Commission ("FERC") has jurisdiction over certain holding company activities, including (i) regulating certain transactions among affiliates within NGUSA's holding company system (ii) governing the issuance, acquisition and disposition of securities and assets by certain of NGUSA direct and indirect public utility subsidiaries; and (iii) approving certain utility mergers and acquisitions.

In addition, NGUSA's affiliate transactions are subject to certain regulations of the Public Service Commission of the State of New York, the Massachusetts Department of Public Utility, the Rhode Island Public Utilities Commission.

**Description of Business**

Pursuant to Service Agreements between the Company, NGUSA and all affiliated companies (collectively, the "Client Companies"), the Company provides the following services to the Client Companies: (a) corporate affairs (b) executive and administration (c) corporate audit (d) customer services (e) financial services (f) information technology (g) security (h) procurement (i) human resources (j) legal and regulatory (k) network strategy and services (l) operating services (m) safety, health, and environment and (n) shared services.

Costs of services provided to Client Companies are allocated in accordance with applicable service agreements and federal and state requirements. Costs are: (1) directly assigned where possible; (2) allocated using a reasonable and equitable allocation ratio based upon a cost-causation relationship; or (3) allocated broad based. Service allocation ratios are defined in the Service Agreements. Cost of service includes all costs of doing business incurred by Service Company, including a reasonable return on capital.

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Schedule XIV- Notes to Financial Statements			

**Basis of Presentation**

The financial statements included in this filing were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts for Centralized Service Companies. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and temporary investments purchased with the original maturity of three months or less.

**Income Taxes**

Federal and state income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses and general business credit carryforwards.

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken or expected to be taken in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

NGNA files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary company determines its current and deferred taxes based on the separate return method. The Company settles its current tax liability or benefit each year with NGNA pursuant to a tax sharing arrangement between NGNA and its subsidiaries. Tax benefits attributable to the tax attributes of other group companies and allocated by NGNA are treated as capital contributions.

**Property and Equipment**

The Company's property includes capital leases related to computer information systems as well as software, hardware and certain communication towers. The Company's property is stated at original cost, which includes labor, material, applicable taxes, and allocations of overhead. Depreciation is provided on a straight-line basis in amounts equivalent to composite rates on average depreciable property. The cost of property retired, plus the cost of removal less salvage, is charged to accumulated depreciation. Amortization of the capital lease is charged to rent expense.

Name of Respondent	This Report is:	Resubmission Date	Year of Report
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Schedule XIV- Notes to Financial Statements			

**Note 2. Postretirement Benefits**

**Pension:** The Company's employees are members of NGUSA's noncontributory defined benefit pension plans covering substantially all employees associated with NGUSA. Benefits are based on years of service and compensation. Pension costs are allocated to the Company; related pension obligations and assets are commingled and are not allocated to the Company and other participating companies. Pension expense attributed to the Company for the years ended December 31, 2014 and 2013, was approximately \$102.1 million and \$106.2 million, respectively. These costs are allocated to affiliated companies as burden costs based upon direct labor costs of the Company. Funding for pensions is in accordance with requirements of federal law and regulations.

**Other Postretirement Benefits:** The Company's employees are members of NGUSA's noncontributory defined benefit plans which provide certain health care and life insurance benefits for retired employees of NGUSA. Other postretirement benefit costs are allocated to the Company; other postretirement benefit obligations and assets are commingled and are not allocated to the Company and other participating companies. NGUSA has been funding a portion of future benefits over employees' active service lives through Voluntary Employee Beneficiary Association (VEBA) trusts. Contributions to VEBA trusts are tax deductible, subject to limitations contained in the Internal Revenue Code. Other postretirement benefit expense attributed to the Company for the years ended December 31, 2014 and 2013 was approximately \$39.3 million and \$66.8 million, respectively. These costs are allocated to affiliated companies as burden costs based upon direct labor costs of the Company.

**Note 3. Other Investments**

The Company has corporate assets recorded on the balance sheet, in Other Investments and Other Special Funds primarily representing funds designated for Supplemental Executive Retirement Plans. These funds are invested in corporate owned life insurance policies, mutual funds and other securities.

**Note 4. Money Pools**

The Company administers a Regulated and Unregulated Money Pool on behalf of National Grid entities. The Regulated Money Pool serves public utility company participants and the Unregulated Money Pool serves non-public utility company participants. The Company participates in the Regulated Money Pool as well, and was in a net lending position of \$195.6 million at December 31, 2014.

The Regulated and Unregulated Money Pools are funded by operating funds from participant in the applicable pool. Collectively, KeySpan and NGUSA have the ability to borrow up to \$3 billion from National Grid plc for working capital needs including funding of the money pools, if necessary. The Company, as agent for each Money Pool, invests excess funds, if any, on a short-term basis. Participants providing funds to the Money Pools share in the interest earned on loans and investments on a basis proportionate to their investment in the Money Pool. Participants borrowing from a Money Pool pay interest at a rate generally equal to NGUSA's short-term borrowing rate, plus

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<b>Schedule XIV- Notes to Financial Statements</b>			

a proportionate share of the administrative costs incurred in obtaining required funds.

At December 31, 2014 participant balances for the Money Pools on a combined basis were as follows:

<b><u>Assets/Lending</u></b>	
EUA Energy Investment	\$24,048,227
KeySpan C.I. I, LTD.	8,715,332
KeySpan C.I. II, LTD,	834,358
KeySpan Energy Services,	6,228,002
KS CI Midstream Limited	6,288,149
KS Home Energy Srvc, LLC	51,576
KS Plumbing & Heating Sol	81,087
Massachusetts Electric Co.	76,735,617
Metro Energy L.L.C.	1,875,746
Metrowest Realty LLC	19,553,335
Nantucket Electric Co.	73,673,629
Narragansett Electric Co	5,974,297
Narragansett Electric Co.	63,763,102
NE Electric Trans Corp.	5,913,660
NE Hydro Finance Co, Inc.	10,003
NE Hydro-Trans Corp.	7,672,920
NE Hydro-Trans Elec Co.	22,701,264
New England Power Company	47,660,530
NG Corporate Services LLC	26,499
NG Development Holding	450,905,124
NG Energy Trading Srvc	59,857,846
NG Engineering & Survey Inc.	158,046,277
NG Generation LLC	444,241,758
NG Glenwood Energy Center	64,913,455
NG Islander East Pipe	4,299,696
NG LNG GP LLC	10,587,969
NG LNG LP Regulated Entity	14,539,296
NG Millennium LLC	50,609,600
NG My Home Key, Inc	380,307
NG North East Ventures	7,943,208
NG Port Jeff Energy Cntr	78,115,003
NG Services, Inc.	17,956,789
NGUSA Service Company	192,826,318
Niagara Mohawk Power Corp	761,855,593
Nicodama Beheer V.B.V.	8,449,989
Northeast Gas Markets LLC	10,054
Northeast Transmission Co.	108,154,475
Valley Appliance & Merch	3,406,389
Wayfinder Group, Inc.	29,108,733
<b><u>Total</u></b>	<b><u>\$2,838,015,212</u></b>

**Borrowings**

FERC FORM 60 (NEW 12-05)	204.4
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Boston Gas Company	\$306,840,178
Broken Bridge Corp.	470,843
Brooklyn Union Gas-KEDNY	316,918,624
Colonial Gas Company	15,027,415
GridAmerica Holdings Inc.	37,713,415
KeySpan Midstream, Inc.	6,316,124
KS Energy Corp-West Hold	115,642,722
KS Energy Devlp Co (NS)	3,445,794
KS Gas East Corp-KEDLI	494,934,316
KS International Corp	3,108,401
KS Luxembourg S.A.R.L.	13,069,108
KS Plumbing Solutions Inc	610,547
KSI Mechanical, LLC	5,561,060
Nat Grid Holdings, Inc.	2,929,717
National Grid USA Parent	679,398,886
NEES Energy, Inc.	495,761
Newport America Corp	521,759
NG Corporate Services LLC	569,366,402
NG Energy Management LLC	3,926,677
NG Energy Supply LLC	158
NG LNG LP LLC	10,259,924
NG New England Holdings 2	115,578,672
NG Technologies Inc.	5,881,547
NG Trans Services Corp	799,207
NG Utility Services LLC	103,301,920
Niagara Mohawk Holdings	6,644,268
Opinac North America	287,224
PCC Land Company, Inc.	505
Philadelphia Coke Co.	4,150,152
Seneca-Upshur Petroleum	23,385
Transgas Inc.	14,790,501
<b>Total</b>	<b><u>\$2,838,015,212</u></b>

**Note 5. Income Tax**

The components of federal and state income tax expense (benefit) are as follows:

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**Schedule XIV- Notes to Financial Statements**

	<b>Years Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ 204,491	\$ (247,313)
State	<u>(9,451)</u>	<u>(1,198)</u>
Total	<u>195,040</u>	<u>(248,511)</u>
Deferred tax expense (benefit):		
Federal	(212,662)	294,995
State	<u>32,888</u>	<u>(2,478)</u>
Total	<u>(179,774)</u>	<u>292,517</u>
Amortized investment tax credits <sup>(1)</sup>	-	-
Total deferred tax expense (benefit)	<u>(179,774)</u>	<u>292,517</u>
Total income tax expense	<u>\$ 15,266</u>	<u>\$ 44,006</u>

<sup>(1)</sup> Investment tax credits (ITC) are being deferred and amortized over the depreciable life of the property giving rise to the credits

Total income taxes in the statements of income:		
Income taxes charged to operations	\$ 15,266	\$ 44,006
Income taxes credited to other income (deductions)	-	-
Total	<u>\$ 15,266</u>	<u>\$ 44,006</u>

The Company's effective tax rate for the years ended December 31, 2014 and December 31, 2013 was 71.29% and 67.69% respectively. A reconciliation between the expected federal income tax expense, using the federal statutory rate of 35% to the Company's actual income tax expense for the years ended December 31, 2014 and December 31, 2013 is as follows:

	<b>Years Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 7,494	\$ 22,755
State income tax, net of federal benefit	15,234	(2,389)
Provision to return adjustments	(1,019)	-
Employee stock ownership plan dividends	(2,214)	(1,795)
Adjustments related to prior year, federal and state	(4,357)	25,227
Other items - net	<u>128</u>	<u>208</u>
Total	<u>\$ 7,772</u>	<u>\$ 21,251</u>
Federal and state income taxes	<u>\$ 15,266</u>	<u>\$ 44,006</u>

The Company is a member of the National Grid North America Inc. ("NGNA") and subsidiaries

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Schedule XIV- Notes to Financial Statements			

consolidated federal income tax return. The Company has joint and several liability for any potential assessments against the consolidated group.

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket A107-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC Docket A107-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2014 and December 31, 2013, the Company did not have any unrecognized tax benefits on a FERC basis.

It is reasonably possible that other events will occur during the next 12 months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to their results of operations, financial position, or liquidity.

On March 31, 2014, New York's legislature enacted as part of the 2014-15 budget package legislation which included significant tax changes. For tax years beginning on or after January 1, 2016, the New York corporate franchise rate is reduced from 7.1% to 6.5%. Additionally, for tax years beginning on or after January 1, 2015, New York State will generally require combined reporting if the taxpayer is engaged in a unitary business and a 50% common ownership test is met. As of March 31, 2014, the Company remeasured its New York State deferred tax assets and liabilities based upon the enacted law that will apply when the corresponding state temporary differences are expected to be realized or settled. Specifically, to reflect the decrease in tax rate, the Company decreased its New York State deferred tax assets by \$1.7 million with an offset to deferred tax expense.

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2014 and December 31, 2013 are as follows:

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Schedule XIV- Notes to Financial Statements			

	Years Ended December 31,	
	2014	2013
<i>(in thousands of dollars)</i>		
Deferred tax assets:		
Environmental reserve	\$ -	\$ -
Pensions, OPEB and other employee benefits	433,101	120,384
Net operating losses	87,165	101,079
Regulatory assets - pension and OPEB	3,926	143,331
Other items	15,953	34,121
Total deferred tax assets <sup>(1)</sup>	<u>\$ 540,145</u>	<u>\$ 398,915</u>
Deferred tax liabilities:		
Property related differences	209,339	226,582
Investments	17,455	17,341
Future federal benefit on state taxes	14,451	28,784
Regulatory assets - other	441	(12,753)
Other items	16,759	-
Total deferred tax liabilities	<u>258,445</u>	<u>259,954</u>
Net deferred income tax asset	281,700	138,961
Deferred investment tax credits	-	-
Net deferred income tax asset	-	138,961
Net deferred income tax asset	<u>\$ 281,700</u>	<u>\$ 138,961</u>

<sup>(1)</sup> There were no valuation allowances for deferred tax assets at December 31, 2014 or 2013.

Federal income tax returns have been examined and all appeals and issues have been agreed with the Internal Revenue Service (IRS) and the NGNA consolidated filing group, through March 31, 2007.

During fiscal year 2014 the IRS concluded its examination of the NGNA consolidated filing group's corporate income tax returns for the periods ended March 31, 2008 and March 31, 2009. The examinations were completed on March 31, 2014, with an agreement on the majority of income tax issues for the years referenced above, as well as an acknowledgment that certain discrete items remain disputed. NGNA is in the process of appealing these disputed items with the IRS Office of Appeals. The Company does not anticipate a change in its unrecognized tax positions in the next twelve months as a result of the appeals.

Fiscal years ended March 31, 2010 through March 31, 2014 remain subject to examination by the IRS.

The years ended March 31, 2006 through March 31, 2014 remain subject to examination by the State of New York.

The Company is a member of the National Grid USA Service Company Massachusetts unitary group since fiscal year ended March 31, 2010. The tax returns for the fiscal years ended March 31, 2010 through March 31, 2014 remain subject to examination by the State of Massachusetts.

The Company is in the process of appealing certain adjustments made by the Massachusetts Department of Revenue ("MADOR") for the years ended March 31, 2003 through March 31, 2005. The Company is currently under audit by the MADOR for years ended March 31, 2006 through March

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31, 2008.

Jurisdiction	Tax Year
Federal	March 31, 2008*
New York	March 31, 2006
Massachusetts	March 31, 2006

\*The NGNA consolidated filing group is in the process of appealing certain disputed issues with the IRS Office of Appeals for the fiscal years ended March 31, 2008 through March 31, 2009.

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule XV- Comparative Income Statement</b>				
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		<b>SERVICE COMPANY OPERATING REVENUES</b>		
2	400	Service Company Operating Revenues	2,248,206,627	2,251,722,249
3		<b>SERVICE COMPANY OPERATING EXPENSES</b>		
4	401	Operation Expenses	1,627,583,390	1,837,663,750
5	402	Maintenance Expenses	22,528,877	30,963,196
6	403	Depreciation Expenses	12,078,722	13,240,631
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property	51,037,475	51,978,925
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	476,265,167	234,570,919
13	409.1	Income Taxes, Operating Income	195,039,405	( 248,511,097)
14	410.1	Provision for Deferred Income Taxes, Operating Income	( 179,773,639)	292,517,300
15	411.1	Provision for Deferred Income Taxes – Credit , Operating Income		
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant		
18	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense	257,320	262,258
20	412	Costs and Expenses of Construction or Other Services		
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work		
22		<b>TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)</b>	2,205,016,717	2,212,685,882
23		<b>NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)</b>	43,189,910	39,036,367
24		<b>OTHER INCOME</b>		
25	418.1	Equity in Earnings of Subsidiary Companies		
26	419	Interest and Dividend Income	6,241,276	6,586,968
27	419.1	Allowance for Other Funds Used During Construction	( 2,772,737)	2,521,693
28	421	Miscellaneous Income or Loss	( 6,101,399)	2,268,080
29	421.1	Gain on Disposition of Property		300,157
30		<b>TOTAL OTHER INCOME (Total of Lines 25-29)</b>	( 2,632,860)	11,676,898
31		<b>OTHER INCOME DEDUCTIONS</b>		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	5,945,719	5,566,769
35	426.2	Life Insurance	2,401,286	2,123,001
36	426.3	Penalties		
37	426.4	Expenditures for Certain Civic, Political and Related Activities	885,391	850,898
38	426.5	Other Deductions	3,826,229	( 1,069,007)
39		<b>TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)</b>	13,058,625	7,471,661
40		<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>		

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule XV- Comparative Income Statement (continued)</b>				
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
42	409.2	Income Taxes, Other Income and Deductions		
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)</b>		
47		<b>INTEREST CHARGES</b>		
48	427	Interest on Long-Term Debt		
49	428	Amortization of Debt Discount and Expense	( 89,924)	( 82,815)
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies	2,627	340,441
52	431	Other Interest Expense	20,987,089	23,384,458
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit	( 451,989)	( 944,158)
54		<b>TOTAL INTEREST CHARGES (Total of Lines 48-53)</b>	21,351,781	24,586,242
55		<b>NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)</b>	6,146,644	18,655,362
56		<b>EXTRAORDINARY ITEMS</b>		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		<b>Net Extraordinary Items (Line 57 less Line 58)</b>		
60	409.4	(less) Income Taxes, Extraordinary		
61		<b>Extraordinary Items After Taxes (Line 59 less Line 60)</b>		
62		<b>NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)</b>	6,146,644	18,655,362

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2014			
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies								
1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.								
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	403-403.1	Depreciation Expense	12,078,722		12,078,722			
2	404-405	Amortization Expense	51,037,475		51,037,475			
3	407.3-407.4	Regulatory Debits/Credits – Net						
4	408.1-408.2	Taxes Other Than Income Taxes	476,265,167		476,265,167			
5	409.1-409.3	Income Taxes		195,039,405	195,039,405			
6	410.1-411.2	Provision for Deferred Taxes		( 179,773,639)	( 179,773,639)			
7	411.1-411.2	Provision for Deferred Taxes – Credit						
8	411.6	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
10	411.4-411.5	Investment Tax Credit Adjustment						
11	411.10	Accretion Expense	257,320		257,320			
12	412	Costs and Expenses of Construction or Other Services						
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies						
14	418	Non-operating Rental Income						
15	418.1	Equity in Earnings of Subsidiary Companies						
16	419	Interest and Dividend Income		6,241,276	6,241,276			
17	419.1	Allowance for Other Funds Used During Construction		( 2,772,737)	( 2,772,737)			
18	421	Miscellaneous Income or Loss	( 6,101,399)		( 6,101,399)			
19	421.1	Gain on Disposition of Property						
20	421.2	Loss on Disposition Of Property						
21	425	Miscellaneous Amortization						
22	426.1	Donations	5,945,719		5,945,719			
23	426.2	Life Insurance	2,401,286		2,401,286			
24	426.3	Penalties						
25	426.4	Expenditures for Certain Civic, Political and Related Activities	885,391		885,391			
26	426.5	Other Deductions	3,826,229		3,826,229			
27	427	Interest On Long-Term Debt						
28	428	Amortization of Debt Discount and Expense	( 89,924)		( 89,924)			
29	429	Amortization of Premium on Debt – Credit						
30	430	Interest on Debt to Associate Companies	2,627		2,627			
31	431	Other Interest Expense		20,987,089	20,987,089			
32	432	Allowance for Borrowed Funds Used During Construction	( 451,989)		( 451,989)			
33	500-509	Total Steam Power Generation Operation Expenses	627,648		627,648			
34	510-515	Total Steam Power Generation Maintenance Expenses	9,564		9,564			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2014			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	517-525	Total Nuclear Power Generation Operation Expenses						
36	529-532	Total Nuclear Power Generation Maintenance Expenses						
37	535-540.1	Total Hydraulic Power Generation Operation Expenses						
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses						
39	546-550.1	Total Other Power Generation Operation Expenses	22,631		22,631			
40	551-554.1	Total Other Power Generation Maintenance Expenses	22,099		22,099			
41	555-557	Total Other Power Supply Operation Expenses						
42	560	Operation Supervision and Engineering	3,313,813		3,313,813			
43	561.1	Load Dispatch-Reliability	896,796		896,796			
44	561.2	Load Dispatch-Monitor and Operate Transmission System	4,367,334		4,367,334			
45	561.3	Load Dispatch-Transmission Service and Scheduling						
46	561.4	Scheduling, System Control and Dispatch Services						
47	561.5	Reliability Planning and Standards Development	2,016,803		2,016,803			
48	561.6	Transmission Service Studies						
49	561.7	Generation Interconnection Studies						
50	561.8	Reliability Planning and Standards Development Services						
51	562	Station Expenses (Major Only)	1,428,356		1,428,356			
52	563	Overhead Line Expenses (Major Only)	727,214		727,214			
53	564	Underground Line Expenses (Major Only)						
54	565	Transmission of Electricity by Others (Major Only)						
55	566	Miscellaneous Transmission Expenses (Major Only)	6,120,445		6,120,445			
56	567	Rents	731,920		731,920			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)						
58		Total Transmission Operation Expenses	19,602,671		19,602,671			
59	568	Maintenance Supervision and Engineering (Major Only)	962,720		962,720			
60	569	Maintenance of Structures (Major Only)	17,825		17,825			
61	569.1	Maintenance of Computer Hardware						
62	569.2	Maintenance of Computer Software						
63	569.3	Maintenance of Communication Equipment	36,288		36,288			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant	16,318		16,318			
65	570	Maintenance of Station Equipment (Major Only)	1,285,523		1,285,523			
66	571	Maintenance of Overhead Lines (Major Only)	652,252		652,252			
67	572	Maintenance of Underground Lines (Major Only)	19,166		19,166			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	459,115		459,115			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2014			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
70		Total Transmission Maintenance Expenses	3,449,007		3,449,007			
71	575.1-575.8	Total Regional Market Operation Expenses						
72	576.1-576.5	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	23,462,896		23,462,896			
74	590-598	Total Distribution Maintenance Expenses	4,852,323		4,852,323			
75		Total Electric Operation and Maintenance Expenses	610,308,261	27,238,842	637,547,103			
76	700-798	Production Expenses (Provide selected accounts in a footnote)	1,530		1,530			
77	800-813	Total Other Gas Supply Operation Expenses	7,351		7,351			
78	814-825	Total Underground Storage Operation Expenses						
79	830-837	Total Underground Storage Maintenance Expenses						
80	840-842.3	Total Other Storage Operation Expenses	1,785,470		1,785,470			
81	843.1-843.9	Total Other Storage Maintenance Expenses	5,403		5,403			
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses	1,457,558		1,457,558			
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses	99,174		99,174			
84	850	Operation Supervision and Engineering	1,783		1,783			
85	851	System Control and Load Dispatching						
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses						
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations						
90	856	Mains Expenses	69,182		69,182			
91	857	Measuring and Regulating Station Expenses	21,862		21,862			
92	858	Transmission and Compression of Gas By Others						
93	859	Other Expenses	505		505			
94	860	Rents						
95		Total Gas Transmission Operation Expenses	93,332		93,332			
96	861	Maintenance Supervision and Engineering	1,428,609		1,428,609			
97	862	Maintenance of Structures and Improvements						
98	863	Maintenance of Mains	17,500		17,500			
99	864	Maintenance of Compressor Station Equipment						
100	865	Maintenance of Measuring And Regulating Station Equipment	338		338			
101	866	Maintenance of Communication Equipment						
102	867	Maintenance of Other Equipment						
103		Total Gas Transmission Maintenance Expenses	1,446,447		1,446,447			
104	870-881	Total Distribution Operation Expenses	8,231,752		8,231,752			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2014			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	885-894	Total Distribution Maintenance Expenses	8,270,924		8,270,924			
106		Total Natural Gas Operation and Maintenance Expenses	21,398,941		21,398,941			
107	901	Supervision	4,848,177		4,848,177			
108	902	Meter reading expenses	351,913		351,913			
109	903	Customer records and collection expenses	55,182,683		55,182,683			
110	904	Uncollectible accounts	( 2,150,851)		( 2,150,851)			
111	905	Miscellaneous customer accounts expenses	10,659,517		10,659,517			
112	906	Total Customer Accounts Operation Expenses	68,891,438		68,891,438			
113	907	Supervision						
114	908	Customer assistance expenses	30,530,263		30,530,263			
115	909	Informational And Instructional Advertising Expenses	1,332,436		1,332,436			
116	910	Miscellaneous Customer Service And Informational Expenses	16,675		16,675			
117		Total Service and Informational Operation Accounts	31,879,374		31,879,374			
118	911	Supervision						
119	912	Demonstrating and Selling Expenses	6,419,330		6,419,330			
120	913	Advertising Expenses	1,777,516		1,777,516			
121	916	Miscellaneous Sales Expenses						
122		Total Sales Operation Expenses	8,196,846		8,196,846			
123	920	Administrative and General Salaries	409,743,337		409,743,337			
124	921	Office Supplies and Expenses	114,586,479		114,586,479			
125	923	Outside Services Employed	442,605,721		442,605,721			
126	924	Property Insurance	11,594,034		11,594,034			
127	925	Injuries and Damages	55,877,930		55,877,930			
128	926	Employee Pensions and Benefits	393,788,648		393,788,648			
129	928	Regulatory Commission Expenses	349,455		349,455			
130	930.1	General Advertising Expenses						
131	930.2	Miscellaneous General Expenses	1,431,214		1,431,214			
132	931	Rents	33,416,785		33,416,785			
133		Total Administrative and General Operation Expenses	1,463,393,603		1,463,393,603			
134	935	Maintenance of Structures and Equipment	4,303,226		4,303,226			
135		Total Administrative and General Maintenance Expenses	1,576,664,488		1,576,664,488			
136		Total Cost of Service	2,208,371,690	27,238,842	2,235,610,532			

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National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2014
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense	12,078,722		12,078,722
2	404-405	Amortization Expense	51,037,475		51,037,475
3	407.3-407.4	Regulatory Debits/Credits – Net			
4	408.1-408.2	Taxes Other Than Income Taxes	476,265,167		476,265,167
5	409.1-409.3	Income Taxes		195,039,405	195,039,405
6	410.1-411.2	Provision for Deferred Taxes		( 179,773,639)	( 179,773,639)
7	411.1-411.2	Provision for Deferred Taxes – Credit			
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense	257,320		257,320
12	412	Costs and Expenses of Construction or Other Services			
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies			
14	418	Non-operating Rental Income			
15	418.1	Equity in Earnings of Subsidiary Companies			
16	419	Interest and Dividend Income		6,241,276	6,241,276
17	419.1	Allowance for Other Funds Used During Construction		( 2,772,737)	( 2,772,737)
18	421	Miscellaneous Income or Loss	( 6,101,399)		( 6,101,399)
19	421.1	Gain on Disposition of Property			
20	421.2	Loss on Disposition Of Property			
21	425	Miscellaneous Amortization			
22	426.1	Donations	5,945,719		5,945,719
23	426.2	Life Insurance	2,401,286		2,401,286
24	426.3	Penalties			
25	426.4	Expenditures for Certain Civic, Political and Related Activities	885,391		885,391
26	426.5	Other Deductions	3,826,229		3,826,229
27	427	Interest On Long-Term Debt			
28	428	Amortization of Debt Discount and Expense	( 89,924)		( 89,924)
29	429	Amortization of Premium on Debt – Credit			
30	430	Interest on Debt to Associate Companies	2,627		2,627
31	431	Other Interest Expense		20,987,089	20,987,089
32	432	Allowance for Borrowed Funds Used During Construction	( 451,989)		( 451,989)
33	500-509	Total Steam Power Generation Operation Expenses	627,648		627,648
34	510-515	Total Steam Power Generation Maintenance Expenses	9,564		9,564

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2014
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
35	517-525	Total Nuclear Power Generation Operation Expenses			
36	528-532	Total Nuclear Power Generation Maintenance Expenses			
37	535-540.1	Total Hydraulic Power Generation Operation Expenses			
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses			
39	546-550.1	Total Other Power Generation Operation Expenses	22,631		22,631
40	551-554.1	Total Other Power Generation Maintenance Expenses	22,099		22,099
41	555-557	Total Other Power Supply Operation Expenses			
42	560	Operation Supervision and Engineering	3,313,813		3,313,813
43	561.1	Load Dispatch-Reliability	896,786		896,786
44	561.2	Load Dispatch-Monitor and Operate Transmission System	4,367,334		4,367,334
45	561.3	Load Dispatch-Transmission Service and Scheduling			
46	561.4	Scheduling, System Control and Dispatch Services			
47	561.5	Reliability Planning and Standards Development	2,016,803		2,016,803
48	561.6	Transmission Service Studies			
49	561.7	Generation Interconnection Studies			
50	561.8	Reliability Planning and Standards Development Services			
51	562	Station Expenses (Major Only)	1,428,356		1,428,356
52	563	Overhead Line Expenses (Major Only)	727,214		727,214
53	564	Underground Line Expenses (Major Only)			
54	565	Transmission of Electricity by Others (Major Only)			
55	566	Miscellaneous Transmission Expenses (Major Only)	6,120,445		6,120,445
56	567	Rents	731,920		731,920
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	19,602,671		19,602,671
59	568	Maintenance Supervision and Engineering (Major Only)	962,720		962,720
60	569	Maintenance of Structures (Major Only)	17,625		17,625
61	569.1	Maintenance of Computer Hardware			
62	569.2	Maintenance of Computer Software			
63	569.3	Maintenance of Communication Equipment	36,288		36,288
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant	16,318		16,318
65	570	Maintenance of Station Equipment (Major Only)	1,285,523		1,285,523
66	571	Maintenance of Overhead Lines (Major Only)	652,252		652,252
67	572	Maintenance of Underground Lines (Major Only)	19,166		19,166
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	459,115		459,115

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	3,449,007		3,449,007
71	575.1-575.8	Total Regional Market Operation Expenses			
72	576.1-576.5	Total Regional Market Maintenance Expenses			
73	580-589	Total Distribution Operation Expenses	23,462,896		23,462,896
74	590-598	Total Distribution Maintenance Expenses	4,852,323		4,852,323
75		Total Electric Operation and Maintenance Expenses	610,308,261	27,238,842	637,547,103
76	700-798	Production Expenses (Provide selected accounts in a footnote)	1,530		1,530
77	800-813	Total Other Gas Supply Operation Expenses	7,351		7,351
78	814-826	Total Underground Storage Operation Expenses			
79	830-837	Total Underground Storage Maintenance Expenses			
80	840-842.3	Total Other Storage Operation Expenses	1,785,470		1,785,470
81	843.1-843.9	Total Other Storage Maintenance Expenses	5,403		5,403
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses	1,457,558		1,457,558
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses	99,174		99,174
84	850	Operation Supervision and Engineering	1,783		1,783
85	851	System Control and Load Dispatching			
86	852	Communication System Expenses			
87	853	Compressor Station Labor and Expenses			
88	854	Gas for Compressor Station Fuel			
89	855	Other Fuel and Power for Compressor Stations			
90	856	Mains Expenses	69,182		69,182
91	857	Measuring and Regulating Station Expenses	21,862		21,862
92	858	Transmission and Compression of Gas By Others			
93	859	Other Expenses	505		505
94	860	Rents			
95		Total Gas Transmission Operation Expenses	93,332		93,332
96	861	Maintenance Supervision and Engineering	1,428,609		1,428,609
97	862	Maintenance of Structures and Improvements			
98	863	Maintenance of Mains	17,500		17,500
99	864	Maintenance of Compressor Station Equipment			
100	865	Maintenance of Measuring And Regulating Station Equipment	338		338
101	866	Maintenance of Communication Equipment			
102	867	Maintenance of Other Equipment			
103		Total Gas Transmission Maintenance Expenses	1,446,447		1,446,447
104	870-881	Total Distribution Operation Expenses	8,231,752		8,231,752

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2014
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	885-894	Total Distribution Maintenance Expenses	8,270,924		8,270,924
106		Total Natural Gas Operation and Maintenance Expenses	21,398,941		21,398,941
107	901	Supervision	4,848,177		4,848,177
108	902	Meter reading expenses	351,913		351,913
109	903	Customer records and collection expenses	55,182,683		55,182,683
110	904	Uncollectible accounts	( 2,150,851)		( 2,150,851)
111	905	Miscellaneous customer accounts expenses	10,659,517		10,659,517
112	906	Total Customer Accounts Operation Expenses	68,891,439		68,891,439
113	907	Supervision			
114	908	Customer assistance expenses	30,530,263		30,530,263
115	909	Informational And Instructional Advertising Expenses	1,332,436		1,332,436
116	910	Miscellaneous Customer Service And Informational Expenses	16,675		16,675
117		Total Service and Informational Operation Accounts	31,879,374		31,879,374
118	911	Supervision			
119	912	Demonstrating and Selling Expenses	6,419,330		6,419,330
120	913	Advertising Expenses	1,777,516		1,777,516
121	916	Miscellaneous Sales Expenses			
122		Total Sales Operation Expenses	8,196,846		8,196,846
123	920	Administrative and General Salaries	409,743,337		409,743,337
124	921	Office Supplies and Expenses	114,586,479		114,586,479
125	923	Outside Services Employed	442,605,721		442,605,721
126	924	Property Insurance	11,594,034		11,594,034
127	925	Injuries and Damages	55,877,930		55,877,930
128	926	Employee Pensions and Benefits	393,788,648		393,788,648
129	928	Regulatory Commission Expenses	349,455		349,455
130	930.1	General Advertising Expenses			
131	930.2	Miscellaneous General Expenses	1,431,214		1,431,214
132	931	Rents	33,416,785		33,416,785
133		Total Administrative and General Operation Expenses	1,463,393,603		1,463,393,603
134	935	Maintenance of Structures and Equipment	4,303,226		4,303,226
135		Total Administrative and General Maintenance Expenses	1,576,664,488		1,576,664,488
136		Total Cost of Service	2,208,371,690	27,238,842	2,235,610,532

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule XVII - Analysis of Billing – Associate Companies (Account 457)</b>					
1. For services rendered to associate companies (Account 457), list all of the associate companies.					
Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Boston Gas Company	124,362,618	509,344	2,417,061	127,289,023
2	Brooklyn Union Gas-KEDNY	262,584,259	849,303	3,986,112	267,419,674
3	Colonial Gas Company	84,402,392	110,979	529,969	85,043,340
4	EUA Energy Investment	27,056			27,056
5	GridAmerica Holdings Inc.	114,259			114,259
6	Massachusetts Electric Co	224,208,639	1,591,334	7,927,753	233,727,726
7	Nantucket Electric Co	99,169,599	19,295	97,280	99,286,174
8	Narragansett Electric Co	162,150,564	768,065	3,291,118	166,209,747
9	NE Electric Trans Corp	1,235,995	1,566	9,689	1,247,250
10	NE Hydro-Trans Corp	( 14,349,168)	7,623	49,506	( 14,292,039)
11	NE Hydro-Trans Elec Co	3,295,555	7,820	50,095	3,353,470
12	New England Power Company	45,533,256	238,086	1,300,081	47,071,423
13	KeySpan Corporation	( 9,698,517)	1,504	7,492	( 9,689,521)
14	NG Development Holdings Corp	7,291,529	7,436	33,244	7,332,209
15	NG Energy Management LLC	216,252			216,252
16	NG Energy Trading Svcs	5,545,674	5,866	30,022	5,581,562
17	NG Engineering Svcs, LLC	750,114			750,114
18	KeySpan Gas East Corp-KEDLI	243,001,296	789,238	3,895,867	247,686,401
19	NG Generation LLC	185,566,680	304,439	1,491,112	187,362,231
20	NG Glenwood Energy Center	5,380,213	12,018	59,078	5,451,309
21	NG Holdings, Inc.	355,561			355,561
22	NG LNG LP RegulatedEntity	1,089,091	3,645	12,894	1,105,630
23	NG NE Holdings 2 LLC	423,322			423,322
24	NG Port/Jeff Energy Center	10,921,834	8,922	43,815	10,974,571
25	NG Services, Inc.	458,721	6,000	31,232	495,953
26	NG UK	8,882,909			8,882,909
27	NG USA Parent	293,411,852	756,553	3,726,027	297,894,432
28	Niagara Mohawk Holdings	20			20
29	Niagara Mohawk Power Corp	453,836,500	1,820,894	8,100,576	463,757,970
30	Transgas Inc	1,255,777	3,704	18,592	1,278,073
31	Valley Appliance & Merch	36,435			36,435
32	Wayfinder Group, Inc.	1,394,123			1,394,123
33					
34					
35					
36					
37					
38					
39					
40	<b>Total</b>	<b>2,202,854,410</b>	<b>7,823,634</b>	<b>37,108,615</b>	<b>2,247,786,659</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014	
<b>Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)</b>						
1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.						
Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	Ashburnham Mun Lgt Plant	11,400				11,400
2	Asplundh Construction Corp.	31,979				31,979
3	B.U.W.N.E. Inc. - Local #310	611				611
4	B.U.W.N.E. Inc. Local 329	1,303				1,303
5	B.U.W.N.E. Inc. Local #330	18,182				18,182
6	Danvers Electric Dept	22,125				22,125
7	Energy Council Of The Northeast (ec	3,300				3,300
8	Ibew Local #326	367				367
9	Ibew Local 486 A	4,591				4,591
10	Itou-Hix	88,000				88,000
11	Mall Properties, Inc.	1,673				1,673
12	Northeast Utilities	4,200				4,200
13	Norwood Municipal Light Department	88,100				88,100
14	Peabody Municipal Light Dept.	5,700				5,700
15	Princeton Electric Light Dept.	5,700				5,700
16	Sprint Nextel	52,582				52,582
17	Thirau Lic	3,465				3,465
18	T-Mobile Usa Inc.	46,039				46,039
19	Usua Local 12431-01	12,536				12,536
20	Uwua Local 369	13,615				13,615
21	Vermont Electric Cooperative, Inc	4,500				4,500
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29						
30						
31						
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34						
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40	<b>Total</b>	<b>419,968</b>				<b>419,968</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2014
<b>Schedule XIX - Miscellaneous General Expenses - Account 930.2</b>				
<p>1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.</p> <p>2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.</p>				
Line No.	Title of Account (a)	Amount (b)		
1	Misc Dues & Subscriptions	967,290		
2	Misc Employee Related	111,188		
3	Misc Other Expenses	200,262		
4	Misc Telecom	152,474		
5				
6				
7				
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<b>40</b>	<b>Total</b>	<b>1,431,214</b>		



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
Schedule XX - Organization Chart			

Officers	Vice President
Officers	Vice President & Treasurer
Officers	Secretary
Officers	Controller
Officers	Assistant Treasurer
Officers	Assistant Secretary
Officers	Assistant Secretary
Officers	Assistant Secretary
Officers	Master Electrician

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
<b>Schedule XXI - Methods of Allocation</b>			

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.  
2. Include any other allocation methods used to allocate costs.

**Cost Allocation Principles**

The following principles guide the allocation of costs of products or services provided by the Service Companies to the Client or Operating Companies. These principles also pertain to transactions among Operating Companies such as storm restoration services.

- Direct charging or direct assignment is the preferred allocation methodology and should be used if the cost of providing a product or service can be identified with the specific affiliates receiving the benefit of that product or service. Direct charging should only be used if the cost of providing a product or service to an individual Client Company can be isolated and reported separately from costs to provide other products or services and from costs to provide the same product and service to other Client Companies.
- The costs of products and services that cannot be direct charged should be allocated based on cost causative allocation bases representative of the underlying cost drivers of that product or service.
- The cost allocation methodology should be comprehensive, transparent, stable and administratively manageable and cost effective.
- The calculation of the cost allocation bases should be supported by a clearly defined methodology, model and supporting policy and procedure documentation.
- The cost allocation methodology should accommodate changes in the size of the allocation bases from period to period based on changes in the underlying cost drivers; the allocation bases should not vary significantly from period to period for uncontrollable factors not related to the underlying cost drivers. For example, you would not choose an allocation basis that fluctuates significantly from period to period based on changes in weather if weather is not a cost driver for that activity.
- The calculation of the allocation bases should be updated at least annually and more frequently if needed to reflect significant events (e.g., the sale of a significant affiliate).

**Services Provided by the Service Company - Description and Allocation Methodology**

The following table lists those services provided by the Service Company and the Client Companies to whom these services are provided. These services are provided in accordance with the service agreements filed with the Commissions. In addition, the provision of these services is governed by the Service Level Agreements. Service Level Agreements describe the services offered, services selected, compensation and billing, terms and cost accumulation, assignment and allocation methodologies. These documents are filed with the utility regulatory commissions.

<i>Function / Department</i>	<i>Description of Services Provided</i>	<i>Client Companies</i>
<b>FINANCE</b>		
Jurisdictional Finance Business Partners	Provide financial services at the jurisdictional level which includes: <ul style="list-style-type: none"> <li>• Provide variance reporting and variance forecasting on income statement</li> <li>• Perform regulatory strategy/rate of return analyses</li> <li>• Perform revenue/margin analysis</li> <li>• Manage LIPA MSA, i.e. financial statements, variance analysis, contract costs and updates to contract profitability when necessary</li> <li>• Provide support to rate filings and rate cases</li> </ul>	LDCs in MA, NY, RI, NH, FERC regulated companies and LIPA
Decision Support/Finance Business Partners	Provide decision support at the functional level which includes: <ul style="list-style-type: none"> <li>• Provide operating and capital budgets decisions and management reporting activities</li> <li>• Perform economic and financial analysis, and short and long-term financial forecasting</li> <li>• Align financial support functions with strategic plans, policies, procedures and internal controls</li> <li>• Perform benchmarking and monitoring of operations metrics to help the business achieve targeted results</li> <li>• Identify savings and potential efficiencies</li> </ul>	Internal Business Functions
Accounting Services	Maintain the general ledger for the 18 regulated utilities; Carry out specialized accounting; Produce external reports for regulated utilities as well as PSC and FERC reports; Maintain plant accounting, billing systems, revenue accounting and reconciliations.	Regulated and non-regulated utilities
IS Finance	Provide decision support related to IS initiatives; Manage IS project planning, budgeting, forecasting and accounting; Maintain hardware and ongoing infrastructure services.	Indirectly serve all companies
US Treasury	Provide services related to cash management, capital markets and compliance; pension and 401k investment management; and energy	All US entities
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	risk management and reporting (Regulated entities only).	
US Tax	Provide income tax compliance; income tax audit defense and controversy resolution; income tax accounting and financial reporting; income tax budgeting and forecasting; and income tax research and planning	All companies
US Insurance	Manage the overall purchase and procurement of different types of insurance.	All companies UK/US depending on the type of insurance
Corporate Planning and Reporting	Develop corporate Balance Sheets and Cash Flows used to develop forecasts, budget and variance reports; Report on financial statements; Manage business planning process including calendar and deliverables.	Mostly Regulated companies; consolidated US operations and internal customers
Regulatory Accounting	Prepare rate orders and compliance requirements that create regulatory deferrals; Ensure proper accounting of regulatory assets and liabilities; Perform secondary review of FERC Form 1.	Regulated companies
<b>Global Corporate Audit</b>		
Internal Audit	Periodically conduct operating audits and audits of the accounting records and other records maintained by the operating companies. Issue audit reports and provide recommendations, as appropriate, on improving processes and the internal control framework.	All companies
SHE Audit	Periodically conduct Safety, Health and Environmental compliance audits at operating company facilities.	All companies
<b>Human Resources</b>		
Labor and Employee Relations	Advise and assist the operating companies with: <ul style="list-style-type: none"> <li>• Labor contract negotiations and administration</li> <li>• Investigations into specific instances of misconduct or malfeasance</li> <li>• Employee grievances, arbitration and external complaint administration and management</li> <li>• Litigation</li> </ul>	All regulated and non-regulated companies
HR Business Partners	Assist with the development of the annual and five-year human resources plan and workforce strategy; Facilitate the succession planning process and organizational design; Drive the performance management process.	All regulated and non-regulated companies
Recruiting, inclusion and diversity	Identify recruitment needs and create regional recruiting strategies to source those needs, including external sourcing management, internal sourcing management and the testing and hiring and testing of union employees; Advise and assist operating companies in the administration of the design and implementation of diversity and EEO programs.	All companies
HR Operations	Provide overall direction and leadership for the HR function while managing internal HR metrics and performance management.	All companies
Compensation, Benefits and Pension	Provide central administration for payroll and employee benefit and pension plans including: <ul style="list-style-type: none"> <li>• Design and implementation of Total Rewards packages</li> <li>• Compliance with requirements of regulatory bodies</li> </ul>	All companies
Technical Training	Assist with the design and delivery of technical training programs for Gas, Electric, Safety, Process support and Professional development.	All companies
<b>US Regulation and Pricing</b>		
Regulatory Strategy	Assess revenue requirements, design pricing structures, and file and defend rate cases. Compile earnings reports, compliance filings, special filings and any other filings required by the PUC on a yearly basis.	Regulated companies
Pricing and Federal Affairs	Develop long-term regulatory goals and filing plans consistent with business plans, trends, pricing and policy; Manage regulatory relationships; and provide strategic and policy advice to the regulated	Regulated companies

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402.2

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	entities.	
<b>Shared Services</b>		
Employee Services (TDC)	Provide employee services including: <ul style="list-style-type: none"> <li>• Manage employee data within the HRIS</li> <li>• Provide employees and retirees with information and services related to payroll and year-end tax reporting; medical, dental and life insurance; retirement and pensions</li> <li>• Maintain and administer payments to current and retired employees</li> </ul>	All operating companies
Procure to pay (TDC)	Maintain and administer the non-inventory procurement process; Maintain vendor master files; and administer the P-Card process, processing of invoices and review of expenses.	All regulated companies
Response Team (TDC)	Responsible for intake of incoming contact center calls for procurement, vendors.	All companies
Billing Operations (TDC)	Process, review and issue customer invoices for retail and wholesale electric and gas sales; Provide maintenance of customer systems; Process billing exceptions, shared metering and mixed metering; Process special billing related to line extensions, pole rentals, water heaters, DOT work (outside companies).	All operating companies including LIPA
Credit and Collections (TDC)	Process employee services transactions, commercial and industrial credit and collections, and collections invoices; Devise strategy for field collections and residential collections.	All operating companies
Customer Care	Manage customer inquiries made either in-person, by telephone, by mail and by email; Manage emergency contact center; Manage outsourcing and move/connect inbound and outbound calls.	All regulated companies
Business Process Excellence	Develop and implement reporting/communications, quality and benchmarking strategies for Shared Services; Develop and provide Training programs for shared services; Lead all continuous improvement activities; Develop and coordinate the US Service Level Agreement governance process.	Shared Services
Property Strategy	Recommend strategies to optimize the use of the property portfolio.	All entities
Facilities Management	Provide building maintenance services; provide capital improvements to NG USA facilities.	All entities
<b>Operations</b>		
Resource Planning	Prepare resource work plans; Assist on forecasting of capital spend five year plan; Manage scheduling and work coordination; Manage project control and regulatory reporting of operations projects.	Regulated entities
Emergency Planning PMO	Develop emergency response plans and support storm restoration activities.	Gas and electric utilities
Maintenance and Construction	Provides electric and gas maintenance of facilities and infrastructure and non-complex construction services; Conduct emergency response activities when necessary	Gas and electric utilities
Operations Performance	Provides quality assurance and control services for fieldwork; Manage operations metrics; Provide project management and construction services for complex projects; Develop and report of KPIs.	Regulated entities
Control Center Operations	Operate gas and electric transmission and distribution networks and provide meter data management services.	Electric and Gas utilities
Power Plant Operations	Operate and maintain power plants under contract with National Grid.	LIPA
LNG Operations	Operate and maintain LNG and propane air plants; Ensure adequate regulation, compliance and training related to the LNG facilities.	Regulated gas companies
Operations Support	Provide fleet, aviation, materials and logistics, technical labs and testing services; Manage connections process for new gas and electric customers; Provide clerical support to all operations.	Regulated entities including LIPA
<b>Network Strategy</b>		
Asset Management	Develop and deliver asset strategies and policies, procedures and work plans to manage the lifecycle of company assets enabling system performance and the reliable energy supplies; Develop strategies and	Regulated entities
<b>FERC FORM 60 (NEW 12-05)</b>		
402.3		

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	plans around smart grid technologies; Manage vegetation and maintenance programs.	
Gas Systems Engineering	Provides engineering and design services for gas distribution to deliver new customers connections and asset investment projects; Analyze data to ensure gas supplies are sufficient to support growth and maintain system reliability.	Regulated Gas entities
Electric Systems Engineering	Provides planning, engineering and design services for electric transmission and distribution; Work with NERC, FERC and other working committees.	T&D companies
Investment Planning	Develop capital plans for both electric and gas entities and monitor their long-term investment strategies and work plans; Manage sanctioning process.	Regulated entities
FERC	Develop strategy impact analyses on assets under FERC jurisdiction.	Entities under FERC jurisdiction
Standards, Codes and Policies	Develop and communicate work and materials standards for gas and electric transmission and distribution engineering and operations; Provide training of new materials; Write procedures for gas and T&D organizations; Manage third party pole attachments.	Gas and electric entities
Regulatory Support and Reporting	Provide Regulatory Rate Case support e.g. technical support, expert witness support and input to discovery questions; Gather information and compile reports for required regulatory reporting.	Regulated entities
<b>Safety, Health and Environment</b>		
Safety	Manage overall and specific safety programs; ensure field identification of hazards and safety performance; Develop and manage safety communications.	All companies
Health	Manage the wellness program and related health services; Support the delivery of health services relating to absences due to both occupational (workers comp) and non-occupational illnesses; Provide medical screening services; Administer the drug and alcohol program.	All companies
Environment	Ensure environmental compliance with all federal, state and local regulations including developing policies and procedures, training, and reporting; Manage licensing and permitting processes; Responsible for all site investigation and remediation activities.	All companies
<b>Legal</b>		
Real Estate	Provide legal advice and counsel in connection with real property matters affecting National Grid's businesses.	All entities
Corporate Counsel	Provide advice and support related to financing activity such as debt issuances, mergers and acquisitions, and commercial activities such as contracting and procurement.	All entities
Litigation, Environment and Employment	Provide legal advice and counsel regarding litigation, environment, labor and employment issues, including issues related to National Grid's MSA with LIPA.	All entities
Federal and State Regulatory	Provide legal strategic guidance and support on all regulatory issues related to jurisdictional operations on matters before state utility commissions and related regulators, FERC and other federal agencies.	Regulated entities
Ethics and Business Conduct	Provide advice and counsel related to business ethics and compliance.	All entities
Records Management	Provides records management services to meet business needs and ensure regulatory compliance.	All entities
<b>Strategy and Business Development</b>		
Mergers and Acquisitions	Coordinate purchases and divestitures (Direct charged to the US Holding Companies).	All entities
Business Development	Devise and implement business development efforts (Direct charged to the US Holding Companies).	All entities
Strategy	Coordinate development of US strategic plan.	All entities
Global Technology	Set the technology strategy and develop technology partnerships.	All entities
<b>Corporate Affairs</b>		

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402.4

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Communications and Brand	Formulate and assist with communication programs and administer corporate philanthropic programs.	All entities
Federal Affairs	Manage relationships with the Federal government, agencies and legislative bodies.	Regulated entities
Government Relations	Manage relationships with State and local governments, agencies and legislative bodies.	Regulated entities
Media Relations	Manage the relationship with the media including crisis and risk communications.	All entities
<b>Customer</b>		
Energy Solutions Delivery	Responsible for the increase in gas margin and energy efficiency products and solutions sales.	All utilities
Energy Products	Provide product knowledge and technical expertise for all growth programs; Manage the planning and evaluation of electric and gas energy efficiency, demand reduction, and climate change policy initiatives; Design new and manage existing portfolio of customer-focused programs for business and residential markets.	All utilities, LIPA
Market Strategy and Implementation	Develop and implement market research and intelligence, market strategy, trade marketing, web marketing initiatives and overall communications.	Regulated entities
Customer and Business Strategy	Design emergency programs for each jurisdiction; Serve as energy efficiency regulatory leader, collecting expenses related to energy efficiency; Manage solar and electric vehicles programs; Conceptualize corporate image; Manage relationships with and supports through economic development activities the local communities in which NG operates.	All entities
Energy Procurement	Plan for and acquire energy (gas and electric) and related commodities; Manage jurisdictional and seasonal contracts as well as FERC compliance activities including training; Handle RFPs in MA and RI to contract with renewable energy suppliers (Solar, Wind, etc.); Manage long term gas planning processes including planning for peak loads, handling long-haul gas pipeline and market area storage.	Regulated Utilities, LIPA
Lead Intake	Contact center for prospective gas conversion customers.	Regulated gas utilities
Customer Analytics and risk management	Provides market analytics, electricity and gas forecasting; Customer Choice studies and administration of CC program, commercial and wholesale electric market policy services; Perform research trends on energy usage.	Regulated and unregulated companies
<b>Global Information Services</b>		
Solution Delivery	Provides centralized IS project management, application development and application support services.	All entities
Service Delivery	Manages all IT infrastructure including data centers and voice and data networks.	All entities
Relationship Management	Manages the relationships between IS and its internal customers.	All entities
IS Security	Provides IS security services.	All entities
<b>Global Procurement</b>		
Procurement Strategy	Provide strategic direction and oversight for the procurement function.	All entities
Sourcing	Responsible for procuring and contracting for goods and services.	All entities

**Cost Allocation Methodologies for Services Provided**

Function / Department	Cost Allocation Methodologies
<b>FINANCE</b>	

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Jurisdictional Finance Business Partners	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• General Allocator</li> </ul>
Decision Support/Finance Business Partners	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• General Allocator</li> </ul>
Accounting Services	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of GL Transactions (future implementation)</li> <li>• Capital Expenditures</li> <li>• Dollar Value of Property Owned</li> <li>• General Allocator</li> </ul>
Regulatory Accounting	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
IS Finance	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
US Treasury	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Average Level of Debt Outstanding</li> </ul>
US Tax	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• Dollar Value of Property Owned</li> <li>• General Allocator</li> </ul>
US Insurance	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Claims Processed</li> <li>• Dollar Value of Property Owned</li> <li>• General Allocator</li> </ul>
Corporate Planning and Reporting	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Global Corporate Audit</b>	
Internal Audit	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Other Allocation Bases Depending on Nature of Audit</li> <li>• General Allocator</li> </ul>
SHE Audit	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• Dollar value of Property Owned</li> <li>• Total T&amp;D Expenditures</li> </ul>
<b>Human Resources</b>	
Labor Relations and Employee Relations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
HR Business Partners	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Recruiting, Inclusion, and Diversity	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
HR Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Compensation, Benefits and Pension	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Technical Training	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
<b>US Regulation and Pricing</b>	
Regulatory Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>

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Pricing and Federal Affairs	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Shared Services</b>	
Employee Services (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Procure to Pay (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> <li>• # of Invoice Lines Processed (future implementation)</li> <li>• # of PO Lines (future implementation)</li> </ul>
Response Team (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Billing Operations (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> <li>• # of Bills</li> <li>• # of Joint Use Poles</li> </ul>
Credit and Collections (TDC)	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Call Minutes</li> <li>• # of Customers/Meters</li> <li>• # of Inbound and Outbound Collection Calls</li> </ul>
Customer Care	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Number of Inbound Call Minutes</li> <li>• # of Customers/Meters</li> </ul>
Business Process Excellence	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Follows TDC direct and cost causative charges</li> </ul>
Property Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned</li> </ul>
Facilities Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• [Periodic Square Footage Study]</li> </ul>
<b>Operations</b>	
Resource Planning	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned (Utilities)</li> <li>• Total T&amp;D Expenditures</li> <li>• General Allocator</li> </ul>
Emergency Planning PMO	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Miles of Overhead Lines</li> </ul>
Maintenance and Construction	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• Capital Expenditures</li> </ul>
Operations Performance	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• Dollar Value of Property Owned</li> </ul>
Control Center Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Power Plant Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> </ul>
LNG Operations	<ul style="list-style-type: none"> <li>• Direct Charge</li> </ul>
Operations Support	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• # of Customers/Meters</li> </ul>
<b>Network Strategy</b>	
FERC FORM 60 (NEW 12-05) 402.7	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
<b>Schedule XXI - Methods of Allocation</b>			

Asset Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned</li> <li>• Miles of Overhead Lines</li> </ul>
Gas Systems Engineering	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Capital Expenditures</li> </ul>
Electric Systems Engineering	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Capital Expenditures</li> </ul>
Investment Planning	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar Value of Property Owned</li> </ul>
FERC	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> </ul>
Standards, Codes, and Policies	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Total T&amp;D Expenditures</li> <li>• Capital Expenditures</li> <li>• Dollar value of Property Owned (Utilities)</li> <li>• # of Joint Use Poles</li> </ul>
Regulatory Support and Reporting	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Safety, Health and Environment</b>	
Safety	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• Total T&amp;D Expenditures</li> </ul>
Health	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Dollar value of Property Owned</li> <li>• Total T&amp;D Expenditures</li> </ul>
<b>Legal</b>	
Real Estate	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Corporate Counsel	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Litigation, Environment and Employment	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Employees</li> <li>• General Allocator</li> </ul>
Federal and State Regulatory	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Ethics and Business Conduct	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Records Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Mergers & Acquisitions	<ul style="list-style-type: none"> <li>• M&amp;A related work not allocated to operating companies</li> </ul>
<b>Strategy and Business Development</b>	
Mergers and Acquisitions	<ul style="list-style-type: none"> <li>• M&amp;A related work not allocated to operating companies</li> </ul>
Business Development	<ul style="list-style-type: none"> <li>• Direct Charge (generally to Corporate)</li> <li>• General Allocator</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Global Technology	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Corporate Affairs</b>	
FERC FORM 60 (NEW 12-05) 402.8	

Name of Respondent National Grid USA Service Company Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
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**Schedule XXI - Methods of Allocation**

Communications and Brand	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> <li>• General Allocator</li> </ul>
Federal Affairs	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Government Relations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
Media Relations	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• General Allocator</li> </ul>
<b>Customer</b>	
Energy Solutions Delivery	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Energy Products	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Market Strategy and Implementation	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Customer and Business Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Energy Procurement	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Lead Intake	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
Customer Analytics and Risk Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of Customers/Meters</li> </ul>
<b>Global Information Services</b>	
Solution Delivery	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> <li>• # of Employees</li> </ul>
Service Delivery	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> <li>• # of Employees</li> </ul>
Relationship Management	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> </ul>
IS Security	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• Mainframe Profile (future implementation)</li> <li>• Server Profile (future implementation)</li> <li>• # of Employees</li> <li>• General Allocator</li> </ul>
<b>Global Procurement</b>	
Procurement Strategy	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of PO Lines (future implementation)</li> </ul>
Sourcing	<ul style="list-style-type: none"> <li>• Direct Charge</li> <li>• # of PO Lines (future implementation)</li> </ul>

**SAP Service Company Orders and Work Breakdown Structure**

National Grid uses an Order and Work Breakdown Structure (WBS) elements within SAP as the mechanisms by which the appropriate allocation bases are applied to resources consumed. Individual Orders/WBS have been established for each cost center based on the work performed, the nature of resources consumed (e.g., labor, materials, outside services) in performing that work, and the operating companies benefitting from the

Name of Respondent National Grid USA Service Company Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2014
<b>Schedule XXI - Methods of Allocation</b>			

work performed. Embedded in the WBS is the allocation code associated with the "operating companies benefiting from the work performed.

**Approved Cost Allocation Bases – SAP Internal Order Code, Description and Source**

An Allocation Basis such as the General Allocator will have multiple SAP Allocation Codes. This is required because individual employees may provide services to one, a combination of, or all operating companies.

SAP Allocation Code	Description	Definition / Source
Deferred Implementation	# of P.O. Lines	Number of purchase order lines for stock and non-stock materials and supplies and services by Company as a percent of the total.  The source for this allocation basis is the TDC (Procure to pay/Payment Processing Group).
Deferred Implementation	# of Invoice Lines Processed	Number of individual invoice lines processed by company as a percent of the total. Invoices may contain items purchased; each line represents the purchase of a specific good or service on behalf of a specific company.  The source for this allocation basis is the TDC (Procure to Pay/Payment Processing Group).
Deferred Implementation	Mainframe Profile	Based on Company / Function use of mainframe services.  The source for this allocation basis is the US Finance (IS Finance Group). [IT allocation bases subject to change as part of IT Transformation initiative]
Deferred Implementation	Server Profile	Based on Company / Function use of server services.  The source for this allocation basis is the US Finance (IS Finance Group). [IT allocation bases subject to change as part of IT Transformation initiative]
Deferred Implementation	Dollar Value of Service Company Costs Direct Charged and Allocated	Based on the aggregate amount of Service Company costs direct charged or allocated prior to the allocation of costs accumulated in this billing pool. A special report will be developed to retrieve this data from SAP.  The source for this allocation basis is the US Finance (Service Company and Regulatory Accounting group).
Deferred Implementation	# of General Ledger Transactions	The number of general ledger transactions by Company as a percent of total GL transactions for all companies.  The source of this allocation basis will be SAP (still to be developed).
C-xxx	# of Customers	Number of retail and wholesale customers (via count of service meters) receiving utility services by company as a percent of the calendar year end total.  The source for this allocation basis is the TDC (Billing operations Group).
D-xxx	# of Outbound and Inbound Collection Calls	Number of inbound and outbound collection telephone calls by utility as a percent of the total based on call center telephone statistics.  The source for this allocation basis is the TDC (Planning and Analysis Group).

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**Schedule XXI - Methods of Allocation**

E-xxx	# of Joint Use Poles	# of electric poles with 3rd party attachments (joint use poles) by Company as a percent of total joint use poles.  The source for this allocation basis is the Network Strategy (Standards Codes and Procedures group).
F-xxx	# of Inbound Call Minutes	Number of minutes call center representatives are on the telephone with specific operating companies' customers based on contact center reporting systems as a percent of the total.  The source for this allocation basis is the TDC (Planning and Analysis Group).
G-xxx	Net margin, net plant, & Net O&M expenses (GENERAL ALLOCATOR)	"Net Margins" are Total Operating Revenues less "Cost of Goods Sold" and revenues related to recovery of stranded costs. "Net Plant" is the sum of Net Utility Plant and Net Non-Utility Plant . "Net O&M Expenses" are all non "Cost of Goods Sold" expenses less costs allocated from the Service Company distributed to the Affiliate companies using the general allocator. A ratio based on the weighted average of Net Margin (33%), Net Plant (33%) and Net O&M (33%) where the numerator is weighted average of the Client Company and the denominator is for All Companies that have these 3 factors reported on their financial statements
H-xxx	# of Bills	Number of bills issued to customers by utility as a percent of the total bills in a given year.  The source for this allocation basis is the TDC (Billing operations Group).
I-xxx	Dollar Value of Property Owned	A ratio based on gross fixed assets, valued at original acquisition costs, and investments owned in other companies, including construction work in progress, at the end of the calendar year, the numerator of which is for a specific client company and the denominator being all recipient client companies.  The source for the calculation of this ratio will be based on FERC Form 1 reports and State regulatory Gas Company reports.
J-xxx	Square Feet	Number of occupied square feet per facility for each department or company using the facility. Periodically done on a facility by facility basis.  The source of the most recent data is provided by the Decision Support business partner serving the Facilities organization.
K-xxx	Level of Debt Outstanding	Average level of long-term debt and short-term borrowing levels for prior CY by Company as a percent of the average level of long-term debt for all companies and short-term borrowing levels for all companies.  The source for the components of this allocation basis is the US Finance (Treasury group).

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**Schedule XXI - Methods of Allocation**

L-xxx	Miles of Overhead Lines	Number of miles of overhead transmission and distribution lines by utility as a percent of the total.  The source for this allocation basis is the Network Strategy (Standards Policies and Codes)
N-xxx	# of Employees	Total number of employees by company excluding the service company as a percent of the total. Count part time employees the same as full time employees.  The source for this allocation basis is the TDC (Employee Services Group).
Q-xxx	# of Claims Processed	Number of claims processed by company based on claims department claims tracking system as a percent of the total.  The source for this allocator basis is the US Finance (Claims group).
T-xxx	Total T&D Expenditures	Sum of T&D capital expenditures and O&M expenditures by Utility as a percent of total Utility T&D capital and O&M expenditures.  The source of this allocation basis is the CAPEX based on "Cash Outflows for Plant" from FERC Form 1 Statement of Cash Flows and T&D O&M costs in the FERC reports.
U-xxx	# of RTUs	Allocation to distribute the ongoing implementation of a new EMS system between the various New England Electric Operations based on the # of RTUs
X-xxx	Capital Expenditures	Capital expenditures by company as a percent of the total.  The source for this allocation basis is the CAPEX based on "Cash Outflows for Plant" from the FERC Form 1 Statement of Cash Flows. If this information is not available, use the Budgeted CAPEX from Financial Forecasts.

**Manual Allocations**

There will be instances in which employees will choose to assign costs in a manner that is different from the allocation bases described above in order to ensure that costs are properly allocated among companies. To accomplish this requires a Manual Allocation. When employees choose to use a non-standard cost driver to allocate costs, the basis for that decision and the method used to allocate costs among companies should be thoroughly documented, approved by department supervision and sent to the Service Company Integrity Department in a timely manner for review.

20160428-8007 FERC PDF (Unofficial) 04/28/2016

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. ____

Form 60 Approved  
OMB No. 1902-0215  
Expires 04/30/2016



## FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

<b>Exact Legal Name of Respondent (Company)</b> National Grid USA Service Company Inc.	<b>Year of Report</b> Dec 31, <u>2015</u>
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20160428-8007 FERC PDF (Unofficial) 04/28/2016

## GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

### I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

### II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

### III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

### IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

### V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

### VI. Time Period

This report covers the entire calendar year.

### VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

### VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

### IX. Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

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**X. Date Format**

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

**XI. Number Format**

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

**XII. Required Entries**

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

**XIII. Prior Year References**

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

**XIV. Where to Send Comments on Public Reporting Burden**

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),  
888 First Street NE,  
Washington, DC 20426  
or by email to [DataClearance@ferc.gov](mailto:DataClearance@ferc.gov)

And to:

Office of Information and Regulatory Affairs,  
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal  
Energy Regulatory Commission).  
Comments to OMB should be submitted by email to: [oira\\_submission@omb.eop.gov](mailto:oira_submission@omb.eop.gov)

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS
I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

20160428-8007 FERC PDF (Unofficial) 04 FERC FORM NO. 60  
**ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent National Grid USA Service Company Inc.		02 Year of Report Dec 31, <u>2015</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) One Metrotech Center, Brooklyn, NY 11201		06 Name of Contact Person Joseph Marrese
07 Title of Contact Person Director of Regulatory Reporting		08 Address of Contact Person One Metrotech Center - 12th Floor, Brooklyn, NY, 11201
09 Telephone Number of Contact Person (929) 324-4803		10 E-mail Address of Contact Person Joseph.Marrese@nationalgrid.com
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		12 Resubmission Date (Month, Day, Year) / /
13 Date of Incorporation 09/05/1935	14 If Not Incorporated, Date of Organization / /	
15 State or Sovereign Power Under Which Incorporated or Organized MASSACHUSETTS		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: National Grid USA		
CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that:  I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.		
17 Name of Signing Officer Sharon Partridge	19 Signature of Signing Officer Sharon Partridge	20 Date Signed (Month, Day, Year) 04/27/2016
18 Title of Signing Officer VP US Financial Controller		

Name of Respondent 20160428-8007 FERC PDF (Unofficial) 04/28/2016 National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
<b>List of Schedules and Accounts</b>				
1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.				
Line No.	Description (a)	Page Reference (b)	Remarks (c)	
1	Schedule I - Comparative Balance Sheet	101-102		
2	Schedule II - Service Company Property	103		
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104		
4	Schedule IV - Investments	105		
5	Schedule V - Accounts Receivable from Associate Companies	106		
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None	
7	Schedule VII - Stores Expense Undistributed	108	None	
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None	
9	Schedule IX - Miscellaneous Deferred Debits	110	None	
10	Schedule X - Research, Development, or Demonstration Expenditures	111	None	
11	Schedule XI - Proprietary Capital	201		
12	Schedule XII - Long-Term Debt	202		
13	Schedule XIII - Current and Accrued Liabilities	203		
14	Schedule XIV - Notes to Financial Statements	204		
15	Schedule XV - Comparative Income Statement	301-302		
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306		
17	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307		
18	Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)	308		
21	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307		
23	Schedule XX - Organization Chart	401		
24	Schedule XXI - Methods of Allocation	402		

Name of Respondent		FERC PDF (Unofficial) 04/28/2016		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /		Year/Period of Report Dec 31, 2015	
<b>Schedule I - Comparative Balance Sheet</b>									
1. Give balance sheet of the Company as of December 31 of the current and prior year.									
Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)				
1		<b>Service Company Property</b>							
2	101	Service Company Property	103	1,123,492,341	924,096,069				
3	101.1	Property Under Capital Leases	103						
4	106	Completed Construction Not Classified							
5	107	Construction Work In Progress	103	116,339,590	180,098,343				
6		Total Property (Total Of Lines 2-5)		1,239,831,931	1,104,194,412				
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	129,818,664	116,965,263				
8	111	Less: Accumulated Provision for Amortization of Service Company Property		215,684,855	155,794,427				
9		Net Service Company Property (Total of Lines 6-8)		894,328,412	831,434,722				
10		<b>Investments</b>							
11	123	Investment In Associate Companies	105						
12	124	Other Investments	105	54,036,700	50,814,394				
13	128	Other Special Funds	105	186,116,026	177,474,739				
14		Total Investments (Total of Lines 11-13)		240,152,726	228,289,133				
15		<b>Current And Accrued Assets</b>							
16	131	Cash							
17	134	Other Special Deposits							
18	135	Working Funds		300,000	633,053				
19	136	Temporary Cash Investments			280,925,649				
20	141	Notes Receivable							
21	142	Customer Accounts Receivable							
22	143	Accounts Receivable		10,066,035	21,638,776				
23	144	Less: Accumulated Provision for Uncollectible Accounts		169,486	152,021				
24	146	Accounts Receivable From Associate Companies	106	3,687,965,282	3,559,701,525				
25	152	Fuel Stock Expenses Undistributed	107						
26	154	Materials And Supplies							
27	163	Stores Expense Undistributed	108						
28	165	Prepayments		41,144,245	59,818,889				
29	171	Interest And Dividends Receivable							
30	172	Rents Receivable							
31	173	Accrued Revenues							
32	174	Miscellaneous Current and Accrued Assets							
33	175	Derivative Instrument Assets	109						
34	176	Derivative Instrument Assets – Hedges							
35		Total Current and Accrued Assets (Total of Lines 16-34)		3,739,306,076	3,922,565,871				
36		<b>Deferred Debits</b>							
37	181	Unamortized Debt Expense							
38	182.3	Other Regulatory Assets		425,186	839,747				
39	183	Preliminary Survey And Investigation Charges							
40	184	Clearing Accounts							
41	185	Temporary Facilities							
42	186	Miscellaneous Deferred Debits							
43	188	Research, Development, or Demonstration Expenditures	110						
44	189	Unamortized loss on reacquired debt	111						
45	190	Accumulated Deferred Income Taxes		739,261,029	540,144,675				
46		Total Deferred Debits (Total of Lines 37-45)		739,686,215	540,984,422				
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		5,613,473,429	5,523,274,148				

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<b>Schedule I - Comparative Balance Sheet (continued)</b>									
Line No.	Account Number (a)	Description (b)			Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)		
48		<b>Proprietary Capital</b>							
49	201	Common Stock Issued			201	32,724,319	32,724,319		
50	204	Preferred Stock Issued			201				
51	211	Miscellaneous Paid-In-Capital			201	566,006,257	538,059,786		
52	215	Appropriated Retained Earnings			201				
53	216	Unappropriated Retained Earnings			201	143,432,514	92,355,409		
54	219	Accumulated Other Comprehensive Income			201	( 643,372,358)	( 470,464,621)		
55		Total Proprietary Capital (Total of Lines 49-54)				98,790,732	192,674,893		
56		<b>Long-Term Debt</b>							
57	223	Advances From Associate Companies			202	475,044,311	475,044,311		
58	224	Other Long-Term Debt			202				
59	225	Unamortized Premium on Long-Term Debt							
60	226	Less: Unamortized Discount on Long-Term Debt-Debit							
61		Total Long-Term Debt (Total of Lines 57-60)				475,044,311	475,044,311		
62		Other Non-current Liabilities							
63	227	Obligations Under Capital Leases-Non-current							
64	228.2	Accumulated Provision for Injuries and Damages				400,000	1,302,301		
65	228.3	Accumulated Provision For Pensions and Benefits				13,545,584	15,181,022		
66	230	Asset Retirement Obligations				2,489,226	4,545,987		
67		Total Other Non-current Liabilities (Total of Lines 63-66)				16,434,810	21,029,310		
68		<b>Current and Accrued Liabilities</b>							
69	231	Notes Payable							
70	232	Accounts Payable				239,181,242	313,824,846		
71	233	Notes Payable to Associate Companies			203	2,030,672,891	1,761,794,580		
72	234	Accounts Payable to Associate Companies			203	1,913,029,035	2,046,978,408		
73	236	Taxes Accrued				52,104,536	14,333,719		
74	237	Interest Accrued				4,399,936	4,399,963		
75	241	Tax Collections Payable				( 163,835)	588,475		
76	242	Miscellaneous Current and Accrued Liabilities			203	111,755,814	105,956,603		
77	243	Obligations Under Capital Leases – Current							
78	244	Derivative Instrument Liabilities							
79	245	Derivative Instrument Liabilities – Hedges							
80		Total Current and Accrued Liabilities (Total of Lines 69-79)				4,350,979,619	4,247,876,594		
81		<b>Deferred Credits</b>							
82	253	Other Deferred Credits				388,844,167	318,326,720		
83	254	Other Regulatory Liabilities				6,976,820	9,876,897		
84	255	Accumulated Deferred Investment Tax Credits							
85	257	Unamortized Gain on Reacquired Debt							
86	282	Accumulated deferred income taxes-Other property				204,523,114	209,339,271		
87	283	Accumulated deferred income taxes-Other				71,879,856	49,106,152		
88		Total Deferred Credits (Total of Lines 82-87)				672,223,957	586,649,040		
89		<b>TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)</b>				5,613,473,429	5,523,274,148		

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National Grid USA Service Company Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2015
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**Schedule Page: 101 Line No.: 22 Column: e**

The Company has reclassified various account balances to conform to the current presentation. The originally filed amount was \$21,486,755.

**Schedule Page: 101 Line No.: 23 Column: e**

The Company has reclassified various account balances to conform to the current presentation. The originally filed amount was \$0.

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National Grid USA Service Company Inc.					(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) / /		Dec 31, 2015	
<b>Schedule II - Service Company Property</b>										
<p>1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.  2. Describe each construction work in progress on lines 18 through 30 in Column (b).</p>										
Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)			
1	301	Organization								
2	303	Miscellaneous Intangible Plant	465,270,085	188,245,042			653,515,127			
3	306	Leasehold Improvements								
4	389	Land and Land Rights	142,650,795	( 98,728)			142,552,067			
5	390	Structures and Improvements	227,453,896	9,249,593	700,536		236,002,953			
6	391	Office Furniture and Equipment	50,005,243	2,272,116			52,277,359			
7	392	Transportation Equipment								
8	393	Stores equipment	565,475				565,475			
9	394	Tools, Shop and Garage Equipment	21,142,848	( 1)			21,142,847			
10	395	Laboratory Equipment	5,831,687	( 1)			5,831,686			
11	396	Power Operated Equipment								
12	397	Communications Equipment	5,585,242				5,585,242			
13	398	Miscellaneous Equipment	4,428,204	429,851			4,858,055			
14	399	Other Tangible Property	988,577	( 988,577)						
15	399.1	Asset Retirement Costs		988,577	1,064		987,513			
16		<b>Total Service Company Property (Total of Lines 1-15)</b>	923,922,052	200,097,872	701,600		1,123,318,324			
17	107	<b>Construction Work in Progress:</b>								
18		Buildings & Structures	42,271,915			( 33,156,028)	9,115,887			
19		Capitalized Software	137,682,007			( 30,602,725)	107,079,282			
20		Office Furniture & Equipment	144,421				144,421			
21										
22		Other Accounts								
23										
24										
25										
26										
27										
28										
29										
30										
31		<b>Total Account 107 (Total of Lines 18-30)</b>	180,098,343			( 63,758,753)	116,339,590			
32		<b>Total (Lines 16 and Line 31)</b>	1,104,020,396	200,097,872		( 63,758,753)	1,239,657,914			

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**Schedule Page: 103 Line No.: 16 Column: g**

Footnote Data							
Account Balance	Title of Company	Balance at December 31, 2014	Additions	Other Changes	Retirements or Sales	Other Accocunts	Balance at December 31, 2015
	Total Line 16 of Page 103	923,922,052	200,097,872		(701,600)		1,123,318,324
121	Non Utility Property	174,017	-	-			174,017
	Total Service Company Property Per Schedule 1	924,096,069	200,097,872	-	(701,600)	-	1,123,492,341

**Schedule Page: 103 Line No.: 18 Column: c**

The Company has reclassified various account balances to conform to the current presentation. Originally filed amount was \$17,098,298.

**Schedule Page: 103 Line No.: 18 Column: f**

Represents completion of Construction Work-in-Progress (CWIP) projects which were transferred to Service Company Property (account 101)

**Schedule Page: 103 Line No.: 19 Column: c**

The Company has reclassified various account balances to conform to the current presentation. Originally filed was \$162,855,624.

**Schedule Page: 103 Line No.: 19 Column: f**

Represents completion of Construction Work-in-Progress (CWIP) projects which were transferred to Service Company Property (account 101)

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<b>Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property</b>									
1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.									
Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)		
1	301	Organization							
2	303	Miscellaneous Intangible Plant	155,189,866	60,494,108			215,683,974		
3	306	Leasehold Improvements							
4	389	Land and Land Rights	( 13,107)	( 1)		80	( 13,028)		
5	390	Structures and Improvements	76,462,267	5,348,558	700,536	2,156,677	83,266,966		
6	391	Office Furniture and Equipment	25,330,961	5,240,297			30,571,258		
7	392	Transportation Equipment	( 893,478)				( 893,478)		
8	393	Stores equipment	109,818	20,594			130,412		
9	394	Tools, Shop and Garage Equipment	7,908,330	668,890			8,577,220		
10	395	Laboratory Equipment	2,564,230	152,012			2,716,242		
11	396	Power Operated Equipment	( 709,052)				( 709,052)		
12	397	Communications Equipment	5,386,724	314,960			5,701,684		
13	398	Miscellaneous Equipment	963,238	169,851		( 234)	1,132,855		
14	399	Other Tangible Property	23,339				23,339		
15	399.1	Asset Retirement Costs	436,554	( 1,120,363)	1,064		( 684,873)		
16		<b>Total</b>	272,759,690	71,288,906	701,600	2,156,523	345,503,519		

Name of Respondent National Grid USA Service Company Inc.		FERC PDF (Unofficial) 04/28/2016		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /		Year/Period of Report Dec 31, 2015	
<b>Schedule IV – Investments</b>									
<p>1. For other investments (Account 124) and other special funds (Account 128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.</p> <p>2. For temporary cash investments (Account 136), list each investment separately in a footnote.</p> <p>3. Investments less than \$50,000 may be grouped, showing the number of items in each group.</p>									
Line No.	Account Number (a)	Title of Account (b)				Balance at Beginning of Year (c)	Balance at Close of Year (d)		
1	123	Investment In Associate Companies							
2	124	Other Investments				50,814,394	54,036,700		
3	128	Other Special Funds				177,474,739	186,116,026		
4	136	Temporary Cash Investments				280,925,649			
5		(Total of Lines 1-4)				509,214,782	240,152,726		

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**Schedule Page: 105 Line No.: 2 Column: c**

General American Life Insurance Company	
Net Cash Surrender Value	\$ 23,453,321
Aurora National Life Assurance Company	
Net Cash Surrender Value	10,569,351
Metropolitan Life Insurance Company	
Net Cash Surrender Value	6,878,596
Pacific Mutual Life Insurance Company deferred Compensation	
Life Insurance Investments & Net Cash Surrender Value	(922,830)
Security Life of Denver	
Net Cash Surrender Value	2,067,673
Guardian Life Insurance Company	
Net Cash Surrender Value	255,248
Commonwealth Annuity & Life Insurance Company	
Net Cash Surrender Value	2,003,339
Pacific Life Insurance Company	
Net Cash Surrender Value	6,509,694
<b>Total</b>	<b>\$ 50,814,394</b>

**Schedule Page: 105 Line No.: 2 Column: d**

General American Life Insurance Company	
Net Cash Surrender Value	24,716,772
Aurora National Life Assurance Company	
Net Cash Surrender Value	10,916,369
Metropolitan Life Insurance Company	
Net Cash Surrender Value	6,704,905
Pacific Mutual Life Insurance Company deferred Compensation	
Life Insurance Investments & Net Cash Surrender Value	237,291
Security Life of Denver	
Net Cash Surrender Value	2,651,403
Guardian Life Insurance Company	
Net Cash Surrender Value	314,561
Commonwealth Annuity & Life Insurance Company	
Net Cash Surrender Value	2,343,179
Pacific Life Insurance Company	
Net Cash Surrender Value	6,152,220
<b>Total</b>	<b>\$ 54,036,700</b>

**Schedule Page: 105 Line No.: 3 Column: c**

Supplemental Retirement/Deferred Compensation Plan Trust Fund	\$ 170,698,509
SERP Investment for KeySpan	6,776,230
<b>Total</b>	<b>\$ 177,474,739</b>

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FOOTNOTE DATA			

**Schedule Page: 105 Line No.: 3 Column: d**

Supplemental Retirement/Deferred Compensation  
Plan Trust Fund 179,473,874  
SERP Investment for KeySpan 6,642,153

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**Total**  
**\$186,116,026**

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<b>Schedule V – Accounts Receivable from Associate Companies</b>					
<p>1. List the accounts receivable from each associate company.  2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.</p>					
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)	
1	146	<b>Accounts Receivable From Associate Companies</b>			
2		<b>Associate Company:</b>			
3		Boston Gas	104,959,532	8,959,870	
4		Brooklyn Union Gas Co - KEDNY	131,638,752	16,248,845	
5		Colonial Gas Company	21,357,125	1,845,909	
6		EUA Energy Investment	1,824		
7		GridAmerica Holdings, Inc.	25,147	3	
8		KeySpan Corporation	794,572,714	718,140,727	
9		Massachusetts Electric Company	30,702,275	35,514,725	
10		Metrowest Realty LLC	86,104	73	
11		Nantucket Electric Company	7,479,632	226,944	
12		Narragansett Electric Company	27,179,476	10,297,316	
13		NE Electric Trans Corporation	1,123,725	15,781	
14		NE Hydro-Trans Corporation	135,480	196,462	
15		NE Hydro-Trans Elec Co, Inc.	961,597	120,071	
16		NEES Energy, Inc.	1,378	250	
17		New England Power Company	30,523,483	4,547,703	
18		Newport America Corporation	4,732		
19		NG Development Holdings Corp	1,445,178	1,366,261	
20		NG Energy Management LLC	10,637	12,321	
21		NG Energy Services LLC	314		
22		NG Energy Trading Services LLC	445,685	462,674	
23		NG Engineering Services	20,031,942	17,794,295	
24		KeySpan Gas East Corp - KEDLI	97,715,473	10,717,096	
25		NG Gen Services LLC	374,761		
26		NG Generation	19,509,073	4,413,256	
27		NG Glenwood Energy Center, LLC			
28		NG LNG LP RegulatedEntity	37,825	58,631	
29		NG NEHoldings 2 LLC	10,227,779	74,157	
30		NG North America Inc.	445,646	445,377	
31		NG North East Ventures	9		
32		NG Port Jefferson Energy Cntr			
33		NG Services, Inc.	1,605,335	76,511	
34		NG Trans Services	134	1	
35		NG UK	33,146,937	48,443,576	
36		NG USA Parent	204,528,791	199,195,057	
37		NG USLLC	30	30	
38		Niagara Mohawk Holdings, Inc	363		
39		Niagara Mohawk Power Corp	63,548,042	42,678,712	

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<b>Schedule V – Accounts Receivable from Associate Companies (continued)</b>									
Line No.	Account Number (a)	Title of Account (b)				Balance at Beginning of Year (c)		Balance at Close of Year (d)	
1	146	<b>Accounts Receivable From Associate Companies</b>							
2		<b>Associate Company:</b>							
3		Opinac North America, Inc.				65			
4		Wayfinder Group, Inc.						563	
5		Transgas Inc				1,059,412		104,464	
6		Valley Appliance & Merchandise				194,220		194,053	
7									
8									
9									
10									
11									
12		Detail of Convenience Payments				0		0	
13									
14		Notes Receivable from Associate Companies - Money Pool				1,954,620,898		2,565,813,568	
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
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29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40	<b>Total</b>					<b>3,559,701,525</b>		<b>3,687,965,282</b>	

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Name of Respondent	This Report is:	Resubmission Date	Year of Report
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**Schedule Page: 106.1 Line No.: 12 Column: c**

Boston Gas	7,315,999
Brooklyn Union Gas Co - KEDNY	1,674,649
Colonial Gas	400,266
KEDC Holdings Corp	400
KeySpan Corporation	16,904
KeySpan Engineering Services LLC	3,269
KeySpan Gas East Corp - KEDLI	867,174
KeySpan Generation LLC	84,264
KeySpan LNG LP RegulatedEntity	46,581
Massachusetts Electric Company	3,545,218
Nantucket Electric Company	100,924
Narragansett Electric Company	1,840,070
National Grid USA	239,718
NE Hydro-Trans Elec Co, Inc.	34,521
New England Power Company	356,830
NG North America Inc.	90
Niagara Mohawk Power Corp	9,209,010
Wayfinder Group, Inc.	102
<b>Total</b>	<b>25,735,989</b>

**Schedule Page: 106.1 Line No.: 12 Column: d**

Boston Gas	7,598,849
Brooklyn Union Gas Co - KEDNY	1,240,489
Colonial Gas	323,767
Massachusetts Electric Company	2,590,330
Nantucket Electric Company	284,101
Narragansett Electric Company	1,409,676
NE Hydro-Trans Elec Co, Inc.	57,139
New England Power Company	584,030
Keyspan Corporation	5,136
Keyspan Gas East Corp-KEDLI	727,765
NG Generation LLC	26,958
NG LNG LP RegulatedEntity	41,838
National Grid USA	65,508
Niagara Mohawk Power Corp	7,308,363
Valley Appliance & Merch	22
<b>Total</b>	<b>\$ 22,263,971</b>

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**Schedule VI – Fuel Stock Expenses Undistributed**

- List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
- In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3		None			
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
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25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
<b>40</b>	<b>Total</b>				

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<b>Schedule VII – Stores Expense Undistributed</b>									
1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.									
Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)				
1	163	Stores Expense Undistributed							
2		Associate Company:							
3		None							
4									
5									
6									
7									
8									
9									
10									
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12									
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29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
<b>40</b>	<b>Total</b>								

Name of Respondent National Grid USA Service Company Inc.		FERC PDF (Unofficial) 04/28/2016		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /		Year/Period of Report Dec 31, 2015	
<b>Schedule VIII - Miscellaneous Current and Accrued Assets</b>									
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.									
Line No.	Account Number (a)	Title of Account (b)			Balance at Beginning of Year (c)	Balance at Close of Year (d)			
1	174	Miscellaneous Current and Accrued Assets							
2		Item List:							
3		None							
4									
5									
6									
7									
8									
9									
10									
11									
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36									
37									
38									
39									
40	Total								

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**Schedule IX - Miscellaneous Deferred Debits**

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	Miscellaneous Deferred Debits		
2		Items List:		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Total			

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<b>Schedule X - Research, Development, or Demonstration Expenditures</b>					
1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.					
Line No.	Account Number (a)	Title of Account (b)			Amount (c)
1	188	<b>Research, Development, or Demonstration Expenditures</b>			
2		<b>Project List:</b>			
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	<b>Total</b>				

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<b>Schedule XI - Proprietary Capital</b>									
<p>1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.</p> <p>2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.</p>									
Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)					
1	201	Common Stock Issued	Number of Shares Authorized	4,000					
2			Par or Stated Value per Share	25.00					
3			Outstanding Number of Shares	250					
4			Close of Period Amount	32,724,319					
5		Preferred Stock Issued	Number of Shares Authorized						
6			Par or Stated Value per Share						
7			Outstanding Number of Shares						
8			Close of Period Amount						
9	211	Miscellaneous Paid-In Capital		566,006,257					
10	215	Appropriated Retained Earnings							
11	219	Accumulated Other Comprehensive Income		( 643,372,358)					
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	92,355,409					
13			Net Income or (Loss)	51,077,105					
14			Dividend Paid						
15			Balance at Close of Year	143,432,514					

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**Schedule Page: 201 Line No.: 9 Column: d**

Miscellaneous paid-in-capital includes the consolidation of Service Companies acquired through acquisition, settlement of prior advances from the Company's parent company, certain stock-based compensation awards and intercompany tax allocations.

**Schedule Page: 201 Line No.: 12 Column: d**

Net income for the year includes \$38.1 million related to compensation for use of capital and \$7.7 million related to indirect costs charged, as well as inter-company interest, AFUDC and taxes; the company does not have any net loss from servicing non-associates.

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**Schedule XII – Long Term Debt**

1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).
2. For the deductions in Column (h), please give an explanation in a footnote.
3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number (a)	Title of Account (b)	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3			25 Years	04/01/2035	5.80300	220,000,000	80,000,000		80,000,000
4			10 Years	10/30/2022	3.28000	220,000,000	82,000,000		82,000,000
5			10 Years	10/30/2022	3.28000	313,044,311	313,044,311		313,044,311
6									
7									
8									
9									
10									
11									
12									
13		<b>TOTAL</b>					475,044,311		475,044,311

14	224	Other Long-Term Debt							
15		List Creditor:							
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28		<b>TOTAL</b>							

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<b>Schedule XIII – Current and Accrued Liabilities</b>									
<p>1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).  2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.</p>									
Line No.	Account Number (a)	Title of Account (b)				Balance at Beginning of Year (c)	Balance at Close of Year (d)		
1	233	Notes Payable to Associates Companies				1,761,794,580	2,030,672,891		
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24	234	Accounts Payable to Associate Companies				2,046,978,408	1,913,029,035		
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41	242	Miscellaneous Current and Accrued Liabilities				105,956,603	111,755,814		
42									
43									
44									
45									
46									
47									
48									
49									
50		(Total)				3,914,729,591	4,055,457,740		

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**Schedule Page: 203 Line No.: 1 Column: c**

Each company has a Money Pool Net Payable - Receivable position, as reflected in Schedule XIV - Notes to Financial Statements Note 4.

**Schedule Page: 203 Line No.: 1 Column: d**

Each company has a Money Pool Net Payable - Receivable position, as reflected in Schedule XIV - Notes to Financial Statements Note 4.

**Schedule Page: 203 Line No.: 24 Column: c**

Boston Gas	\$	20,708,336
Brooklyn Union Gas Co - KEDNY		25,094,774
Colonial Gas-Lowell		3,767,340
GridAmerica Holdings, Inc.		45,572
KeySpan Corporation		1,725,687,524
KeySpan Gas East Corp - KEDLI		42,638,535
Massachusetts Electric Company		12,565,041
Narragansett Electric Company		7,346,419
NE Electric Trans Corporation		1,830
NE Hydro-Trans Elec Co, Inc.		154,197
NEES Energy, Inc.		5
New England Power Company		595,276
Newport America Corporation		462
NG Development Holdings Corp		128,827
NG Energy Corp-West Hold		293,766
NG Energy Devlp Co (NS)		328,296
NG Energy Management LLC		53,565
NG Energy Trading Services LLC		398,926
NG Engineering Services		1,701,262
NG Gen Services LLC		80
NG Generation		2,650,196
NG LNG LP LLC		2
NG LNG LP RegulatedEntity		45,555
NG NEHoldings 2 LLC		620,458
NG North America Inc.		4,522
NG Services, Inc.		148,335
NG Trans Services		202
NG UK		23,473,198
NG USA Parent		150,948,124
NG-Glenwood Energy Center, LLC		376,289
NG-Port Jefferson Energy Cntr		694,503
NGUSLLC		20
Niagara Mohawk Holdings, Inc		3,987,722
Niagara Mohawk Power Corp		21,479,590
Opinac North America, Inc.		900

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Transgas Inc	1,034,058
Valley Appliance & Merchandise	681
Wayfinder Group, Inc.	4,020
<hr/>	
Total	\$ 2,046,978,408

**Schedule Page: 203 Line No.: 24 Column: d**

Boston Gas	\$ 2,922,902
Colonial Gas-Lowell	3,651,923
GridAmerica Holdings, Inc.	12
KeySpan Corporation	1,718,636,426
KeySpan Gas East Corp - KEDLI	3,050,871
Massachusetts Electric Company	5,906,610
Nantucket Electric Company	8,989,428
Narragansett Electric Company	7,800,544
NE Electric Trans Corporation	76,508
NE Hydro-Trans Elec Co, Inc.	217,953
NG Development Holdings Corp	127,826
NG Energy Corp-West Hold	294,999
NG Energy Devlp Co (NS)	328,296
NG Energy Management LLC	45,993
NG Energy Trading Services LLC	480,366
NG Engineering Services	642,450
NG Generation	1,158,319
NG LNG LP RegulatedEntity	80,525
NG NEHoldings 2 LLC	17,657
NG Services, Inc.	129,698
NG UK	38,747,807
NG USA Parent	82,592,462
NG-Glenwood Energy Center, LLC	784,562
NG-Port Jefferson Energy Cntr	1,790,814
NGUSLLC	20
Niagara Mohawk Holdings, Inc	1,373,186
Niagara Mohawk Power Corp	32,830,646
Transgas Inc	347,564
Wayfinder Group, Inc.	1,784
Metro West Realty LLC	884
<hr/>	
Total	\$ 1,913,029,035

**Schedule Page: 203 Line No.: 41 Column: c**

Accrued Bonuses	43,571,379
Accrued Payroll and Employee Benefits	61,993,306
Other Accounts Payable	391,918
<hr/>	

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Total \$ 105,956,603

<b>Schedule Page: 203 Line No.: 41 Column: d</b>	
Accrued Bonuses	45,956,126
Accrued Payroll and Employee Benefits	65,386,320
Other Accounts Payable	413,368
Total	<b>\$ 111,755,814</b>

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<b>Schedule XIV- Notes to Financial Statements</b>			

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

**NATIONAL GRID USA SERVICE COMPANY, INC.**

**SCHEDULE XIV - NOTES TO UNAUDITED FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

**Organization**

National Grid USA Service Company Inc. (the "Company") is a wholly-owned subsidiary of National Grid USA ("NGUSA"), a public utility holding company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005") with subsidiaries that engage in transmission, distribution and sale of natural gas and electricity.

NGUSA is a direct wholly-owned subsidiary of National Grid North America Inc. ("NGNA") and an indirect wholly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

Pursuant to PUHCA 2005, the Federal Energy Regulatory Commission ("FERC") has jurisdiction over certain holding company activities, including (i) regulating certain transactions among affiliates within NGUSA's holding company system (ii) governing the issuance, acquisition and disposition of securities and assets by certain of NGUSA direct and indirect public utility subsidiaries; and (iii) approving certain utility mergers and acquisitions.

In addition, NGUSA's affiliate transactions are subject to certain regulations of the Public Service Commission of the State of New York, the Massachusetts Department of Public Utility, and the Rhode Island Public Utilities Commission.

**Description of Business**

Pursuant to Service Agreements between the Company, NGUSA and all affiliated companies (collectively, the "Client Companies"), the Company provides the following services to the Client Companies: (a) corporate affairs (b) executive and administration (c) corporate audit (d) customer services (e) financial services (f) information technology (g) security (h) procurement (i) human resources (j) legal and regulatory (k) network strategy and services (l) operating services (m) safety, health, and environment and (n) shared services.

Revenues are recognized on a cost of service basis. Cost of services provided to Client Companies

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are allocated in accordance with applicable service agreements and federal and state requirements. Costs are: (1) directly assigned where possible; (2) allocated using a reasonable and equitable allocation ratio based upon a cost-causation relationship; or (3) allocated broad based. Service allocation ratios are defined in the Service Agreements. Cost of service includes all costs of doing business incurred by Service Company, including a reasonable return on capital.

### **Basis of Presentation**

The financial statements included in this filing were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts for Centralized Service Companies. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash, Working Funds and Temporary Cash Investments**

Cash, working funds and temporary cash investments include cash on hand and temporary investments purchased with the original maturity of three months or less.

In November 2013, the FERC short-term borrowing authorization for certain NGUSA regulated entities had expired. Prior to the expiration, NGUSA provided to each entity an interest free loan to help fund their daily operating needs in lieu of short-term borrowing authorization. The money received by each entity went into the Money Pool and invested on their behalf by the Company. In January of 2015, these entities had their short-term borrowing authorization reinstated and these entities repaid their outstanding loans to NGUSA. As a result, the repayment eliminated the need for the Company's temporary cash investments.

### **Regulatory Assets and Liabilities**

The regulatory assets and liabilities represent postretirement benefit fair value adjustments associated with past NGNA acquisitions. The amortization of these amounts, which is almost completed, is passed through to the appropriate operating entities on a yearly basis.

### **Income Taxes**

Federal and state income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses and general business credit carryforwards.

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The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken or expected to be taken in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

NGNA files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary company determines its current and deferred taxes based on the separate return method. The Company settles its current tax liability or benefit each year with NGNA pursuant to a tax sharing arrangement between NGNA and its subsidiaries. Tax benefits attributable to the tax attributes of other group companies and allocated by NGNA are treated as capital contributions.

### Property and Equipment

Property and equipment is stated at original cost. The cost of repairs and maintenance is charged to expense and the cost of renewals and betterments that extend the useful life of utility plant is capitalized. The capitalized cost of additions to property and equipment includes costs such as direct material, labor and benefits, and capitalized interest.

Depreciation is computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates. The average composite rate for the years ended December 31, 2015 and 2014 was 10.9% and 14.8%, respectively. The average service life for each of the years ended December 31, 2015 and 2014 was 18 years. When utility plant is retired, the original cost, less salvage, is charged to accumulated depreciation.

The following table summarizes property and equipment at cost along with accumulated depreciation and amortization:

	December 31, 2015	December 31, 2014
	<i>(in thousands of dollars)</i>	
Land and Buildings	\$ 378,555	\$ 370,105
Office Furniture and Equipment	52,277	50,005
Machinery and Equipment	38,971	38,543
Intangible Assets	653,515	465,270
Non Utility Property	174	174
Construction Work in Progress	116,340	180,098
Total	<u>1,239,832</u>	<u>1,104,195</u>
Accumulated Depreciation	<u>(345,504)</u>	<u>(272,760)</u>
Property and Equipment, Net	<u>\$ 894,328</u>	<u>\$ 831,435</u>

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### Asset Retirement Obligations

Asset retirement obligations are recognized for legal obligations associated with the retirement of property, plant, and equipment. Asset retirement obligations are recorded at fair value in the period in which the obligation is incurred, if the fair value can be reasonably estimated. In the period in which new asset retirement obligations, or changes to the timing or amount of existing retirement obligations are recorded, the associated asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset. In each subsequent period the asset retirement obligation is accreted to its present value.

	<b>Years Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>(in thousands of dollars)</i>	
Balance as of the beginning of the period	\$ 4,546	\$ 4,289
Accretion expense	148	257
Liabilities settled	(44)	-
Revaluations to present values of estimated cash flows*	<u>(2,161)</u>	-
Balance as of the end of the period	<u>\$ 2,489</u>	<u>\$ 4,546</u>

\* Asset retirement obligations are recognized for legal obligations associated with the retirement of asbestos in common facilities. At March 31, 2015, a revaluation study of the asset retirement obligations resulted in a downward revaluation of estimated costs related to its asset retirement obligations.

### Allowance for Funds Used During Construction

In accordance with applicable regulatory accounting guidance, the Company records AFUDC, which represents the estimated debt and equity costs of capital funds necessary to finance the construction of new regulated facilities. The equity component of AFUDC is a non-cash amount within the statements of income. AFUDC is capitalized as a component of the cost of utility plant, with an offsetting credit to allowance for other funds used during construction for the equity component and allowance for borrowed funds used during construction for the debt component in the accompanying statements of income. After construction is completed, the Company is permitted to recover these costs through inclusion in rate base and the corresponding depreciation expense. The composite AFUDC rate was 3.7% and 0.3% for the years ended December 31, 2015 and December 31, 2014, respectively. The Company recorded AFUDC related to equity of \$7.7 million and \$(2.8) million and AFUDC related to debt of \$1.9 million and \$(0.5) million for the years ended December 31, 2015 and 2014, respectively.

### New and Recent Accounting Guidance

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### Accounting Guidance Not Yet Adopted

#### *Presentation of Financial Statements - Going Concern, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*

In August 2014, the Financial Accounting Standards Board (FASB) issued amendments on reporting about an entity's ability to continue as a going concern in ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205 - 40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The amendments provide guidance about management's responsibility to evaluate whether there is substantial doubt surrounding an entity's ability to continue as a going concern. If management concludes that substantial doubt exists, the amendments also require additional disclosures relating to management's evaluation and conclusion. The amendments are effective for the annual reporting period ending after December 15, 2016 and interim periods thereafter. The application of this guidance is not expected to have a material impact on the Company's financial position or results of operations.

#### *Revenue Recognition*

In May 2014, the FASB and the International Accounting Standards Board jointly issued a new revenue recognition standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The objective of the new guidance is to provide a single comprehensive revenue recognition model for all contracts with customers to improve comparability. The standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services in an amount that reflects the consideration the entity expects to receive. The new guidance must be adopted using either a full retrospective approach or a modified retrospective approach. For non-public entities, the new guidance is effective for periods beginning after December 15, 2018, with early adoption permitted for periods beginning after December 15, 2017. The application of this guidance is not expected to have a material impact on the Company's financial position or results of operations.

#### *Lease Accounting*

In February 2016, the FASB issued a new lease accounting standard, ASU No.2016-02, "Leases (Topic 842)." The key objective of the new standard is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Lessees will need to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). For income statement purposes, a dual model has been retained, with leases to be designated as operating leases or finance leases. Expenses will be recognized on a straight-line basis for operating leases, and a front-loaded basis for finance leases. For non-public entities, the new guidance is effective for periods beginning after December 15, 2019, with early adoption

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permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. The Company is currently evaluating the impact of the new standard on its financial position, and results of operations.

### Note 2. Postretirement Benefits

**Pension:** The Company's employees are members of NGUSA's noncontributory defined benefit pension plans covering substantially all employees associated with NGUSA. Benefits are based on years of service and compensation. Pension costs are allocated to the Company; related pension obligations and assets are commingled and are not allocated to the Company and other participating companies. Pension expense attributed to the Company for the years ended December 31, 2015 and 2014, was approximately \$127.1 million and \$102.1 million, respectively. These costs are allocated to affiliated companies as burden costs based upon direct labor costs of the Company. Funding for pensions is in accordance with requirements of federal law and regulations.

**Other Postretirement Benefits:** The Company's employees are members of NGUSA's noncontributory defined benefit plans which provide certain health care and life insurance benefits for retired employees of NGUSA. Other postretirement benefit costs are allocated to the Company; other postretirement benefit obligations and assets are commingled and are not allocated to the Company and other participating companies. NGUSA has been funding a portion of future benefits over employees' active service lives through Voluntary Employee Beneficiary Association (VEBA) trusts. Contributions to VEBA trusts are tax deductible, subject to limitations contained in the Internal Revenue Code. Other postretirement benefit expense attributed to the Company for the years ended December 31, 2015 and 2014 was approximately \$45.1 million and \$39.3 million, respectively. These costs are allocated to affiliated companies as burden costs based upon direct labor costs of the Company.

The NGUSA companies' pension and postretirement benefit other than pension ("PBOP") plans that the Company participates in have unfunded obligations at December 31, 2015 and 2014 as follows:

	December 31,	
	2015	2014
	<i>(in thousands of dollars)</i>	
Pension	\$ 544,239	\$ 362,922
PBOP	420,196	273,584
	<u>\$ 964,435</u>	<u>\$ 636,506</u>

### Note 3. Other Investments

The Company has corporate assets recorded on the balance sheet in Other Investments and Other Special Funds, primarily representing funds designated for Supplemental Executive Retirement Plans. These funds are invested in corporate-owned life insurance policies, mutual funds and other

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<b>Schedule XIV- Notes to Financial Statements</b>			

securities. These investments are stated at fair market value and the changes in fair market value are recorded in other comprehensive income.

**Note 4. Money Pools**

The Company administers a Regulated and Unregulated Money Pool on behalf of National Grid entities. The Regulated Money Pool serves public utility company participants and the Unregulated Money Pool serves non-public utility company participants. The Company participates in the Regulated Money Pool as well, and was in net lending position of \$535.1 million at December 31, 2015.

The Regulated and Unregulated Money Pools are funded by operating funds from participants in the applicable pool. Collectively, KeySpan and NGUSA have the ability to borrow up to \$3 billion from National Grid plc for working capital needs including funding of the money pools, if necessary. The Company, as agent for each Money Pool, invests excess funds, if any, on a short-term basis. Participants providing funds to the Money Pools share in the interest earned on loans and investments on a basis proportionate to their investment in the Money Pool. Participants borrowing from a Money Pool pay interest at a rate generally equal to NGUSA's short-term borrowing rate, plus a proportionate share of the administrative costs incurred in obtaining required funds.

At December 31, 2015, participant balances for the Money Pools on a combined basis were as follows:

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<b>Assets/ Lending</b>	
EUA Energy Investment	24,176,759
KeySpan C.I. I, LTD.	8,769,424
KeySpan C.I. II, LTD	839,536
KeySpan Energy Services	6,386,019
KeySpan My Home Key, Inc.	383,866
KS Q Midstream Limited	6,339,283
KS Home Energy Svcs, LLC	12,343,914
KS Plumbing & Heating Sol	81,087
KSI Mechanical, LLC	10,078,942
Massachusetts Electric Co	139,610,609
Metro Energy LLC.	17,118,946
Metrowest Realty LLC	17,869,701
Nantucket Electric Co	54,090,606
National Grid US LLC	718,649
National Grid USA Parent	925,917,539
NE Electric Trans Corp	1,023,468
NE Hydro Finance Co, Inc.	10,003
NE Hydro-Trans Corp	5,681,659
NE Hydro-Trans Elec Co	3,851,805
NG Development Holding	440,685,896
NG Energy Trading Svcs	60,593,470
NG Engineering Svcs, LLC	156,917,598
NG Generation LLC	301,602,771
NG Glenwood Energy Center	7,770,685
NG IGTS Corp.	6,674,746
NG Islander East Pipe	4,333,110
NG LNG GP LLC	10,733,234
NG Millennium LLC	77,335,387
NG North East Ventures	8,004,512
NG Port Jeff Energy Cntr	8,538,216
NGUSA Service Company	535,140,677
Niagara Mohawk Power Corp	305,763,893
Nicodama Beheer V.B.V.	8,502,434
Northeast Gas Markets LLC	10,115
Northeast Transmission Co	127,436,994
Opinac North America	52,467,547
SEG Electric Serv TSA Co.	38,821,200
Valley Appliance & Merch	4,280,021
Wayfinder Group, Inc.	27,884,383
<b>Total</b>	<b>3,418,788,704</b>

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<b>Borrowings</b>	
Boston Gas Company	379,738,667
Broken Bridge Corp.	473,985
Brooklyn Union Gas-KEDNY	584,464,087
Colonial Gas Company	18,106,807
Energy Impact Fund LP	825,414
GridAmerica Holdings Inc.	54,335,869
KeySpan Midstream, Inc.	6,363,380
KS Energy Corp-West Hold	323,316,425
KS Energy Devlp Co (NS)	3,467,181
KS Gas East Corp-KEDLI	466,452,287
KS International Corp	3,131,151
KS Luxembourg S.A.R.L	13,157,946
KS Plumbing Solutions Inc	614,337
Narragansett Electric Co	199,447,326
NEES Energy, Inc.	500,217
New England Power Company	537,968,156
Newport America Corp	327,870
NG Electric Services	593,577,600
NG Energy Management LLC	19,470,648
NG LNG LP LLC	7,930,491
NG LNG LP RegulatedEntity	6,001,767
NG New England Holdings 2	126,250,963
NG Services, Inc.	9,305,091
NG Trans Services Corp	820,404
Niagara Mohawk Holdings	39,790,539
PCCLand Company, Inc.	38,991
Philadelphia Coke Co.	4,205,816
Transgas Inc	18,705,288
<b>Total</b>	<b>3,418,788,704</b>

## Note 5. Operating Leases

The Company is the lessee for certain office space properties within NGUSA's service territories. These leases are accounted for as operating leases. The future minimum lease payments for the next five years are approximately \$170 million or \$34 million per year. These costs are allocated to Client Companies.

## Note 6. Income Tax

### Components of Income Tax Expense

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The components of federal and state income tax expense (benefit) are as follows:

	Years Ended December 31	
	2015	2014
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ 24,826	\$ 204,491
State	10,297	(9,451)
Total current tax expense (benefit)	<u>35,123</u>	<u>195,040</u>
Deferred tax expense (benefit):		
Federal	(33,403)	(212,662)
State	(27,084)	32,888
Total deferred tax expense (benefit)	<u>(60,487)</u>	<u>(179,774)</u>
Total income tax expense	<u>\$ (25,364)</u>	<u>\$ 15,266</u>
Total income taxes in the statements of income:		
Income taxes charged to operations	\$ (25,364)	\$ 15,266
Income taxes credited to other income (deductions)	-	-
Total	<u>\$ (25,364)</u>	<u>\$ 15,266</u>

The Company's effective tax rates for the years ended December 31, 2015 and 2014 are (98.65%) and 71.29%, respectively. The following table presents a reconciliation of income tax expense at the federal statutory tax rate of 35% to the actual tax expense:

	Years Ended December 31	
	2015	2014
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 8,999	\$ 7,494
Change in computed taxes resulting from:		
Adjustments related to prior year, federal and state	1,178	(4,357)
Provision to return adjustments	1,111	(1,019)
Change in cash surrender value	(899)	
Employee stock ownership plan dividends	(1,522)	(2,214)
State income tax, net of federal benefit	(33,324)	15,234
Other items - net	(907)	128
Total	<u>(34,363)</u>	<u>7,772</u>
Federal and state income taxes	<u>\$ (25,364)</u>	<u>\$ 15,266</u>

The Company is included in the NGNA and subsidiaries consolidated federal income tax return. The Company has joint and several liability for any potential assessments against the consolidated group

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The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket AI07-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC docket AI07-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2015 and December 31, 2014, the Company did not have any unrecognized tax benefits on a FERC basis.

It is reasonably possible that other events will occur during the next 12 months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to their results of operations, financial position, or liquidity.

On March 31, 2014, New York's legislature enacted as part of the 2014-15 budget package legislation which included significant tax changes. For tax years beginning on or after January 1, 2016, the New York corporate franchise rate is reduced from 7.1% to 6.5%. Additionally, for tax years beginning on or after January 1, 2015, New York State will generally require combined reporting if the taxpayer is engaged in a unitary business and a 50% common ownership test is met. As of March 31, 2015, the Company remeasured its New York State deferred tax assets and liabilities based upon the enacted law that will apply when the corresponding state temporary differences are expected to be realized or settled. Specifically, to reflect the decrease in tax rate, the Company decreased its New York State deferred tax assets by \$3.5 million with an offset to deferred tax expense.

### Deferred Tax Components

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	<b>Years Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Pensions, OPEB and other employee benefits	<b>\$ 609,500</b>	\$ 433,101
Net operating losses	<b>100,435</b>	87,165
Regulatory assets - pension and OPEB	<b>2,844</b>	3,926
Other items	<b>26,482</b>	15,953
Total deferred tax assets <sup>(1)</sup>	<b>739,261</b>	540,145
Deferred tax liabilities:		
Property related differences	<b>204,523</b>	209,339
Future federal benefit on state taxes	<b>32,224</b>	14,451
Investments	<b>18,273</b>	17,455
Regulatory assets - other	<b>441</b>	441
Other items	<b>20,942</b>	16,759
Total deferred tax liabilities	<b>276,403</b>	258,445
Net deferred income tax asset	<b>462,858</b>	281,700
Deferred investment tax credits	-	-
Net deferred income tax asset and investment tax credits	<b>462,858</b>	281,700
Current portion of net deferred income tax asset, net	-	-
Deferred income tax asset, net	<b>\$ 462,858</b>	\$ 281,700

<sup>(1)</sup> There were no valuation allowances for deferred tax assets at December 31, 2015 or 2014.

Federal income tax returns have been examined and all appeals and issues have been agreed with the Internal Revenue Service ("IRS") and the NGNA consolidated filing group, through March 31, 2007.

During the year ended March 31, 2014, the IRS concluded its examination of the NGNA consolidated filing group's corporate income tax returns for the years ended March 31, 2008 through 2009. These examinations were completed on March 31, 2014, with an agreement on the majority of income tax issues for the years referenced above, as well as an acknowledgment that certain discrete items remain disputed. NGNA is in the process of appealing these disputed issues with the IRS Office of Appeals. The Company does not anticipate a change in its unrecognized tax positions in the next twelve months as a result of the appeal. The tax returns for the years ended March 31, 2010 through March 31, 2015 remain subject to examination by the IRS.

The years ended March 31, 2009 through March 31, 2016 remain subject to examination by the State of New York.

The Company is a member of the NGUSA Service Company Massachusetts unitary group since fiscal year ended March 31, 2010. The tax returns for the fiscal years ended March 31, 2009 through March 31, 2016 remain subject to examination by the state of Massachusetts.

The Company is in the process of appealing certain adjustments made by the Massachusetts

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Department of Revenue ("MADOR") for the years ended March 31, 2001 through March 31, 2005. The Company is requesting an Administrative appeal by the MADOR for years ended March 31, 2006 through March 31, 2008.

The following table indicates the earliest tax year subject to examination for each major jurisdiction:

<b>Jurisdiction</b>	<b>Tax Year</b>
Federal	March 31, 2008 *
New York	March 31, 2009
Massachusetts	March 31, 2006

\*The NGNA consolidated filing group is in the process of appealing certain disputed issues with the IRS Office of Appeals for the fiscal years ended March 31, 2008 through March 31, 2009.

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<b>Schedule XV- Comparative Income Statement</b>									
Line No.	Account Number	Title of Account			Current Year	Prior Year			
	(a)	(b)			(c)	(d)			
1		<b>SERVICE COMPANY OPERATING REVENUES</b>							
2	400	Service Company Operating Revenues			2,324,088,309	2,248,206,627			
3		<b>SERVICE COMPANY OPERATING EXPENSES</b>							
4	401	Operation Expenses			1,615,522,655	1,627,493,466			
5	402	Maintenance Expenses			20,104,596	22,528,877			
6	403	Depreciation Expenses			12,499,698	12,078,722			
7	403.1	Depreciation Expense for Asset Retirement Costs							
8	404	Amortization of Limited-Term Property							
9	405	Amortization of Other Property			60,494,108	51,037,475			
10	407.3	Regulatory Debits							
11	407.4	Regulatory Credits							
12	408.1	Taxes Other Than Income Taxes, Operating Income			555,814,628	476,265,167			
13	409.1	Income Taxes, Operating Income			35,123,477	195,039,405			
14	410.1	Provision for Deferred Income Taxes, Operating Income			( 60,487,852)	( 179,773,639)			
15	411.1	Provision for Deferred Income Taxes – Credit , Operating Income							
16	411.4	Investment Tax Credit, Service Company Property							
17	411.6	Gains from Disposition of Service Company Plant							
18	411.7	Losses from Disposition of Service Company Plant							
19	411.10	Accretion Expense			148,433	257,320			
20	412	Costs and Expenses of Construction or Other Services							
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work							
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)			2,239,219,743	2,204,926,793			
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)			84,868,566	43,279,834			
24		<b>OTHER INCOME</b>							
25	418.1	Equity in Earnings of Subsidiary Companies							
26	419	Interest and Dividend Income			7,523,575	6,241,276			
27	419.1	Allowance for Other Funds Used During Construction			7,676,899	( 2,772,737)			
28	421	Miscellaneous Income or Loss			( 13,802,833)	( 6,101,399)			
29	421.1	Gain on Disposition of Property							
30		TOTAL OTHER INCOME (Total of Lines 25-29)			1,397,641	( 2,632,860)			
31		<b>OTHER INCOME DEDUCTIONS</b>							
32	421.2	Loss on Disposition of Property							
33	425	Miscellaneous Amortization							
34	426.1	Donations			4,097,017	5,945,719			
35	426.2	Life Insurance			( 95,603)	2,401,286			
36	426.3	Penalties							
37	426.4	Expenditures for Certain Civic, Political and Related Activities			481,127	885,391			
38	426.5	Other Deductions			2,779,109	3,826,229			
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)			7,261,650	13,058,625			
40		<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>							

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<b>Schedule XV- Comparative Income Statement (continued)</b>									
Line No.	Account Number (a)	Title of Account (b)			Current Year (c)	Prior Year (d)			
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions							
42	409.2	Income Taxes, Other Income and Deductions							
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions							
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions							
45	411.5	Investment Tax Credit, Other Income Deductions							
46		<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)</b>							
47		<b>INTEREST CHARGES</b>							
48	427	Interest on Long-Term Debt							
49	428	Amortization of Debt Discount and Expense							
50	429	(less) Amortization of Premium on Debt- Credit							
51	430	Interest on Debt to Associate Companies			396	2,627			
52	431	Other Interest Expense			29,859,851	20,987,089			
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit			1,932,795	( 451,989)			
54		<b>TOTAL INTEREST CHARGES (Total of Lines 48-53)</b>			27,927,452	21,441,705			
55		<b>NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)</b>			51,077,105	6,146,644			
56		<b>EXTRAORDINARY ITEMS</b>							
57	434	Extraordinary Income							
58	435	(less) Extraordinary Deductions							
59		<b>Net Extraordinary Items (Line 57 less Line 58)</b>							
60	409.4	(less) Income Taxes, Extraordinary							
61		<b>Extraordinary Items After Taxes (Line 59 less Line 60)</b>							
62		<b>NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)</b>			51,077,105	6,146,644			

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<b>Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies</b>										
1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.										
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)		
1	403-403.1	Depreciation Expense	12,499,697		12,499,697					
2	404-405	Amortization Expense	60,494,108		60,494,108					
3	407.3-407.4	Regulatory Debits/Credits – Net								
4	408.1-408.2	Taxes Other Than Income Taxes	555,814,628		555,814,628					
5	409.1-409.3	Income Taxes		35,123,477	35,123,477					
6	410.1-411.2	Provision for Deferred Taxes		( 60,487,852)	( 60,487,852)					
7	411.1-411.2	Provision for Deferred Taxes – Credit								
8	411.6	Gain from Disposition of Service Company Plant								
9	411.7	Losses from Disposition of Service Company Plant								
10	411.4-411.5	Investment Tax Credit Adjustment								
11	411.10	Accretion Expense	148,433		148,433					
12	412	Costs and Expenses of Construction or Other Services								
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies								
14	418	Non-operating Rental Income								
15	418.1	Equity in Earnings of Subsidiary Companies								
16	419	Interest and Dividend Income		7,523,575	7,523,575					
17	419.1	Allowance for Other Funds Used During Construction		( 7,676,899)	( 7,676,899)					
18	421	Miscellaneous Income or Loss	( 13,802,833)		( 13,802,833)					
19	421.1	Gain on Disposition of Property								
20	421.2	Loss on Disposition Of Property								
21	425	Miscellaneous Amortization								
22	426.1	Donations	4,097,017		4,097,017					
23	426.2	Life Insurance	( 95,603)		( 95,603)					
24	426.3	Penalties								
25	426.4	Expenditures for Certain Civic, Political and Related Activities	481,127		481,127					
26	426.5	Other Deductions	2,779,108		2,779,108					
27	427	Interest On Long-Term Debt								
28	428	Amortization of Debt Discount and Expense								
29	429	Amortization of Premium on Debt – Credit								
30	430	Interest on Debt to Associate Companies	396		396					
31	431	Other Interest Expense		29,859,851	29,859,851					
32	432	Allowance for Borrowed Funds Used During Construction	( 1,932,795)		( 1,932,795)					
33	500-509	Total Steam Power Generation Operation Expenses	84,495		84,495					
34	510-515	Total Steam Power Generation Maintenance Expenses	30,478		30,478					

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Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)	
35	517-525	Total Nuclear Power Generation Operation Expenses							
36	528-532	Total Nuclear Power Generation Maintenance Expenses							
37	535-540.1	Total Hydraulic Power Generation Operation Expenses							
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses							
39	546-550.1	Total Other Power Generation Operation Expenses	633		633				
40	551-554.1	Total Other Power Generation Maintenance Expenses	13,899		13,899				
41	555-557	Total Other Power Supply Operation Expenses							
42	560	Operation Supervision and Engineering	4,719,485		4,719,485				
43	561.1	Load Dispatch-Reliability	292,787		292,787				
44	561.2	Load Dispatch-Monitor and Operate Transmission System	7,299,383		7,299,383				
45	561.3	Load Dispatch-Transmission Service and Scheduling							
46	561.4	Scheduling, System Control and Dispatch Services							
47	561.5	Reliability Planning and Standards Development	1,329,363		1,329,363				
48	561.6	Transmission Service Studies							
49	561.7	Generation Interconnection Studies							
50	561.8	Reliability Planning and Standards Development Services							
51	562	Station Expenses (Major Only)	1,617,824		1,617,824				
52	563	Overhead Line Expenses (Major Only)	570,012		570,012				
53	564	Underground Line Expenses (Major Only)	5,715		5,715				
54	565	Transmission of Electricity by Others (Major Only)							
55	566	Miscellaneous Transmission Expenses (Major Only)	8,861,763		8,861,763				
56	567	Rents	65,429		65,429				
57	567.1	Operation Supplies and Expenses (Nonmajor Only)							
58		Total Transmission Operation Expenses	24,761,761		24,761,761				
59	568	Maintenance Supervision and Engineering (Major Only)	945,676		945,676				
60	569	Maintenance of Structures (Major Only)	26,341		26,341				
61	569.1	Maintenance of Computer Hardware							
62	569.2	Maintenance of Computer Software							
63	569.3	Maintenance of Communication Equipment	65,116		65,116				
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant	24,906		24,906				
65	570	Maintenance of Station Equipment (Major Only)	1,415,062		1,415,062				
66	571	Maintenance of Overhead Lines (Major Only)	1,716,512		1,716,512				
67	572	Maintenance of Underground Lines (Major Only)	6,806		6,806				
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	344,357		344,357				

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69	574	Maintenance of Transmission Plant (Nonmajor Only)							
70		Total Transmission Maintenance Expenses	4,544,776		4,544,776				
71	575.1-575.8	Total Regional Market Operation Expenses							
72	576.1-576.5	Total Regional Market Maintenance Expenses							
73	580-589	Total Distribution Operation Expenses	33,244,966		33,244,966				
74	590-598	Total Distribution Maintenance Expenses	6,466,683		6,466,683				
75		Total Electric Operation and Maintenance Expenses	717,236,640	( 10,704,998)	706,531,642				
76	700-798	Production Expenses (Provide selected accounts in a footnote)	20,787		20,787				
77	800-813	Total Other Gas Supply Operation Expenses	759		759				
78	814-826	Total Underground Storage Operation Expenses							
79	830-837	Total Underground Storage Maintenance Expenses							
80	840-842.3	Total Other Storage Operation Expenses	3,488,390		3,488,390				
81	843.1-843.9	Total Other Storage Maintenance Expenses	24,837		24,837				
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses	1,482,600		1,482,600				
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses	104,325		104,325				
84	850	Operation Supervision and Engineering	26,651		26,651				
85	851	System Control and Load Dispatching.							
86	852	Communication System Expenses							
87	853	Compressor Station Labor and Expenses							
88	854	Gas for Compressor Station Fuel							
89	855	Other Fuel and Power for Compressor Stations							
90	856	Mains Expenses	215,789		215,789				
91	857	Measuring and Regulating Station Expenses	27,305		27,305				
92	858	Transmission and Compression of Gas By Others							
93	859	Other Expenses	1,066		1,066				
94	860	Rents							
95		Total Gas Transmission Operation Expenses	270,811		270,811				
96	861	Maintenance Supervision and Engineering	1,474,753		1,474,753				
97	862	Maintenance of Structures and Improvements							
98	863	Maintenance of Mains	5,958		5,958				
99	864	Maintenance of Compressor Station Equipment							
100	865	Maintenance of Measuring And Regulating Station Equipment	390		390				
101	866	Maintenance of Communication Equipment							
102	867	Maintenance of Other Equipment							
103		Total Gas Transmission Maintenance Expenses	1,481,101		1,481,101				
104	870-881	Total Distribution Operation Expenses	14,535,397		14,535,397				

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Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)	
105	885-894	Total Distribution Maintenance Expenses	3,403,731		3,403,731				
106		Total Natural Gas Operation and Maintenance Expenses	24,812,738		24,812,738				
107	901	Supervision	7,553,345		7,553,345				
108	902	Meter reading expenses	70,212		70,212				
109	903	Customer records and collection expenses	95,651,212		95,651,212				
110	904	Uncollectible accounts	27,080		27,080				
111	905	Miscellaneous customer accounts expenses	12,108,679		12,108,679				
112	906	Total Customer Accounts Operation Expenses	115,410,528		115,410,528				
113	907	Supervision							
114	908	Customer assistance expenses	38,866,746		38,866,746				
115	909	Informational And Instructional Advertising Expenses	2,656,040		2,656,040				
116	910	Miscellaneous Customer Service And Informational Expenses	356,236		356,236				
117		Total Service and Informational Operation Accounts	41,879,022		41,879,022				
118	911	Supervision							
119	912	Demonstrating and Selling Expenses	5,570,897		5,570,897				
120	913	Advertising Expenses	2,873,993		2,873,993				
121	916	Miscellaneous Sales Expenses							
122		Total Sales Operation Expenses	8,444,890		8,444,890				
123	920	Administrative and General Salaries	411,360,890		411,360,890				
124	921	Office Supplies and Expenses	123,770,137		123,770,137				
125	923	Outside Services Employed	314,304,161		314,304,161				
126	924	Property Insurance	30,383,754		30,383,754				
127	925	Injuries and Damages	11,343,353		11,343,353				
128	926	Employee Pensions and Benefits	434,574,488		434,574,488				
129	928	Regulatory Commission Expenses	8,167,805		8,167,805				
130	930.1	General Advertising Expenses							
131	930.2	Miscellaneous General Expenses	293,512		293,512				
132	931	Rents	37,936,095		37,936,095				
133		Total Administrative and General Operation Expenses	1,372,134,195		1,372,134,195				
134	935	Maintenance of Structures and Equipment	3,798,189		3,798,189				
135		Total Administrative and General Maintenance Expenses	1,541,666,824		1,541,666,824				
136		Total Cost of Service	2,283,716,202	( 10,704,998)	2,273,011,204				

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<b>Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)</b>									
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)				
1	403-403.1	Depreciation Expense	12,499,697		12,499,697				
2	404-405	Amortization Expense	60,494,108		60,494,108				
3	407.3-407.4	Regulatory Debits/Credits – Net							
4	408.1-408.2	Taxes Other Than Income Taxes	555,814,628		555,814,628				
5	409.1-409.3	Income Taxes		35,123,477	35,123,477				
6	410.1-411.2	Provision for Deferred Taxes		( 60,487,852)	( 60,487,852)				
7	411.1-411.2	Provision for Deferred Taxes – Credit							
8	411.6	Gain from Disposition of Service Company Plant							
9	411.7	Losses from Disposition of Service Company Plant							
10	411.4-411.5	Investment Tax Credit Adjustment							
11	411.10	Accretion Expense	148,433		148,433				
12	412	Costs and Expenses of Construction or Other Services							
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies							
14	418	Non-operating Rental Income							
15	418.1	Equity in Earnings of Subsidiary Companies							
16	419	Interest and Dividend Income		7,523,575	7,523,575				
17	419.1	Allowance for Other Funds Used During Construction		( 7,676,899)	( 7,676,899)				
18	421	Miscellaneous Income or Loss	( 13,802,833)		( 13,802,833)				
19	421.1	Gain on Disposition of Property							
20	421.2	Loss on Disposition Of Property							
21	425	Miscellaneous Amortization							
22	426.1	Donations	4,097,017		4,097,017				
23	426.2	Life Insurance	( 95,603)		( 95,603)				
24	426.3	Penalties							
25	426.4	Expenditures for Certain Civic, Political and Related Activities	481,127		481,127				
26	426.5	Other Deductions	2,779,108		2,779,108				
27	427	Interest On Long-Term Debt							
28	428	Amortization of Debt Discount and Expense							
29	429	Amortization of Premium on Debt – Credit							
30	430	Interest on Debt to Associate Companies	396		396				
31	431	Other Interest Expense		29,859,851	29,859,851				
32	432	Allowance for Borrowed Funds Used During Construction	( 1,932,795)		( 1,932,795)				
33	500-509	Total Steam Power Generation Operation Expenses	84,495		84,495				
34	510-515	Total Steam Power Generation Maintenance Expenses	30,478		30,478				

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<b>Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)</b>									
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)				
35	517-525	Total Nuclear Power Generation Operation Expenses							
36	528-532	Total Nuclear Power Generation Maintenance Expenses							
37	535-540.1	Total Hydraulic Power Generation Operation Expenses							
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses							
39	546-550.1	Total Other Power Generation Operation Expenses			633	633			
40	551-554.1	Total Other Power Generation Maintenance Expenses			13,899	13,899			
41	555-557	Total Other Power Supply Operation Expenses							
42	560	Operation Supervision and Engineering			4,719,485	4,719,485			
43	561.1	Load Dispatch-Reliability			292,787	292,787			
44	561.2	Load Dispatch-Monitor and Operate Transmission System			7,299,383	7,299,383			
45	561.3	Load Dispatch-Transmission Service and Scheduling							
46	561.4	Scheduling, System Control and Dispatch Services							
47	561.5	Reliability Planning and Standards Development			1,329,363	1,329,363			
48	561.6	Transmission Service Studies							
49	561.7	Generation Interconnection Studies							
50	561.8	Reliability Planning and Standards Development Services							
51	562	Station Expenses (Major Only)			1,617,824	1,617,824			
52	563	Overhead Line Expenses (Major Only)			570,012	570,012			
53	564	Underground Line Expenses (Major Only)			5,715	5,715			
54	565	Transmission of Electricity by Others (Major Only)							
55	566	Miscellaneous Transmission Expenses (Major Only)			8,861,763	8,861,763			
56	567	Rents			65,429	65,429			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)							
58		Total Transmission Operation Expenses			24,761,761	24,761,761			
59	568	Maintenance Supervision and Engineering (Major Only)			945,676	945,676			
60	569	Maintenance of Structures (Major Only)			26,341	26,341			
61	569.1	Maintenance of Computer Hardware							
62	569.2	Maintenance of Computer Software							
63	569.3	Maintenance of Communication Equipment			65,116	65,116			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant			24,906	24,906			
65	570	Maintenance of Station Equipment (Major Only)			1,415,062	1,415,062			
66	571	Maintenance of Overhead Lines (Major Only)			1,716,512	1,716,512			
67	572	Maintenance of Underground Lines (Major Only)			6,806	6,806			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)			344,357	344,357			

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<b>Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)</b>									
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)				
69	574	Maintenance of Transmission Plant (Nonmajor Only)							
70		Total Transmission Maintenance Expenses	4,544,776		4,544,776				
71	575.1-575.8	Total Regional Market Operation Expenses							
72	576.1-576.5	Total Regional Market Maintenance Expenses							
73	580-589	Total Distribution Operation Expenses	33,244,966		33,244,966				
74	590-598	Total Distribution Maintenance Expenses	6,466,683		6,466,683				
75		Total Electric Operation and Maintenance Expenses	717,236,640	( 10,704,998)	706,531,642				
76	700-798	Production Expenses (Provide selected accounts in a footnote)	20,787		20,787				
77	800-813	Total Other Gas Supply Operation Expenses	759		759				
78	814-826	Total Underground Storage Operation Expenses							
79	830-837	Total Underground Storage Maintenance Expenses							
80	840-842.3	Total Other Storage Operation Expenses	3,488,390		3,488,390				
81	843.1-843.9	Total Other Storage Maintenance Expenses	24,837		24,837				
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses	1,482,600		1,482,600				
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses	104,325		104,325				
84	850	Operation Supervision and Engineering	26,651		26,651				
85	851	System Control and Load Dispatching							
86	852	Communication System Expenses							
87	853	Compressor Station Labor and Expenses							
88	854	Gas for Compressor Station Fuel							
89	855	Other Fuel and Power for Compressor Stations							
90	856	Mains Expenses	215,789		215,789				
91	857	Measuring and Regulating Station Expenses	27,305		27,305				
92	858	Transmission and Compression of Gas By Others							
93	859	Other Expenses	1,066		1,066				
94	860	Rents							
95		Total Gas Transmission Operation Expenses	270,811		270,811				
96	861	Maintenance Supervision and Engineering	1,474,753		1,474,753				
97	862	Maintenance of Structures and Improvements							
98	863	Maintenance of Mains	5,958		5,958				
99	864	Maintenance of Compressor Station Equipment							
100	865	Maintenance of Measuring And Regulating Station Equipment	390		390				
101	866	Maintenance of Communication Equipment							
102	867	Maintenance of Other Equipment							
103		Total Gas Transmission Maintenance Expenses	1,481,101		1,481,101				
104	870-881	Total Distribution Operation Expenses	14,535,397		14,535,397				

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<b>Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)</b>									
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)				
105	885-894	Total Distribution Maintenance Expenses	3,403,731		3,403,731				
106		Total Natural Gas Operation and Maintenance Expenses	24,812,738		24,812,738				
107	901	Supervision	7,553,345		7,553,345				
108	902	Meter reading expenses	70,212		70,212				
109	903	Customer records and collection expenses	95,651,212		95,651,212				
110	904	Uncollectible accounts	27,080		27,080				
111	905	Miscellaneous customer accounts expenses	12,108,679		12,108,679				
112	906	Total Customer Accounts Operation Expenses	115,410,528		115,410,528				
113	907	Supervision							
114	908	Customer assistance expenses	38,866,746		38,866,746				
115	909	Informational And Instructional Advertising Expenses	2,656,040		2,656,040				
116	910	Miscellaneous Customer Service And Informational Expenses	356,236		356,236				
117		Total Service and Informational Operation Accounts	41,879,022		41,879,022				
118	911	Supervision							
119	912	Demonstrating and Selling Expenses	5,570,897		5,570,897				
120	913	Advertising Expenses	2,873,993		2,873,993				
121	916	Miscellaneous Sales Expenses							
122		Total Sales Operation Expenses	8,444,890		8,444,890				
123	920	Administrative and General Salaries	411,360,890		411,360,890				
124	921	Office Supplies and Expenses	123,770,137		123,770,137				
125	923	Outside Services Employed	314,304,161		314,304,161				
126	924	Property Insurance	30,383,754		30,383,754				
127	925	Injuries and Damages	11,343,353		11,343,353				
128	926	Employee Pensions and Benefits	434,574,488		434,574,488				
129	928	Regulatory Commission Expenses	8,167,805		8,167,805				
130	930.1	General Advertising Expenses							
131	930.2	Miscellaneous General Expenses	293,512		293,512				
132	931	Rents	37,936,095		37,936,095				
133		Total Administrative and General Operation Expenses	1,372,134,195		1,372,134,195				
134	935	Maintenance of Structures and Equipment	3,798,189		3,798,189				
135		Total Administrative and General Maintenance Expenses	1,541,666,824		1,541,666,824				
136		Total Cost of Service	2,283,716,202	( 10,704,998)	2,273,011,204				

Name of Respondent National Grid USA Service Company Inc.		Date of Report 04/28/2016		FERC PDF (Unofficial) 04/28/2016		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /		Year/Period of Report Dec 31, 2015	
<b>Schedule XVII - Analysis of Billing – Associate Companies (Account 457)</b>											
1. For services rendered to associate companies (Account 457), list all of the associate companies.											
Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)						
1	Boston Gas Company	155,504,994	531,797	2,671,758	158,708,549						
2	Brooklyn Union Gas-KEDNY	293,926,463	876,850	4,231,194	299,034,507						
3	Colonial Gas Company	52,402,769	121,258	608,998	53,133,025						
4	EUA Energy Investment	15,907			15,907						
5	GridAmerica Holdings Inc.	109,396			109,396						
6	Massachusetts Electric Co	279,239,284	1,684,249	8,973,691	289,897,224						
7	Nantucket Electric Co	54,039,594	20,311	108,248	54,168,153						
8	Narragansett Electric Co	176,421,968	826,510	3,711,285	180,959,763						
9	NE Electric Trans Corp	753,514	1,076	7,171	761,761						
10	NE Hydro-Trans Corp	635,941	7,888	52,560	696,389						
11	NE Hydro-Trans Elec Co	4,415,028	8,213	55,041	4,478,282						
12	New England Power Company	78,986,592	305,434	1,697,802	80,989,828						
13	NG Corporation	3,859,463	768	3,902	3,864,133						
14	NG Development Holdings Corp	11,411,541	9,230	42,208	11,462,979						
15	NG Energy Management LLC	69,572			69,572						
16	NG Energy Trading Svcs	265,285	3,401	17,491	286,177						
17	NG Engineering Svcs, LLC	( 301,844)			( 301,844)						
18	NG Gas East Corp-KEDLI	300,669,870	778,944	3,918,701	305,367,515						
19	NG Generation LLC	257,552,235	270,047	1,355,623	259,177,905						
20	NG Glenwood Energy Center	1,862,135	10,911	56,269	1,929,315						
21	NG Holdings, Inc.	291,109			291,109						
22	NG LNG LP RegulatedEntity	1,638,645	4,633	20,165	1,663,443						
23	NG NE Holdings 2 LLC	663,615			663,615						
24	NG PortJeff Energy Center	6,023,271	9,294	48,286	6,080,851						
25	NG Services, Inc.	990,859	6,686	34,977	1,032,522						
26	NG UK	10,649,670			10,649,670						
27	NG USA Parent	150,060,724	381,059	1,929,223	152,371,006						
28	Niagara Mohawk Holdings										
29	Niagara Mohawk Power Corp	434,162,044	1,824,367	8,565,671	444,552,082						
30	Transgas Inc	1,525,776	7,176	36,023	1,568,975						
31	Valley Appliance & Merch	65,465			65,465						
32	Wayfinder Group, Inc.	150,578			150,578						
33											
34											
35											
36											
37											
38											
39											
40	<b>Total</b>	<b>2,278,061,463</b>	<b>7,690,102</b>	<b>38,146,287</b>	<b>2,323,897,852</b>						

Name of Respondent National Grid USA Service Company Inc.		Date of Report 04/28/2016		FERC PDF (Unofficial) 04/28/2016		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /		Year/Period of Report Dec 31, 2015	
<b>Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)</b>											
1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.											
Line No.	Name of Non-associate Company  (a)	Account 458.1 Direct Costs Charged  (b)	Account 458.2 Indirect Costs Charged  (c)	Account 458.3 Compensation For Use of Capital  (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed  (f)					
1	Northeast Utilities	3,850				3,850					
2	Sprint Nextel	42,327				42,327					
3	T-Mobile	101,975				101,975					
4	Uwua Local 369	154				154					
5	Uswa Local 12431-01	159				159					
6	Ibew Local 486 A	507				507					
7	B.U.W.N.E. Inc.- Local #330	872				872					
8	B.U.W.N.E. Inc. - Local #310	13				13					
9	AGI Construction	5,000				5,000					
10	Energy Council of the Northeas	1,800				1,800					
11	Liberty Utilities	2,450				2,450					
12	Peabody Municipal Light Dept.	2,450				2,450					
13	Taunton Municipal Lighting Pla	24,000				24,000					
14	Vermont Electric Cooperative Inc	4,900				4,900					
15											
16											
17											
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39											
40	<b>Total</b>	<b>190,457</b>				<b>190,457</b>					

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National Grid USA Service Company Inc.			
<b>FOOTNOTE DATA</b>			

**Schedule Page: 308 Line No.: 1 Column: b**

Customer	Charges
Northeast Utilities	Telecomms lease
Sprint Nextel	Telecomms lease
T-Mobile	Telecomms lease
Uwua Local 369	Union Billable Labor
Uswa Local 12431-01	Union Billable Labor
Ibew Local 486 A	Union Billable Labor
B.U.W.N.E. Inc.- Local #330	Union Billable Labor
B.U.W.N.E. Inc. - Local #310	Union Billable Labor
AGI Construction	Rent/Sub Lease
Energy Council of the Northeas	Rent/Sub Lease
Liberty Utilities	Rent/Sub Lease
Peabody Municipal Light Dept.	Rent/Sub Lease
Taunton Municipal Lighting Pla	Rent/Sub Lease
Vermont Electric Cooperative Inc	Rent/Sub Lease

Name of Respondent 20160428-8007 FERC PDF (Unofficial) 04/28/2016 National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015
<b>Schedule XIX - Miscellaneous General Expenses - Account 930.2</b>				
<p>1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.</p> <p>2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.</p>				
	Line No.	Title of Account (a)	Amount (b)	
	1	Misc Telecom	166,356	
	2	Misc Employee Related	96,431	
	3	Misc Dues & Subscriptions	28,143	
	4	Misc Other Expenses	2,582	
	5			
	6			
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	30			
	31			
	32			
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	35			
	36			
	37			
	38			
	39			
	<b>40</b>	<b>Total</b>	<b>293,512</b>	





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1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

**I. Cost Allocation Principles**

The following principles guide the allocation of costs of products or services provided by the Service Companies to the Client or Operating Companies. These principles also pertain to transactions among the Operating Companies such as storm restoration services.

Direct charging or direct assignment is the preferred allocation methodology and should be used if the cost of providing a product or service can be identified with the specific affiliates receiving the benefit of that product or service. Direct charging should only be used if the cost of providing a product or service to an individual Client Company can be isolated and reported separately from costs to provide other products or services and from costs to provide the same product and service to other Client Companies.

The costs of products and services that cannot be direct charged should be allocated based on cost causative allocation bases representative of the underlying cost drivers of that product or service.

The cost allocation methodology should be comprehensive, transparent, stable and administratively manageable and cost effective.

The calculation of the cost allocation bases should be supported by a clearly defined methodology, model and supporting policy and procedure documentation.

The cost allocation methodology should accommodate changes in the size of the allocation bases from period to period based on changes in the underlying cost drivers; the allocation bases should not vary significantly from period to period for uncontrollable factors not related to the underlying cost drivers. For example, you would not choose an allocation basis that fluctuates significantly from period to period based on changes in weather if weather is not a cost driver for that activity.

The calculation of the allocation bases should be updated at least annually and more frequently if needed to reflect significant events (e.g., the sale of a significant affiliate).

**II. Services Provided by the Service Company - Description and Allocation Methodology**

The following table lists those services provided by the Service Company and the Client Companies to whom these services are provided. These services are provided in accordance with the service agreements filed with the Commissions. In addition, the provision of these services is governed by the Service Level Agreements. Service Level Agreements describe the services offered, services selected, compensation and billing, terms and cost accumulation, assignment and allocation methodologies. These documents are filed with the utility regulatory commissions.

**A. Services Provided By Service Company**

<i>Function / Department</i>	<i>Description of Services Provided</i>	<i>Client Companies</i>
<b>FINANCE</b>		
Jurisdictional Finance Business Partners	Provide financial services at the jurisdictional level which includes:  Provide variance reporting and variance forecasting on income statement  Perform regulatory strategy/rate of return analyses  Perform revenue/margin analysis  Manage PSEG TSA, i.e. financial statements, variance analysis, contract costs and updates to contract profitability when necessary  Provide support to rate filings and rate cases	LDCs in MA, NY, RI, NH, FERC regulated companies and LIPA
Decision Support/Finance	Provide decision support at the functional level which includes:  Provide operating and capital budgets decisions and management reporting	Internal Business Functions

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Business Partners	<p>activities</p> <p>Perform economic and financial analysis, and short and long-term financial forecasting</p> <p>Align financial support functions with strategic plans, policies, procedures and internal controls</p> <p>Perform benchmarking and monitoring of operations metrics to help the business achieve targeted results</p> <p>Identify savings and potential efficiencies</p>	
Accounting Services	Maintain the general ledger for regulated companies; Carry out specialized accounting; Produce external reports for regulated utilities as well as PSC and FERC reports; Maintain plant accounting, billing systems, revenue accounting and reconciliations.	Regulated and non-regulated utilities
IS Finance	Provide decision support related to IS initiatives; Manage IS project planning, budgeting, forecasting and accounting; Maintain hardware and ongoing infrastructure services.	Indirectly serve all companies
US Treasury	Provide services related to cash management, capital markets and compliance; pension and 401k investment management; and energy risk management and reporting (Regulated entities only).	All US entities
US Tax	Provide income tax compliance; income tax audit defense and controversy resolution; income tax accounting and financial reporting; income tax budgeting and forecasting; and income tax research and planning	All companies
US Insurance	Manage the overall purchase and procurement of different types of insurance.	All companies UK/US depending on the type of insurance
Corporate Planning and Reporting	Develop corporate Balance Sheets and Cash Flows used to develop forecasts, budget and variance reports; Report on financial statements; Manage business planning process including calendar and deliverables.	Mostly Regulated companies; consolidated US operations and internal customers
Regulatory Accounting	Prepare rate orders and compliance requirements that create regulatory deferrals; Ensure proper accounting of regulatory assets and liabilities; Perform secondary review of FERC Form 1.	Regulated companies
<b>Global Corporate Audit</b>		
Internal Audit	Periodically conduct operating audits and audits of the accounting records and other records maintained by the operating companies. Issue audit reports and provide recommendations, as appropriate, on improving processes and the internal control framework.	All companies
SHE Audit	Periodically conduct Safety, Health and Environmental compliance audits at operating company facilities.	All companies
<b>Human Resources</b>		
Labor and Employee Relations	<p>Advise and assist the all companies with:</p> <p>Labor contract negotiations and administration</p> <p>Investigations into specific instances of misconduct or malfeasance</p> <p>Employee grievances, arbitration and external complaint administration and management</p> <p>Litigation</p>	All regulated and non-regulated companies
HR Business	Assist with the development of the annual and five-year human resources plan and	All companies

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Partners	workforce strategy; Facilitate the succession planning process and organizational design; Drive the performance management process.	
Recruiting, inclusion and diversity	Identify recruitment needs and create regional recruiting strategies to source those needs, including external sourcing management, internal sourcing management and the testing and hiring and testing of union employees; Advise and assist operating companies in the administration of the design and implementation of diversity and EEO programs.	All companies
HR Operations	Provide overall direction and leadership for the HR function while managing internal HR metrics and performance management.	All companies
Compensation, Benefits and Pension	Provide central administration for payroll and employee benefit and pension plans including:  Design and implementation of Total Rewards packages  Compliance with requirements of regulatory bodies	All companies
Technical Training	Assist with the design and delivery of technical training programs for Gas, Electric, Safety, Process support and Professional development.	All companies
<b>US Regulation and Pricing</b>		
Regulatory Strategy	Assess revenue requirements, design pricing structures, and file and defend rate cases. Compile earnings reports, compliance filings, special filings and any other filings required by the PUC on a yearly basis.	Regulated companies
Pricing and Federal Affairs	Develop long-term regulatory goals and filing plans consistent with business plans, trends, pricing and policy; Manage regulatory relationships; and provide strategic and policy advice to the regulated entities.	Regulated companies
<b>Shared Services</b>		
Employee Services (TDC)	Provide employee services including:  Manage employee data within the HRIS  Provide employees and retirees with information and services related to payroll and year-end tax reporting; medical, dental and life insurance; retirement and pensions  Maintain and administer payments to current and retired employees	All operating companies
Procure to pay (TDC)	Maintain and administer the non-inventory procurement process; Maintain vendor master files; and administer the P-Card process, processing of invoices and review of expenses.	All regulated companies
Response Team (TDC)	Responsible for intake of incoming contact center calls for procurement, vendors.	All companies
Billing Operations (TDC)	Process, review and issue customer invoices for retail and wholesale electric and gas sales; Provide maintenance of customer systems; Process billing exceptions, shared metering and mixed metering; Process special billing related to line extensions, pole rentals, water heaters, DOT work (outside companies).	All operating companies including LIPA
Credit and Collections (TDC)	Process employee services transactions, commercial and industrial credit and collections, and collections invoices; Devise strategy for field collections and residential collections.	All operating companies
Customer Care	Manage customer inquiries made either in-person, by telephone, by mail and by email; Manage emergency contact center; Manage outsourcing and move/connect inbound and outbound calls.	Regulated companies
Business Process Excellence	Develop and implement reporting/communications, quality and benchmarking strategies for Shared Services; Develop and provide Training programs for shared services; Lead all	Shared Services

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	continuous improvement activities; Develop and coordinate the US Service Level Agreement governance process.	
Property Strategy	Recommend strategies to optimize the use of the property portfolio.	All entities
Facilities Management	Provide building maintenance services; provide capital improvements to NG USA facilities.	All entities
<b>Operations</b>		
Resource Planning	Prepare resource work plans; Assist on forecasting of capital spend five year plan; Manage scheduling and work coordination; Manage project control and regulatory reporting of operations projects.	Regulated entities
Emergency Planning PMO	Develop emergency response plans and support storm restoration activities.	Gas and electric companies
Maintenance and Construction	Provides electric and gas maintenance of facilities and infrastructure and non-complex construction services; Conduct emergency response activities when necessary.	Gas and electric companies
Operations Performance	Provides quality assurance and control services for fieldwork; Manage operations metrics; Provide project management and construction services for complex projects; Develop and report of KPIs.	Regulated entities
Control Center Operations	Operate gas and electric transmission and distribution networks and provide meter data management services.	Electric and Gas companies
Power Plant Operations	Operate and maintain power plants under contract with National Grid	LIPA
LNG Operations	Operate and maintain LNG and propane air plants; Ensure adequate regulation, compliance and training related to the LNG facilities.	Regulated gas companies
Operations Support	Provide fleet, aviation, materials and logistics, technical labs and testing services; Manage connections process for new gas and electric customers; Provide clerical support to all operations.	Regulated entities, including LIPA
<b>Network Strategy</b>		
Asset Management	Develop and deliver asset strategies and policies, procedures and work plans to manage the lifecycle of company assets enabling system performance and the reliable energy supplies; Develop strategies and plans around smart grid technologies; Manage vegetation and maintenance programs.	Regulated entities
Gas Systems Engineering	Provides engineering and design services for gas distribution to deliver new customers connections and asset investment projects; Analyze data to ensure gas supplies are sufficient to support growth and maintain system reliability.	Regulated Gas entities
Electric Systems Engineering	Provides planning, engineering and design services for electric transmission and distribution; Work with NERC, FERC and other working committees.	T&D companies
Investment Planning	Develop capital plans for both electric and gas entities and monitor their long-term investment strategies and work plans; Manage sanctioning process.	Regulated entities
FERC	Develop strategy impact analyses on assets under FERC jurisdiction.	Entities under FERC jurisdiction

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Standards, Codes and Policies	Develop and communicate work and materials standards for gas and electric transmission and distribution engineering and operations; Provide training of new materials; Write procedures for gas and T&D organizations; Manage third party pole attachments.	Gas and electric companies
Regulatory Support and Reporting	Provide Regulatory Rate Case support e.g. technical support, expert witness support and input to discovery questions; Gather information and compile reports for required regulatory reporting.	Regulated entities
<b>Safety, Health and Environment</b>		
Safety	Manage overall and specific safety programs; ensure field identification of hazards and safety performance; Develop and manage safety communications.	All companies
Health	Manage the wellness program and related health services; Support the delivery of health services relating to absences due to both occupational (workers comp) and non-occupational illnesses; Provide medical screening services; Administer the drug and alcohol program.	All companies
Environment	Ensure environmental compliance with all federal, state and local regulations including developing policies and procedures, training, and reporting; Manage licensing and permitting processes; Responsible for all site investigation and remediation activities.	All companies
<b>Legal</b>		
Real Estate	Provide legal advice and counsel in connection with real property matters affecting National Grid's businesses.	All entities
Corporate Counsel	Provide advice and support related to financing activity such as debt issuances, mergers and acquisitions, and commercial activities such as contracting and procurement.	All entities
Litigation, Environment and Employment	Provide legal advice and counsel regarding litigation, environment, labor and employment issues, including issues related to National Grid's TSA with PSEG.	All entities
Federal and State Regulatory	Provide legal strategic guidance and support on all regulatory issues related to jurisdictional operations on matters before state utility commissions and related regulators, FERC and other federal agencies.	Regulated entities
Ethics and Business Conduct	Provide advice and counsel related to business ethics and compliance.	All entities
Records Management	Provides records management services to meet business needs and ensure regulatory compliance.	All entities
<b>Strategy and Business Development</b>		
Mergers and Acquisitions	Coordinate purchases and divestitures (Direct charged to the US Holding Companies).	All entities
Business Development	Devise and implement business development efforts (Direct charged to the US Holding Companies).	All entities
Strategy	Coordinate development of US strategic plan.	All entities

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Global Technology	Set the technology strategy and develop technology partnerships.	All entities
<b>Corporate Affairs</b>		
Communications and Brand	Formulate and assist with communication programs and administer corporate philanthropic programs.	All entities
Federal Affairs	Manage relationships with the Federal government, agencies and legislative bodies.	Regulated entities
Government Relations	Manage relationships with State and local governments, agencies and legislative bodies.	Regulated entities
Media Relations	Manage the relationship with the media including crisis and risk communications.	All entities
<b>Customer</b>		
Energy Solutions Delivery	Responsible for the increase in gas margin and energy efficiency products and solutions sales.	All entities
Energy Products	Provide product knowledge and technical expertise for all growth programs; Manage the planning and evaluation of electric and gas energy efficiency, demand reduction, and climate change policy initiatives; Design new and manage existing portfolio of customer-focused programs for business and residential markets.	All utilities, LIPA
Market Strategy and Implementation	Develop and implement market research and intelligence, market strategy, trade marketing, web marketing initiatives and overall communications.	Regulated entities
Customer and Business Strategy	Design emergency programs for each jurisdiction; Serve as energy efficiency regulatory leader, collecting expenses related to energy efficiency; Manage solar and electric vehicles programs; Conceptualize corporate image; Manage relationships with and supports through economic development activities the local communities in which NG operates.	All entities
Energy Procurement	Plan for and acquire energy (gas and electric) and related commodities; Manage jurisdictional and seasonal contracts as well as FERC compliance activities including training; Handle RFPs in MA and RI to contract with renewable energy suppliers (Solar, Wind, etc.); Manage long term gas planning processes including planning for peak loads, handling long-haul gas pipeline and market area storage.	Regulated Utilities, LIPA
Lead Intake	Contact center for prospective gas conversion customers.	Regulated gas utilities
Customer Analytics and risk management	Provides market analytics, electricity and gas forecasting; Customer Choice studies and administration of CC program, commercial and wholesale electric market policy services; Perform research trends on energy usage.	Regulated and unregulated companies
<b>Global Information Services</b>		
Solution Delivery	Provides centralized IS project management, application development and application support services.	All entities
Service Delivery	Manages all IT infrastructure including data centers and voice and data networks.	All entities
Relationship Management	Manages the relationships between IS and its internal customers.	All entities
IS Security	Provides IS security services.	All entities

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Global Procurement		
Procurement Strategy	Provide strategic direction and oversight for the procurement function.	All entities
Sourcing	Responsible for procuring and contracting for goods and services.	All entities

**B. Cost Allocation Methodology**

<i>Function / Department</i>	<i>Cost Allocation Methodologies</i>
<b>FINANCE</b>	
Jurisdictional Finance Business Partners	Direct Charge Total T&D Expenditures General Allocator
Decision Support/Finance Business Partners	Direct Charge Total T&D Expenditures General Allocator
Accounting Services	Direct Charge # of GL Transactions Capital Expenditures Dollar Value of Property Owned General Allocator
Regulatory Accounting	Direct Charge General Allocator
IS Finance	Direct Charge General Allocator
US Treasury	Direct Charge Average Level of Debt Outstanding General Allocator
US Tax	Direct Charge # of Employees Dollar Value of Property Owned General Allocator
US Insurance	Direct Charge # of Claims Processed

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	Dollar Value of Property Owned General Allocator
Corporate Planning and Reporting	Direct Charge General Allocator
<b>Global Corporate Audit</b>	
Internal Audit	Direct Charge Other Allocation Bases Depending on Nature of Audit General Allocator
SHE Audit	Direct Charge # of Employees Dollar value of Property Owned Total T&D Expenditures General Allocator
<b>Human Resources</b>	
Labor Relations and Employee Relations	Direct Charge # of Employees General Allocator
HR Business Partners	Direct Charge # of Employees General Allocator
Recruiting, Inclusion, and Diversity	Direct Charge # of Employees General Allocator
HR Operations	Direct Charge # of Employees General Allocator
Compensation, Benefits and Pension	Direct Charge # of Employees General Allocator
Technical Training	Direct Charge # of Employees General Allocator

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US Regulation and Pricing	
Regulatory Strategy	Direct Charge General Allocator
Pricing and Federal Affairs	Direct Charge General Allocator
Shared Services	
Employee Services (TDC)	Direct Charge # of Employees General Allocator
Procure to Pay (TDC)	Direct Charge # of Customers/Meters # of Invoice Lines Processed # of PO Lines General Allocator
Response Team (TDC)	Direct Charge # of Customers/Meters General Allocator
Billing Operations (TDC)	Direct Charge # of Customers/Meters # of Bills # of Joint Use Poles General Allocator
Credit and Collections (TDC)	Direct Charge Call Minutes # of Customers/Meters # of Inbound and Outbound Collection Calls General Allocator
Customer Care	Direct Charge Number of Inbound Call Minutes # of Customers/Meters General Allocator
Business Process Excellence	Direct Charge Follows TDC direct and cost causative charges General Allocator

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Property Strategy	Direct Charge Dollar Value of Property Owned General Allocator
Facilities Management	Direct Charge [Periodic Square Footage Study] General Allocator
<b>Operations</b>	
Resource Planning	Direct Charge Dollar Value of Property Owned (Utilities) Total T&D Expenditures General Allocator
Emergency Planning PMO	Direct Charge Miles of Overhead Lines General Allocator
Maintenance and Construction	Direct Charge Total T&D Expenditures Capital Expenditures General Allocator
Operations Performance	Direct Charge Total T&D Expenditures Dollar Value of Property Owned General Allocator
Control Center Operations	Direct Charge # of Customers/Meters General Allocator
Power Plant Operations	Direct Charge

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	General Allocator
LNG Operations	Direct Charge General Allocator
Operations Support	Direct Charge Total T&D Expenditures # of Customers/Meters General Allocator
<b>Network Strategy</b>	
Asset Management	Direct Charge Dollar Value of Property Owned Miles of Overhead Lines General Allocator
Gas Systems Engineering	Direct Charge Capital Expenditures General Allocator
Electric Systems Engineering	Direct Charge Capital Expenditures General Allocator
Investment Planning	Direct Charge Dollar Value of Property Owned General Allocator
FERC	Direct Charge Total T&D Expenditures General Allocator
Standards, Codes, and Policies	Direct Charge Total T&D Expenditures Capital Expenditures Dollar value of Property Owned (Utilities) # of Joint Use Poles General Allocator
Regulatory Support and Reporting	Direct Charge General Allocator

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<b>Safety, Health and Environment</b>	
Safety	Direct Charge # of Employees Total T&D Expenditures General Allocator
Health	Direct Charge # of Employees General Allocator
Environment	Direct Charge Dollar value of Property Owned Total T&D Expenditures General Allocator
<b>Legal</b>	
Real Estate	Direct Charge General Allocator
Corporate Counsel	Direct Charge General Allocator
Litigation, Environment and Employment	Direct Charge # of Employees General Allocator
Federal and State Regulatory	Direct Charge General Allocator
Ethics and Business Conduct	Direct Charge General Allocator
Records Management	Direct Charge General Allocator
Mergers & Acquisitions	Direct Charge General Allocator
<b>Strategy and Business Development</b>	
Mergers and Acquisitions	Direct Charge General Allocator
Business Development	Direct Charge General Allocator

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Strategy	Direct Charge General Allocator
Global Technology	Direct Charge General Allocator
<b>Corporate Affairs</b>	
Communications and Brand	Direct Charge # of Customers/Meters General Allocator
Federal Affairs	Direct Charge General Allocator
Government Relations	Direct Charge General Allocator
Media Relations	Direct Charge General Allocator
<b>Customer</b>	
Energy Solutions Delivery	Direct Charge # of Customers/Meters General Allocator
Energy Products	Direct Charge # of Customers/Meters General Allocator
Market Strategy and Implementation	Direct Charge # of Customers/Meters General Allocator
Customer and Business Strategy	Direct Charge # of Customers/Meters General Allocator
Energy Procurement	Direct Charge # of Customers/Meters

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	General Allocator
Lead Intake	Direct Charge # of Customers/Meters General Allocator
Customer Analytics and Risk Management	Direct Charge # of Customers/Meters General Allocator
<b>Global Information Services</b>	
Solution Delivery	Direct Charge Mainframe Profile Server Profile # of Employees General Allocator
Service Delivery	Direct Charge Mainframe Profile Server Profile # of Employees General Allocator
Relationship Management	Direct Charge Mainframe Profile Server Profile General Allocator
IS Security	Direct Charge Mainframe Profile Server Profile

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	# of Employees General Allocator
<b>Global Procurement</b>	
Procurement Strategy	Direct Charge # of PO Lines General Allocator
Sourcing	Direct Charge # of PO Lines General Allocator

**C. Approved Cost Allocation Bases - SAP Internal Order Code, Description and Source**

An Allocation Basis such as the General Allocator will have multiple SAP Allocation Codes. This is required because individual employees may provide services to one, a combination of, or all operating companies.

SAP Allocation Code	Description	Definition / Source
Deferred Implementation	# of P.O Lines	Number of purchase order lines for stock and non-stock materials and supplies and services by Company as a percent of the total.
		The source for this allocation basis is the TDC (Procure to pay/Payment Processing Group)
Deferred Implementation	# of Invoice Lines Processed	Number of individual invoice lines processed by company as a percent of the total. Invoices may contain items purchase; each line represents the purchase of a specific good or service on behalf of a specific company.
		The source for this allocation basis is the TDC (Procure to pay/Payment Processing Group)
Deferred Implementation	Mainframe Profile	Based on Company / Function use of mainframe services.
		The source for this allocation basis is the US Finance (IS Finance Group). [IT allocation bases subject to change as part of IT Transformation initiative]
Deferred Implementation	Server Profile	Based on Company / Function use of server services.
		The source for this allocation basis is the US Finance (IS Finance Group). [IT allocation bases subject to change as part of IT Transformation initiative]

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		The source for this allocation basis is the US Finance (IS Finance Group). [IT allocation bases subject to change as part of IT Transformation initiative]
Deferred Implementation	# of General Ledger Transactions	The number of general ledger transactions by Company as a percent of total GL transactions for all companies.
		The source of this allocation basis will be SAP (still to be developed).
C-xxx	# of Customers	Number of retail and wholesale customers (via count of service meters) receiving utility services by company as a percent of the CYE total.
		The source for this allocation basis is the TDC (Billing operations Group).
D-xxx	# of Outbound and Inbound Collection Calls	Number of inbound and outbound collection telephone calls by utility as a percent of the total based on call center telephone statistics.
		The source for this allocation basis is the TDC (Planning and Analysis Group).
E-xxx	# of Joint Use Poles	# of electric poles with 3rd party attachments (joint use poles) by Company as a percent of total joint use poles.
		The source for this allocation basis is the Network Strategy (Standards Codes and Procedures group).
F-xxx	# of Inbound Call Minutes	Number of minutes call center representatives are on the telephone with specific operating companies' customers based on contact center reporting systems as a percent of the total.
		The source for this allocation basis is the TDC (Planning and Analysis Group).
G-xxx	Net margin, net plant, & Net O&M expenses (General Allocator)	"Net Margins" are Total Operating Revenues less "Cost of Goods Sold" and revenues related to recovery of stranded costs.  "Net Plant" is the sum of Net Utility Plant and Net Non-Utility Plant.
		"Net O&M Expenses" are all non "Cost of Goods Sold" expenses less costs allocated from the Service Company distributed to the Affiliate companies using the general allocator

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		A ratio based on the weighted average of Net Margin (33%), Net Plant (33%) and Net O&M (33%) where the numerator is weighted average of the Client Company and the denominator is for All Companies that have these 3 factors reported on their financial statements.
H-xxx	# of Bills	Number of bills issued to customers by utility as a percent of the total bills in a given year.
		The source for this allocation basis is the TDC (Billing operations Group).
I-xxx	Dollar Value of Property Owned	A ratio based on gross fixed assets, valued at original acquisition costs, and investments owned in other companies, including construction work in progress, at the end of the calendar year, the numerator of which is for a specific client company and the denominator being all recipient client companies.
		The source for the calculation of this ratio will be based on FERC Form 1 reports and State regulatory Gas Company reports.
J-xxx	Square Feet	Number of occupied square feet per facility for each department or company using the facility. Periodically done on a facility by facility basis.
		The source of the most recent data is provided by the Decision Support business partner serving the Facilities organization.
K-xxx	Level of Debt Outstanding	Average level of long-term debt and short-term borrowing levels for prior CY by Company as a percent of the average level of long-term debt for all companies and short-term borrowing levels for all companies.
		The source for the components of this allocation basis is the US Finance (Treasury group).
L-xxx	Miles of Overhead Lines	Number of miles of overhead transmission and distribution lines by utility as a percent of the total.
		The source for this allocation basis is the Network Strategy (Standards Policies and Codes)
N-xxx	# of Employees	Total number of employees by company excluding the service company as a percent of the total. Count part time employees the same as full time employees.
		The source for this allocation basis is the TDC (Employee Services Group).

20160428-8007 FERC PDF (Unofficial) 04/28/2016

Name of Respondent National Grid USA Service Company Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015
<b>Schedule XXI - Methods of Allocation</b>			

Q-xxx	# of Claims Processed	Number of claims processed by company based on claims department claims tracking system as a percent of the total.
		The source for this allocator basis is the US Finance (Claims group).
T-xxx	Total T&D Expenditures	Sum of T&D capital expenditures and O&M expenditures by Utility as a percent of total Utility T&D capital and O&M expenditures.
		The source of this allocation basis is the CAPEX based on "Cash Outflows for Plant" from FERC Form 1 Statement of Cash Flows and T&D O&M costs in the FERC reports.
U-xxx	# of RTUs	Allocation to distribute the on-going implementation of a new EMS system between the various New England Electric Operations based on the # of RTUs
X-xxx	Capital Expenditures	Capital expenditures by company as a percent of the total.
		The source for this allocation basis is the CAPEX based on "Cash Outflows for Plant" from the FERC Form 1 Statement of Cash Flows If this information is not available, use the Budgeted CAPEX from Financial Forecasts.

**III. Manual Allocations**

There will be instances in which employees will choose to assign costs in a manner that is different from the allocation bases described above in order to ensure that costs are properly allocated among companies. To accomplish this requires a Manual Allocation. When employees choose to use a non-standard cost driver to allocate costs, the basis for that decision and the method used to allocate costs among companies should be thoroughly documented, approved by department supervision and sent to the Service Company Integrity Department in a timely manner for review.

20160428-8007 FERC PDF (Unofficial) 04/28/2016

Document Content(s)

Form6020151200033.PDF.....1-76

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. ____

Form 60 Approved  
OMB No. 1902-0215  
Expires 05/31/2019



## FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

<b>Exact Legal Name of Respondent (Company)</b> National Grid USA Service Company Inc.	<b>Year of Report</b> Dec 31, <u>2016</u>
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FERC FORM No. 60 (12-06)

**GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60**

**I. Purpose**

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

**II. Who Must Submit**

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

**III. How to Submit**

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

**IV. When to Submit**

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

**V. Preparation**

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

**VI. Time Period**

This report covers the entire calendar year.

**VII. Whole Dollar Usage**

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

**VIII. Accuratness**

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

**IX. Applicability**

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

**X. Date Format**

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

**XI. Number Format**

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

**XII. Required Entries**

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

**XIII. Prior Year References**

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

**XIV. Where to Send Comments on Public Reporting Burden**

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),  
888 First Street NE,  
Washington, DC 20426  
or by email to [DataClearance@ferc.gov](mailto:DataClearance@ferc.gov)

And to:

Office of Information and Regulatory Affairs,  
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal  
Energy Regulatory Commission).  
Comments to OMB should be submitted by email to: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov)

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS
I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

**FERC FORM NO. 60  
ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent National Grid USA Service Company Inc.		02 Year of Report Dec 31, <u>2016</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) One Metrotech Center, Brooklyn, NY 11201		06 Name of Contact Person Joseph Marrese
07 Title of Contact Person Director of Regulatory Reporting		08 Address of Contact Person One Metrotech Center - 12 Floor, Brooklyn, NY 11201
09 Telephone Number of Contact Person (929) 324-4803		10 E-mail Address of Contact Person joseph.marrese@nationalgrid.com
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		12 Resubmission Date (Month, Day, Year) / /
13 Date of Incorporation 09/05/1935		14 If Not Incorporated, Date of Organization / /
15 State or Sovereign Power Under Which Incorporated or Organized MASSACHUSETTS		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: National Grid USA		
CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that:  I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.		
17 Name of Signing Officer Sharon Partridge		19 Signature of Signing Officer Sharon Partridge
18 Title of Signing Officer VP US Financial Controller		20 Date Signed (Month, Day, Year) 05/01/2017

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>List of Schedules and Accounts</b>				
1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.				
Line No.	Description (a)	Page Reference (b)	Remarks (c)	
1	Schedule I - Comparative Balance Sheet	101-102		
2	Schedule II - Service Company Property	103		
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104		
4	Schedule IV - Investments	105		
5	Schedule V - Accounts Receivable from Associate Companies	106		
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None	
7	Schedule VII - Stores Expense Undistributed	108	None	
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None	
9	Schedule IX - Miscellaneous Deferred Debits	110	None	
10	Schedule X - Research, Development, or Demonstration Expenditures	111	None	
11	Schedule XI - Proprietary Capital	201		
12	Schedule XII - Long-Term Debt	202		
13	Schedule XIII - Current and Accrued Liabilities	203		
14	Schedule XIV - Notes to Financial Statements	204		
15	Schedule XV - Comparative Income Statement	301-302		
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306		
17	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307		
18	Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)	308		
21	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307		
23	Schedule XX - Organization Chart	401		
24	Schedule XXI - Methods of Allocation	402		

Name of Respondent		This Report Is:	Resubmission Date	Year/Period of Report	
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016	
<b>Schedule 1 - Comparative Balance Sheet</b>					
1. Give balance sheet of the Company as of December 31 of the current and prior year.					
Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		<b>Service Company Property</b>			
2	101	Service Company Property	103	1,227,906,208	1,123,492,341
3	101.1	Property Under Capital Leases	103		
4	106	Completed Construction Not Classified			
5	107	Construction Work In Progress	103	69,704,342	116,339,590
6		Total Property (Total Of Lines 2-5)		1,297,610,550	1,239,831,931
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	134,502,921	129,816,864
8	111	Less: Accumulated Provision for Amortization of Service Company Property		299,674,566	215,684,855
9		Net Service Company Property (Total of Lines 6-8)		863,433,063	894,328,412
10		<b>Investments</b>			
11	123	Investment In Associate Companies	105		
12	124	Other Investments	105	54,404,242	54,036,700
13	128	Other Special Funds	105	193,363,050	186,116,028
14		Total Investments (Total of Lines 11-13)		247,767,292	240,152,728
15		<b>Current And Accrued Assets</b>			
16	131	Cash			
17	134	Other Special Deposits			
18	135	Working Funds		300,000	300,000
19	136	Temporary Cash Investments			
20	141	Notes Receivable			
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		19,284,738	10,066,038
23	144	Less: Accumulated Provision for Uncollectible Accounts		1,011,043	169,488
24	146	Accounts Receivable From Associate Companies	106	4,182,234,180	3,687,965,282
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies			
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		35,615,722	41,144,247
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets - Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		4,236,423,597	3,739,306,078
36		<b>Deferred Debits</b>			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets		278,452	425,185
39	183	Preliminary Survey And Investigation Charges			
40	184	Clearing Accounts			
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits			
43	188	Research, Development, or Demonstration Expenditures	110		
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes		717,783,886	739,261,029
46		Total Deferred Debits (Total of Lines 37-45)		718,062,338	739,686,214
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		6,065,686,290	5,613,473,430

Name of Respondent		This Report Is:	Resubmission Date	Year/Period of Report	
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016	
Schedule 1 - Comparative Balance Sheet (continued)					
Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		<b>Proprietary Capital</b>			
49	201	Common Stock Issued	201	32,724,319	32,724,319
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-in-Capital	201	628,142,662	566,006,257
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	177,177,838	143,432,514
54	219	Accumulated Other Comprehensive Income	201	( 620,892,889)	( 643,372,358)
55		Total Proprietary Capital (Total of Lines 49-54)		217,151,930	98,790,732
56		<b>Long-Term Debt</b>			
57	223	Advances From Associate Companies	202	475,044,311	475,044,311
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)		475,044,311	475,044,311
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current			
64	228.2	Accumulated Provision for Injuries and Damages		18,689,812	13,945,584
65	228.3	Accumulated Provision For Pensions and Benefits			
66	230	Asset Retirement Obligations		1,899,738	2,489,228
67		Total Other Non-current Liabilities (Total of Lines 63-66)		20,589,550	16,434,810
68		<b>Current and Accrued Liabilities</b>			
69	231	Notes Payable			
70	232	Accounts Payable		265,926,875	239,181,242
71	233	Notes Payable to Associate Companies	203	2,397,461,742	2,030,672,892
72	234	Accounts Payable to Associate Companies	203	1,997,308,096	1,913,029,035
73	236	Taxes Accrued		6,696,826	52,104,538
74	237	Interest Accrued		4,399,963	4,399,938
75	241	Tax Collections Payable		109,341	( 163,835)
76	242	Miscellaneous Current and Accrued Liabilities	203	113,961,242	111,755,814
77	243	Obligations Under Capital Leases - Current			
78	244	Derivative Instrument Liabilities			
79	245	Derivative Instrument Liabilities - Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		4,785,862,086	4,350,979,620
81		<b>Deferred Credits</b>			
82	253	Other Deferred Credits		284,006,796	388,844,167
83	254	Other Regulatory Liabilities		4,730,771	6,976,820
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		198,388,137	204,523,114
87	283	Accumulated deferred income taxes-Other		79,912,710	71,879,858
88		Total Deferred Credits (Total of Lines 82-87)		567,038,414	672,223,957
89		<b>TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)</b>		6,065,686,290	5,613,473,430

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report		
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016		
<b>Schedule II - Service Company Property</b>							
1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.							
2. Describe each construction work in progress on lines 18 through 30 in Column (b).							
Line No.	Acct # (e)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	653,515,127	105,612,377		( 738,343)	758,389,161
3	306	Leasehold Improvements					
4	389	Land and Land Rights	142,552,067		1,200,000		141,352,067
5	390	Structures and Improvements	236,002,953	6,233,776	2,056,056	( 1,539,181)	238,641,492
6	391	Office Furniture and Equipment	52,277,359	1,769,621	3,047,448	3,098,814	54,098,348
7	392	Transportation Equipment					
8	393	Stores equipment	565,475		66,078		499,397
9	394	Tools, Shop and Garage Equipment	21,142,847		1,391,449		19,751,398
10	395	Laboratory Equipment	5,831,686		337,428		5,494,258
11	396	Power Operated Equipment					
12	397	Communications Equipment	5,585,242		1,167,509		4,417,733
13	398	Miscellaneous Equipment	4,858,054	712,697	158,881	( 647,273)	4,764,597
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs	987,513	( 489,754)			497,759
16		<b>Total Service Company Property (Total of Lines 1-15)</b>	1,123,318,323	113,838,717	9,424,849	174,017	1,227,906,208
17	107	<b>Construction Work in Progress:</b>					
18		Buildings & Structures	9,115,887			( 18,992,842)	( 9,876,955)
19		Capitalized Software	107,079,282			( 27,642,406)	79,436,876
20		Office Furniture & Equipment	144,421				144,421
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31		<b>Total Account 107 (Total of Lines 18-30)</b>	116,339,590			( 46,635,248)	69,704,342
32		<b>Total (Lines 16 and Line 31)</b>	1,239,657,913	113,838,717		( 46,635,248)	1,297,610,550

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
FOOTNOTE DATA			

**Schedule Page: 103 Line No.: 16 Column: g**

Account Balance	Title of Company	Balance at December 31, 2015	Additions	Other Changes	Retirements or Sales	Other Accounts	Balance at December 31, 2016
	Total Line 16 of Page 103	1,123,318,323	113,838,717	174,017	(9,424,849)		1,227,906,208
121	Non Utility Property	174,017	-	(174,017)			-
	Total Service Company Property Per Schedule 1	1,123,492,341	113,838,717	-	(9,424,849)	-	1,227,906,208

**Schedule Page: 103 Line No.: 18 Column: f**  
The \$18 million credit balance in Buildings and Structures represents a write-off of CWIP work orders and completion of Construction Work -in- Progress (CWIP) projects which were transferred to the Service Company Property (Account 101).

**Schedule Page: 103 Line No.: 19 Column: f**  
The \$27 million credit balance in Capitalized Software represents a write-off of CWIP work orders and completion of Construction Work-in-Progress (CWIP) projects which were transferred to the Service Company Property (Account 101).

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /		Year/Period of Report Dec 31, 2016	
<b>Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property</b>							
1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.							
Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Charges Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	215,683,974	83,966,604		23,988	299,674,566
3	306	Leasehold Improvements					
4	389	Land and Land Rights	( 13,028)	813,606	1,200,000	458,945	59,523
5	390	Structures and Improvements	83,266,966	6,523,591	2,056,056	( 1,214,967)	86,519,534
6	391	Office Furniture and Equipment	30,571,260	5,542,397	3,047,448	70,301	33,136,510
7	392	Transportation Equipment	( 893,478)				( 893,478)
8	393	Stores equipment	130,412	20,178	66,078		84,512
9	394	Tools, Shop and Garage Equipment	8,577,220	663,566	1,391,449		7,849,337
10	395	Laboratory Equipment	2,716,242	151,886	337,428		2,530,700
11	396	Power Operated Equipment	( 709,052)				( 709,052)
12	397	Communications Equipment	5,701,684	269,516	1,167,509		4,803,693
13	398	Miscellaneous Equipment	1,132,854	184,713	158,881	( 25,566)	1,133,120
14	399	Other Tangible Property	23,338	15,811		335,887	375,036
15	399.1	Asset Retirement Costs	( 684,873)			298,359	( 386,514)
16		<b>Total</b>	345,503,519	98,151,870	9,424,849	( 53,053)	434,177,487

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2016
<b>FOOTNOTE DATA</b>			

**Schedule Page: 104 Line No.: 4 Column: f**  
The \$458K debit for the FERC 389 account relates to the sale of certain Land Properties. Proceeds from the Land sale are recorded to Cost of removal.

**Schedule Page: 104 Line No.: 5 Column: f**  
The \$1.2 million credit for the 390 account relates to the cost of removal charges that were unitized on the work order during CY16.

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule IV – Investments</b>				
1. For other investments (Account 124) and other special funds (Account 128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount. 2. For temporary cash investments (Account 136), list each investment separately in a footnote. 3. Investments less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies		
2	124	Other Investments	54,036,700	54,404,242
3	128	Other Special Funds	186,116,028	193,363,050
4	136	Temporary Cash Investments		
5		(Total of Lines 1-4)	240,152,728	247,767,292

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2016

**FOOTNOTE DATA**

**Schedule Page: 105 Line No.: 2 Column: c**

General American Life Insurance Company	
Net Cash Surrender Value	26,575,880
Aurora National Life Assurance Company	
Net Cash Surrender Value	10,916,369
Metropolitan Life Insurance Company	
Net Cash Surrender Value	6,704,905
Pacific Mutual Life Insurance Company deferred Compensation	
Life Insurance Investments & Net Cash Surrender Value	237,291
Security Life of Denver	
Net Cash Surrender Value	2,651,403
Guardian Life Insurance Company	
Net Cash Surrender Value	314,561
Commonwealth Annuity & Life Insurance Company	
Net Cash Surrender Value	2,343,179
Pacific Life Insurance Company	
Net Cash Surrender Value	6,152,220
<b>Total</b>	<b>54,036,700</b>

**Schedule Page: 105 Line No.: 2 Column: d**

General American Life Insurance Company	
Net Cash Surrender Value	26,575,880
Aurora National Life Assurance Company	
Net Cash Surrender Value	11,491,211
Metropolitan Life Insurance Company	
Net Cash Surrender Value	6,207,378
Pacific Mutual Life Insurance Company deferred Compensation	
Life Insurance Investments & Net Cash Surrender Value	351,555
Security Life of Denver	
Net Cash Surrender Value	1,408,061
Guardian Life Insurance Company	
Net Cash Surrender Value	168,575
Commonwealth Annuity & Life Insurance Company	
Net Cash Surrender Value	1,620,040
Pacific Life Insurance Company	
Net Cash Surrender Value	6,581,543
<b>Total</b>	<b>54,404,242</b>

**Schedule Page: 105 Line No.: 3 Column: c**

Supplemental Retirement/Deferred Compensation

FERC FORM NO. 60 (NEW 12-05)

Footnotes.1

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.			2016

**FOOTNOTE DATA**

Plan Trust Fund 179,473,874  
SERP Investment for KeySpan 6,642,153

**Total 186,116,026**

**Schedule Page: 105 Line No.: 3 Column: d**

Supplemental Retirement/Deferred Compensation  
Plan Trust Fund 186,839,516  
SERP Investment for KeySpan 6,523,535

**Total 193,363,050**

Name of Respondent		This Report Is:	Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016
<b>Schedule V – Accounts Receivable from Associate Companies</b>				
1. List the accounts receivable from each associate company. 2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	<b>Accounts Receivable From Associate Companies</b>		
2		<b>Associate Company:</b>		
3		Boston Gas	8,959,870	13,632,975
4		Brooklyn Union Gas Co - KEDNY	16,248,845	22,254,906
5		Colonial Gas	1,845,909	3,303,492
6		GridAmerica Holdings, Inc.	3	13
7		Keyspan Corporation	718,140,727	728,790,923
8		Massachusetts Electric Company	35,514,725	64,101,304
9		Metrowest Realty LLC	73	73
10		Nantucket Electric Company	226,944	524,783
11		Narragansett Electric Company	10,297,318	23,752,044
12		NE Electric Trans Corporation	15,781	27,351
13		NE Hydro-Trans Corporation	196,462	408,317
14		NE Hydro-Trans Elec Co, Inc.	120,071	3,352,519
15		NEES Energy, Inc.	250	
16		New England Power Company	4,547,703	10,331,238
17		NG Development Holdings Corp	1,366,261	631,846
18		NG Energy Management LLC	12,321	12,876
19		NG Energy Trading Services LLC	462,674	469,501
20		NG Engineering Services	17,794,295	17,801,185
21		KeySpan Gas East Corp - KEDLI	10,717,096	16,158,052
22		NG Generation	4,413,256	6,378,328
23		NG LNG LP Regulated Entity	58,631	76,037
24		NG NE Holdings 2 LLC	74,157	62,689
25		NG North America Inc.	445,377	445,539
26		NG Services, Inc.	76,511	132,192
27		NG Trans Services	1	1
28		NG UK	48,443,576	58,464,349
29		NG USA Parent	199,195,058	203,031,589
30		NG US LLC	30	
31		Niagara Mohawk Power Corp	42,678,712	90,508,374
32		Transgas Inc	104,464	73,848
33		Valley Appliance & Merchandise	194,051	193,831
34		Wayfinder Group, Inc.	563	1,203
35				
36				
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39				

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule V – Accounts Receivable from Associate Companies (continued)</b>				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	Accounts Receivable From Associate Companies		
2		Associate Company:		
3				
4		Detail of Convenience Payments	0	0
5				
6		Notes Receivable from Associate Companies - Money Pool	2,565,813,569	2,917,312,802
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39				
40		<b>Total</b>	<b>3,687,965,282</b>	<b>4,182,234,180</b>

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.	(1) X An Original (2) A Resubmission	/ /	2016

**FOOTNOTE DATA**

**Schedule Page: 106.1 Line No.: 4 Column: c**

Boston Gas	\$	7,598,849.00
Brooklyn Union Gas Co - KEDNY		1,240,489
Colonial Gas		323,767
Keyspan Corporation		5,136
Keyspan Gas East Corp-KEDLI		727,765
Massachusetts Electric Company		2,590,330
Nantucket Electric Company		284,101
Narragansett Electric Company		1,409,676
National Grid USA		65,508
NE Hydro-Trans Elec Co, Inc.		57,139
New England Power Company		584,030
NG Generation LLC		26,958
NG LNG LP RegulatedEntity		41,838
Niagara Mohawk Power Corp		7,308,363
Valley Appliance & Merch		22
<b>Total</b>	<b>\$</b>	<b>22,263,971</b>

**Schedule Page: 106.1 Line No.: 4 Column: d**

Boston Gas	\$	7,448,474.94
Brooklyn Union Gas Co - KEDNY		1,452,098
Colonial Gas		364,949
Keyspan Corporation		4,121
Keyspan Gas East Corp-KEDLI		723,146
Massachusetts Electric Company		2,771,552
Nantucket Electric Company		185,757
Narragansett Electric Company		1,982,979
National Grid USA		79,566
NE Hydro-Trans Elec Co, Inc.		68,741
New England Power Company		583,453
NG Engineering & Survey		1,846
NG Generation LLC		35,869
NG LNG LP RegulatedEntity		69,170
Niagra Mohawk Power Corp		7,815,658
Port Jefferson Energy Center		950
Valley Appliance & Merch		238
<b>Total</b>	<b>\$</b>	<b>23,588,568</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016	
<b>Schedule VI – Fuel Stock Expenses Undistributed</b>					
<p>1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.</p> <p>2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.</p>					
Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3					
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39					
<b>40</b>	<b>Total</b>				

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule VII – Stores Expense Undistributed</b>					
1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.					
Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3					
4					
5					
6					
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39					
<b>40</b>	<b>Total</b>				

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule VIII - Miscellaneous Current and Accrued Assets</b>				
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3				
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39				
40	<b>Total</b>			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule IX - Miscellaneous Deferred Debits</b>				
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	166	Miscellaneous Deferred Debits		
2		Items List:		
3				
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40	Total			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule X - Research, Development, or Demonstration Expenditures</b>				
1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Amount (c)	
1	188	Research, Development, or Demonstration Expenditures		
2		Project List:		
3				
4				
5				
6				
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40	Total			

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule XI - Proprietary Capital</b>				
<p>1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.</p> <p>2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.</p>				
Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	4,000
2			Par or Stated Value per Share	25.00
3			Outstanding Number of Shares	250
4			Close of Period Amount	32,724,319
5		Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-in Capital		628,142,662
10	215	Appropriated Retained Earnings		
11	219	Accumulated Other Comprehensive Income		( 620,892,889)
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	143,432,514
13			Net Income or (Loss)	33,745,324
14			Dividend Paid	
15			Balance at Close of Year	177,177,838

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.	(1) X An Original (2) A Resubmission	/ /	2016
<b>FOOTNOTE DATA</b>			

**Schedule Page: 201 Line No.: 9 Column: d**

Miscellaneous paid-in-capital includes the consolidation of Service Companies acquired through acquisition, settlement of prior advances from the Company's parent company, certain stock-based compensation awards and intercompany tax allocations.

**Schedule Page: 201 Line No.: 12 Column: d**

Net income for the year includes \$9.2 million related to compensation for use of capital and \$45.3 million related to indirect costs charged, as well as inter-company interest, AFUDC and taxes; the company does not have any net loss from servicing non-associates.

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016				
<b>Schedule XII – Long Term Debt</b>									
<p>1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).</p> <p>2. For the deductions in Column (h), please give an explanation in a footnote.</p> <p>3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).</p>									
Line No.	Account Number (a)	Title of Account (b)	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions/Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3			25 Years	04/01/2035	5.8030	220,000,000	80,000,000		80,000,000
4			10 Years	10/30/2022	3.2800	220,000,000	82,000,000		82,000,000
5			10 Years	10/30/2022	3.2800	313,044,311	313,044,311		313,044,311
6									
7									
8									
9									
10									
11									
12									
13		<b>TOTAL</b>					475,044,311		475,044,311
14	224	Other Long-Term Debt							
15		List Creditor:							
16									
17									
18									
19									
20									
21									
22									
23									
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26									
27									
28		<b>TOTAL</b>							

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016	
<b>Schedule XIII – Current and Accrued Liabilities</b>						
1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234). 2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.						
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)		
1	233	Notes Payable to Associates Companies	2,030,672.89	2,397,461,742		
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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19						
20						
21						
22						
23						
24	234	Accounts Payable to Associate Companies	1,913,029,035	1,997,306,096		
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
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41	242	Miscellaneous Current and Accrued Liabilities	111,755,814	113,961,242		
42						
43						
44						
45						
46						
47						
48						
49						
50		(Total)	4,055,457,740	4,508,729,080		

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
FOOTNOTE DATA			

**Schedule Page: 203 Line No.: 1 Column: c**  
Each company has a Money Pool Net Payable - Receivable position, as reflected in Schedule XIV - Notes to Financial Statements Note 4.

**Schedule Page: 203 Line No.: 1 Column: d**  
Each company has a Money Pool Net Payable - Receivable position, as reflected in Schedule XIV - Notes to Financial Statements Note 4.

<b>Schedule Page: 203 Line No.: 24 Column: c</b>	
Boston Gas	\$ 2,922,902
Colonial Gas-Lowell	3,651,923
GridAmerica Holdings, Inc.	12
KeySpan Corporation	1,718,636,426
KeySpan Gas East Corp - KEDLI	3,050,871
Massachusetts Electric Company	5,906,610
Nantucket Electric Company	8,989,428
Narragansett Electric Company	7,800,544
NE Electric Trans Corporation	76,508
NE Hydro-Trans Elec Co, Inc.	217,953
NG Development Holdings Corp	127,826
NG Energy Corp-West Hold	294,999
NG Energy Devlp Co (NS)	328,296
NG Energy Management LLC	45,993
NG Energy Trading Services LLC	480,366
NG Engineering Services	642,450
NG Generation	1,158,319
NG LNG LP RegulatedEntity	80,525
NG NEHoldings 2 LLC	17,657
NG North America Inc.	-
NG Services, Inc.	129,698
NG UK	38,747,807
NG USA Parent	82,592,462
NG-Glenwood Energy Center, LLC	784,562
NG-Port Jefferson Energy Cntr	1,790,814
NGUSLLC	20
Niagara Mohawk Holdings, Inc	1,373,186
Niagara Mohawk Power Corp	32,830,646
Transgas Inc	347,564
Wayfinder Group, Inc.	1,784
Metro West Realty LLC	884
Total	\$ 1,913,029,035

<b>Schedule Page: 203 Line No.: 24 Column: d</b>	
Boston Gas	\$ 1,783,084
Colonial Gas-Lowell	3,276,541

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
National Grid USA Service Company Inc.	(1) X An Original (2) A Resubmission		2016

**FOOTNOTE DATA**

GridAmerica Holdings, Inc.	1
KeySpan Corporation	1,798,798,038
KeySpan Gas East Corp - KEDLI	2,742,397
Massachusetts Electric Company	2,537,474
Nantucket Electric Company	12,027,282
Narragansett Electric Company	5,535,582
NE Electric Trans Corporation	76,416
NE Hydro-Trans Elec Co, Inc.	220,249
NG Development Holdings Corp	85,018
NG Energy Corp-West Hold	-
NG Energy Devlp Co (NS)	328,296
NG Energy Management LLC	45,993
NG Energy Trading Services LLC	478,198
NG Engineering Services	638,791
NG Generation	388,384
NG LNG LP RegulatedEntity	72,472
NG NEHoldings 2 LLC	14,135
NG North America Inc.	82
NG Services, Inc.	88,466
NG UK	50,417,141
NG USA Parent	87,890,999
NG-Glenwood Energy Center, LLC	742,739
NG-Port Jefferson Energy Cntr	1,743,187
NGUSLLC	-
Niagara Mohawk Holdings, Inc	1,373,186
Niagara Mohawk Power Corp	25,760,147
Transgas Inc	240,682
Wayfinder Group, Inc.	231
Metro West Realty LLC	884
Total	\$ 1,997,306,096

**Schedule Page: 203 Line No.: 41 Column: c**

Accrued Bonuses	\$ 50,010,859.90
Accrued Payroll and Employee Benefits	61,082,524
Other Accounts Payable	662,431
Total	\$ 111,755,814

**Schedule Page: 203 Line No.: 41 Column: d**

Accrued Bonuses	\$ 51,207,929.55
Accrued Payroll and Employee Benefits	62,641,084
Other Accounts Payable	112,228
Total	\$ 113,961,242

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
<b>Schedule XIV- Notes to Financial Statements</b>			

1. Use the space below for important notes regarding the financial statements or any account thereof.  
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.  
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.  
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.  
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.  
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

**NATIONAL GRID USA SERVICE COMPANY, INC.**

**SCHEDULE XIV - NOTES TO UNAUDITED FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

**Organization**

National Grid USA Service Company Inc. (the "Company") is a wholly-owned subsidiary of National Grid USA ("NGUSA"), a public utility holding company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005") with subsidiaries that engage in transmission, distribution and sale of natural gas and electricity.

NGUSA is a direct wholly-owned subsidiary of National Grid North America Inc. ("NGNA") and an indirect wholly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

Pursuant to PUHCA 2005, the Federal Energy Regulatory Commission ("FERC") has jurisdiction over certain holding company activities, including (i) regulating certain transactions among affiliates within NGUSA's holding company system (ii) governing the issuance, acquisition and disposition of securities and assets by certain of NGUSA direct and indirect public utility subsidiaries; and (iii) approving certain utility mergers and acquisitions.

In addition, NGUSA's affiliate transactions are subject to certain regulations of the Public Service Commission of the State of New York, the Massachusetts Department of Public Utility, and the Rhode Island Public Utilities Commission.

**Description of Business**

Pursuant to Service Agreements between the Company, NGUSA and all affiliated companies (collectively, the "Client Companies"), the Company provides the following services to the Client Companies: (a) corporate affairs (b) executive and administration (c) corporate audit (d) customer services (e) financial services (f) information technology (g) security (h) procurement (i) human resources (j) legal and regulatory (k) network strategy and services (l) operating services (m) safety, health, and environment and (n) shared services.

Revenues are recognized on a cost of service basis. Costs of services provided to Client Companies are allocated in accordance with applicable service agreements and federal and state requirements. Costs are: (1) directly assigned where possible; (2) allocated using a reasonable and equitable allocation ratio based upon a cost-causation relationship; or (3) allocated broad based. Service allocation ratios are defined in the Service Agreements. Cost of service includes all costs of doing business incurred by Service Company, including a reasonable return on capital.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
Schedule XIV- Notes to Financial Statements			

**Basis of Presentation**

The financial statements included in this filing were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts for Centralized Service Companies. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash, Working Funds and Temporary Cash Investments**

Cash, working funds and temporary cash investments include cash on hand and temporary investments purchased with the original maturity of three months or less.

In November 2013, the FERC short-term borrowing authorization for certain NGUSA regulated entities had expired. Prior to the expiration, NGUSA provided to each entity an interest free loan to help fund their daily operating needs in lieu of short-term borrowing authorization. The money received by each entity went into the Money Pool and invested on their behalf by the Company. In January of 2015, these entities had their short-term borrowing authorization reinstated and these entities repaid their outstanding loans to NGUSA. As a result, the repayment eliminated the need for the Company's temporary cash investments.

**Regulatory Assets and Liabilities**

The regulatory assets and liabilities represent postretirement benefit fair value adjustments associated with past NGNA acquisitions. The amortization of these amounts is passed through to the appropriate operating entities on a yearly basis.

**Income Taxes**

Federal and state income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses and general business credit carryforwards.

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken or expected to be taken in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

NGNA files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary company determines its current and deferred taxes based on the separate return method. The Company settles its current tax liability or benefit each year with NGNA pursuant to a tax sharing arrangement between NGNA and its subsidiaries. Tax benefits attributable to the tax attributes of other group companies and allocated by NGNA are treated as capital contributions.

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**Property and Equipment**

Property and equipment is stated at original cost. The cost of repairs and maintenance is charged to expense and the cost of renewals and betterments that extend the useful life of utility plant is capitalized. The capitalized cost of additions to property and equipment includes costs such as direct material, labor and benefits, and capitalized interest.

Depreciation is computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates. The average composite rate for the years ended December 31, 2016 and 2015 was 11% and 10.9%, respectively. The average service life for each of the years ended December 31, 2016 and 2015 was 18 years. When utility plant is retired, the original cost, less salvage, is charged to accumulated depreciation.

The following table summarizes property and equipment at cost along with accumulated depreciation and amortization:

	December 31, 2016	December 31, 2015
	<i>(in thousands of dollars)</i>	
Land and Buildings	\$ 379,994	\$ 378,555
Office Furniture and Equipment	54,098	52,277
Machinery and Equipment	35,425	38,971
Intangible Assets	758,389	653,515
Non Utility Property	-	174
Construction Work in Progress	69,704	116,340
Total	<u>1,297,610</u>	<u>1,239,832</u>
Accumulated Depreciation	<u>(434,177)</u>	<u>(345,504)</u>
Property and Equipment, Net	<u>\$ 863,433</u>	<u>\$ 894,328</u>

**Asset Retirement Obligations**

Asset retirement obligations are recognized for legal obligations associated with the retirement of property, plant, and equipment. Asset retirement obligations are recorded at fair value in the period in which the obligation is incurred, if the fair value can be reasonably estimated. In the period in which new asset retirement obligations, or changes to the timing or amount of existing retirement obligations are recorded, the associated asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset. In each subsequent period the asset retirement obligation is accreted to its present value.

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	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
	<i>(in thousands of dollars)</i>	
Balance as of the beginning of the period	\$ 2,489	\$ 4,546
Accretion expense	150	148
Liabilities settled	(739)	(44)
Revaluations to present values of estimated cash flows*	-	(2,161)
Balance as of the end of the period	<u>\$ 1,900</u>	<u>\$ 2,489</u>

\* Asset retirement obligations are recognized for legal obligations associated with the retirement of asbestos in common facilities. At March 31, 2015, a revaluation study of the asset retirement obligations resulted in a downward revaluation of estimated costs related to its asset retirement obligations.

#### Allowance for Funds Used During Construction

In accordance with applicable accounting guidance, the Company records AFUDC, which represents the debt and equity costs of financing the construction of new utility plant. AFUDC equity is reported in the statements of income as non-cash income and AFUDC debt is reported as a non-cash offset to interest expense. After construction is completed, the Company is permitted to recover these costs through inclusion in rate base and the corresponding depreciation expense. The composite AFUDC rate was 7.8% and 3.7% for the years ended December 31, 2016 and December 31, 2015, respectively.

The Company recorded AFUDC related to equity of \$1.7 million and \$7.7 million and AFUDC related to debt of \$(1.0) million and \$1.9 million for the years ended December 31, 2016 and 2015, respectively.

#### New and Recent Accounting Guidance

##### Accounting Guidance Not Yet Adopted

###### Income Taxes

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory," which eliminates the exception for all intra-entity sales of assets other than inventory. As a result, a reporting entity would recognize the tax expense from the sale of the asset in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. For the Company, the requirements of the new standard will be effective for the fiscal year ended March 31, 2020, and interim periods thereafter, with early adoption permitted. The application of this guidance is not expected to have a material impact on the results of operations, cash flows, or financial position of the Company.

###### Financial Instruments—Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The amendment replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of

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reasonable and supportable information to inform credit loss estimates. For the Company, the requirements of the new standard will be effective for the fiscal year ended March 31, 2022, and interim periods thereafter, with early adoption permitted for the fiscal year ended March 31, 2020 and interim periods within. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

#### Revenue Recognition

In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers – Deferral of the Effective Date." The new standard defers by one year the effective date of ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)." The underlying principle of "Revenue from Contracts with Customers" is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to, in exchange for those goods or services. The new guidance must be adopted using either a full retrospective approach or a modified retrospective approach. For the Company, the new guidance is effective the fiscal year ended March 31, 2019, and interim periods thereafter, with early adoption permitted for the fiscal year ended March 31, 2018 and interim periods within.

Further, in March 2016, the FASB issued ASU 2016-08, which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," which provides guidance in the new revenue standard on identifying performance obligations and accounting for licenses of intellectual property. In May 2016, the FASB issued ASU 2016-12, providing additional clarity on various aspects of Topic 606, including a) Assessing the Collectability Criterion and Accounting for Contracts That Do Not Meet the Criteria for Step 1, b) Presentation of Sales Taxes and Other Similar Taxes Collected from Customers, c) Noncash Consideration, d) Contract Modifications at Transition, e) Completed Contracts at Transition, and f) Technical Correction. Lastly, in December 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers." The amendments in this Update cover a variety of corrections and improvements to the Codification related to the new revenue recognition standard (Accounting Standards Update No. 2014-09). The effective date and transition requirements for the amendments in these updates are the same as the effective date and transition requirements of ASU 2014-09. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

#### Employee Share-Based Payment Accounting

In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting (Topic 718)," which simplifies several aspects of the accounting for share-based payment transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Most notably, entities will be required to recognize all excess tax benefits and shortfalls as income tax expense or benefit in the income statement within the reporting period in which they occur. For the Company, the requirements of the new standard will be effective for the fiscal year ended March 31, 2019, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

#### Leases

In February 2016, the FASB issued a new lease accounting standard, ASU 2016-02, "Leases (Topic 842)." The key objective of the new standard is to increase transparency and comparability among organizations by recognizing lease

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assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Lessees will need to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). For income statement purposes, a dual model has been retained, with leases to be designated as operating leases or finance leases. Expenses will be recognized on a straight-line basis for operating leases, and a front-loaded basis for finance leases. For the Company, the new standard is effective for the fiscal year ended March 31, 2021, and interim periods thereafter, with early adoption permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

#### Financial Instruments – Classification and Measurement

In January 2016, the FASB issued ASU 2016-01, “Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities.” The new guidance principally affects the accounting for equity investments and financial liabilities where the fair value option has been elected, as well as the disclosure requirements for financial instruments. For the Company, the new guidance is effective for the fiscal year ended March 31, 2020, and interim periods thereafter, with early adoption permitted for the fiscal year ended March 31, 2019 and interim periods within. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

#### Measurement of Inventory

In July 2015, the FASB issued ASU 2015-11, “Simplifying the Measurement of Inventory.” The new guidance requires that inventory be measured at the lower of cost and net realizable value (other than inventory measured using “last-in, first out” and the “retail inventory method”). For the Company, the new guidance, which must be applied prospectively, is effective for the fiscal year ended March 31, 2018, and interim periods thereafter, with early adoption permitted. The application of this guidance is not expected to have a material impact on the results of operations, cash flows, or financial position of the Company.

#### Intangibles – Goodwill and Other – Internal-Use Software, Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued ASU 2015-05 “Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement.” The amendments provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change U.S. GAAP for a customer’s accounting for service contracts. In addition, all software licenses within the scope of Subtopic 350-40 will be accounted for consistent with other licenses of intangible assets. For the Company, the new guidance will be effective for the fiscal year ended March 31, 2017, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

#### Presentation of Financial Statements – Going Concern, Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern

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In August 2014, the FASB issued amendments on reporting about an entity's ability to continue as a going concern. In ASU 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205 - 40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The amendments provide guidance about management's responsibility to evaluate whether there is substantial doubt surrounding an entity's ability to continue as a going concern. If management concludes that substantial doubt exists, the amendments require additional disclosures relating to management's evaluation and conclusion. For the Company, the amendments will be effective for the fiscal year ended March 31, 2017, and interim periods thereafter. The application of this guidance is not expected to have a material impact on the results of operations, cash flows, or financial position of the Company.

**Note 2. Postretirement Benefits**

**Pension:** The Company's employees are members of NGUSA's noncontributory defined benefit pension plans covering substantially all employees associated with NGUSA. Benefits are based on years of service and compensation. Pension costs are allocated to the Company; related pension obligations and assets are commingled and are not allocated to the Company and other participating companies. Pension expense attributed to the Company for the years ended December 31, 2016 and 2015, was approximately \$129.5 million and \$127.1 million, respectively. These costs are allocated to affiliated companies as burden costs based upon direct labor costs of the Company. Funding for pensions is in accordance with requirements of federal law and regulations.

**Other Postretirement Benefits:** The Company's employees are members of NGUSA's noncontributory defined benefit plans which provide certain health care and life insurance benefits for retired employees of NGUSA. Other postretirement benefit costs are allocated to the Company; other postretirement benefit obligations and assets are commingled and are not allocated to the Company and other participating companies. NGUSA has been funding a portion of future benefits over employees' active service lives through Voluntary Employee Beneficiary Association (VEBA) trusts. Contributions to VEBA trusts are tax deductible, subject to limitations contained in the Internal Revenue Code. Other postretirement benefit expense attributed to the Company for the years ended December 31, 2016 and 2015 was approximately \$43.0 million and \$45.1 million. These costs are allocated to affiliated companies as burden costs based upon direct labor costs of the Company.

The NGUSA companies' pension and postretirement benefit other than pension ("PBOP") plans that the Company participates in have unfunded obligations at December 31, 2016 and 2015 as follows:

	Years Ended in December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Pension	\$ 563,169	\$ 544,239
PBOP	445,961	420,196
	<u>\$ 1,009,130</u>	<u>\$ 964,435</u>

**Note 3. Other Investments**

The Company has corporate assets recorded on the balance sheet in Other Investments and Other Special Funds, primarily representing funds designated for Supplemental Executive Retirement Plans. These funds are invested in corporate-owned life insurance policies, mutual funds and other securities. These investments are stated at fair market

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value and the changes in fair market value are recorded in other comprehensive income.

**Note 4. Money Pools**

The Company administers a Regulated and Unregulated Money Pool on behalf of National Grid entities. The Regulated Money Pool serves public utility company participants and the Unregulated Money Pool serves non-public utility company participants. The Company participates in the Regulated Money Pool as well, and was in net lending position of \$519.8 million at December 31, 2016.

The Regulated and Unregulated Money Pools are funded by operating funds from participants in the applicable pool. Collectively, KeySpan and NGUSA have the ability to borrow up to \$3 billion from National Grid plc for working capital needs including funding of the money pools, if necessary. The Company, as agent for each Money Pool, invests excess funds, if any, on a short-term basis. Participants providing funds to the Money Pools share in the interest earned on loans and investments on a basis proportionate to their investment in the Money Pool. Participants borrowing from a Money Pool pay interest at a rate generally equal to NGUSA's short-term borrowing rate, plus a proportionate share of the administrative costs incurred in obtaining required funds.

At December 31, 2016, participant balances for the Money Pools on a combined basis were as follows:

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<b>Investments</b>	
EUA Energy Investment	24,374,084
KeySpan Energy Services	6,433,462
KeySpan My Home Key, Inc.	371,584
KS CI Midstream Limited	6,384,681
KS Home Energy Svcs, LLC	12,823,646
KS International Corp	6,495,408
KSI Mechanical, LLC	10,587,594
Massachusetts Electric Co.	276,158,098
Metro Energy L.L.C.	18,298,526
Metrowest Realty LLC	17,894,980
Nantucket Electric Co.	60,633,765
National Grid US LLC	4,360,574
National Grid USA Parent	691,699,261
NE Electric Trans Corp	1,079,985
NE Hydro Finance Co, Inc.	9,555
NE Hydro-Trans Corp	4,803,511
NG Development Holding	421,477,559
NG Energy Trading Svcs	60,966,498
NG Engineering Svcs, LLC	143,101,387
NG Generation LLC	307,021,555
NG Glenwood Energy Center	13,162,873
NG IGTS Corp	7,383,993
NG Islander East Pipe	4,415,766
NG LNG GP LLC	10,796,746
NG Millennium LLC	102,100,879
NG North East Ventures	7,493,921
NG Port Jeff Energy Cntr	12,055,217
NGUSA Service Company	519,851,060
Niagara Mohawk Power Corp	579,771,149
Northeast Transmission Co.	132,283,772
Opinac North America	52,946,149
PSEG Electric Serv TSA Co.	60,252,562
Valley Appliance & Merch	4,845,007
Wayfinder Group, Inc.	30,109,344
<b>Total</b>	<b>\$ 3,612,444,152</b>

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<b>Borrowings</b>	
Boston Gas Company	606,635,891
Broken Bridge Corp.	493,130
Brooklyn Union Gas-KEDNY	734,660,805
Colonial Gas Company	76,558,015
Energy Impact Fund LP	4,572,169
GridAmerica Holdings Inc.	66,039,196
KeySpan Midstream, Inc.	11,107,670
KS Energy Corp-West Hold	326,387,904
KS Energy Devlp Co (NS)	3,500,026
KS Gas East Corp-KEDLI	34,640,662
KS Plumbing Solutions Inc	629,487
Narragansett Electric Co.	187,623,519
NE Hydro-Trans Elec Co.	11,589,737
NEES Energy, Inc.	520,220
New England Power Company	653,942,252
Newport America Corp	345,630
NG Electric Services	607,054,008
NG Energy Management LLC	20,639,420
NG LNG LP LLC	12,540,224
NG LNG LP RegulatedEntity	41,720,482
NG New England Holdings 2	128,382,905
NG Services, Inc.	16,240,531
NG Trans Services Corp	851,520
Niagara Mohawk Holdings	40,206,115
Philadelphia Coke Co.	4,365,296
Transgas Inc.	21,197,338
<b>Total</b>	<b>3,612,444,152</b>

**Note 5. Operating Leases**

The Company is the lessee for certain office space properties within NGUSA's service territories. These leases are accounted for as operating leases. The future minimum lease payments for the next five years are approximately \$170 million or \$34 million per year. These costs are allocated to Client Companies.

**Note 6. Income Tax**

**Components of Income Tax Expense**

The components of federal and state income tax expense (benefit) are as follows:

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	Years ended in December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ (2,322)	\$ 24,826
State	387	10,297
Total current tax expense (benefit)	<u>(1,935)</u>	<u>35,123</u>
Deferred tax expense (benefit):		
Federal	11,884	(33,403)
State	(3,782)	(27,084)
Total deferred tax expense (benefit)	<u>8,102</u>	<u>(60,487)</u>
Amortized investment tax credits	-	-
Total deferred tax expense	<u>8,102</u>	<u>(60,487)</u>
Total income tax expense	<u>\$ 6,167</u>	<u>\$ (25,364)</u>
Total income taxes in the statements of income:		
Income taxes charged to operations	\$ 6,167	\$ (25,364)
Income taxes credited to other income (deductions)	-	-
Total	<u>\$ 6,167</u>	<u>\$ (25,364)</u>

**Statutory Rate Reconciliation**

The Company's effective tax rates for the years ended December 31, 2016 and 2015 are 15.45% and (98.65%), respectively. The following table presents a reconciliation of income tax expense at the federal statutory tax rate of 35% to the actual tax expense:

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	Years ended in December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 13,975	\$ 8,999
Change in computed taxes resulting from:		
Adjustments related to prior federal and state	-	1,178
Provision to return adjustments	(36)	1,111
Change in cash surrender value	(1,058)	(899)
Employee stock ownership plan dividends	(1,906)	(1,522)
States income tax, net of federal benefit	(2,207)	(33,324)
Other items - net	(2,601)	(907)
Total	<u>(7,808)</u>	<u>(34,363)</u>
Federal and State Income Tax	<u>\$ 6,167</u>	<u>\$ (25,364)</u>

The Company is included in the NGNA and subsidiaries consolidated federal income tax return and six unitary state income tax returns. The Company has joint and several liability for any potential assessments against the consolidated group.

During the period there was no material change in the Company's deferred tax liability for the decrease in the tax rate from 7.1% to 6.5% applicable to New York entities beginning with the fiscal year ended March 31, 2017. Likewise there was no material change in the Company's deferred tax liability for the increase in the MTA surcharge from 25.6% to 28%.

**Deferred Tax Components**

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	Years Ended in December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Pensions, OPEB and other employee benefits	\$ 603,121	\$ 609,500
Net operating losses	90,223	100,435
Regulatory assets - pension and OPEB	1,938	2,844
Other Items	22,502	26,482
Total deferred tax assets <sup>(1)</sup>	<u>717,784</u>	<u>739,261</u>
Deferred Tax liabilities		
Property related differences	198,388	204,523
Future federal benefit on state taxes	32,447	32,224
Investments	18,095	18,273
Regulatory assets - other	443	441
Other items	28,927	20,942
Total deferred tax liabilities	<u>278,300</u>	<u>276,403</u>
Net Deferred income tax assets	439,484	462,858
Deferred investment tax credit	-	-
Net deferred income tax asset and investment tax credits	<u>439,484</u>	<u>462,858</u>
Current Portion of Net deferred income tax assets net	-	-
Deferred income tax asset net	<u>\$ 439,484</u>	<u>\$ 462,858</u>

(1) The company established a valuation allowance for deferred tax assets in the amount of \$226 thousand related to expiring charitable contribution carry forwards at March 31, 2016.

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**Net Operating Losses**

The following table presents the amounts and expiration dates of net operating losses as of March 31, 2016:

Expiration of net operating losses:	Federal	New York	New York City
	(in thousands of dollars)		
3/31/2030	7,063		
3/31/2032	4,829		
3/31/2033	66,290		
3/31/2034	110,909		
3/31/2035	-	148,612	7,860
3/31/2036	2,200		

**Unrecognized Tax Benefits**

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket A107-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC docket A107-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2016 and December 31, 2015, the Company did not have any unrecognized tax benefits on a FERC basis.

It is reasonably possible that other events will occur during the next twelve months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to its results of operations, financial position, or cash flows.

The Company is included in NGNA and subsidiaries' administrative appeal with the Internal Revenue Service ("IRS") related to the issues disputed in the examination cycles for the years ended August 24, 2007, March 31, 2008 and March 31, 2009. During the period, the IRS commenced its next examination cycle which includes income tax returns for the years ended March 31, 2010 through March 31, 2012. The examination is not expected to conclude until December 2017. The income tax returns for the years ended March 31, 2013 through March 31, 2016 remain subject to examination by the IRS.

The years ended March 31, 2009 through March 31, 2016 remain subject to examination by the State of New York.

The Company is a member of the NGUSA Service Company Massachusetts unitary group since fiscal year ended March 31, 2010. The tax returns for the fiscal years ended March 31, 2009 through March 31, 2016 remain subject to examination by the state of Massachusetts.

The Company is in the process of an Administrative Appeal for certain adjustments made by the Massachusetts

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Department of Revenue ("MADOR") for the years ended March 31, 2003 through March 31, 2008.

The following table indicates the earliest tax year subject to examination for each major jurisdiction:

Jurisdiction	Tax Year
Federal	March 31, 2008
New York	March 31, 2009
Massachusetts	March 31, 2009

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Schedule XV- Comparative Income Statement				
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		<b>SERVICE COMPANY OPERATING REVENUES</b>		
2	400	Service Company Operating Revenues	2,481,277,558	2,324,088,305
3		<b>SERVICE COMPANY OPERATING EXPENSES</b>		
4	401	Operation Expenses	1,718,184,952	1,615,522,655
5	402	Maintenance Expenses	24,401,338	20,104,596
6	403	Depreciation Expenses	13,096,592	12,499,698
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property	83,966,603	60,494,108
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	571,673,377	555,814,628
13	409.1	Income Taxes, Operating Income	( 1,934,813)	35,123,477
14	410.1	Provision for Deferred Income Taxes, Operating Income	8,102,316	( 60,487,852)
15	411.1	Provision for Deferred Income Taxes – Credit , Operating Income		
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant		
18	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense	149,882	148,433
20	412	Costs and Expenses of Construction or Other Services		
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work		
22		<b>TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)</b>	<b>2,417,640,247</b>	<b>2,239,219,743</b>
23		<b>NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)</b>	<b>63,637,311</b>	<b>84,868,566</b>
24		<b>OTHER INCOME</b>		
25	418.1	Equity in Earnings of Subsidiary Companies		
26	419	Interest and Dividend Income	8,692,950	7,523,575
27	419.1	Allowance for Other Funds Used During Construction	1,749,951	7,676,899
28	421	Miscellaneous Income or Loss	( 12,915,622)	( 13,802,833)
29	421.1	Gain on Disposition of Property		
30		<b>TOTAL OTHER INCOME (Total of Lines 25-29)</b>	<b>( 2,472,721)</b>	<b>1,397,641</b>
31		<b>OTHER INCOME DEDUCTIONS</b>		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	4,942,029	4,097,017
35	426.2	Life Insurance	( 1,517,205)	( 95,603)
36	426.3	Penalties		
37	426.4	Expenditures for Certain Civic, Political and Related Activities	874,657	481,127
38	426.5	Other Deductions	1,876,620	2,779,109
39		<b>TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)</b>	<b>6,176,101</b>	<b>7,261,650</b>
40		<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>		

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule XV- Comparative Income Statement (continued)</b>				
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
42	409.2	Income Taxes, Other Income and Deductions		
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)</b>		
47		<b>INTEREST CHARGES</b>		
48	427	Interest on Long-Term Debt		
49	428	Amortization of Debt Discount and Expense		
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies	6,197	396
52	431	Other Interest Expense	20,198,413	29,859,851
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit	( 1,038,555)	1,932,795
54		<b>TOTAL INTEREST CHARGES (Total of Lines 48-53)</b>	21,243,165	27,927,452
55		<b>NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)</b>	33,745,324	51,077,105
56		<b>EXTRAORDINARY ITEMS</b>		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		<b>Net Extraordinary Items (Line 57 less Line 58)</b>		
60	409.4	(less) Income Taxes, Extraordinary		
61		<b>Extraordinary Items After Taxes (Line 59 less Line 60)</b>		
62		<b>NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)</b>	33,745,324	51,077,105

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National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016			
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies								
1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.								
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	403-403.1	Depreciation Expense	13,096,592		13,096,592			
2	404-405	Amortization Expense	83,966,603		83,966,603			
3	407.3-407.4	Regulatory Debits/Credits - Net						
4	408.1-408.2	Taxes Other Than Income Taxes	571,673.37		571,673.37			
5	409.1-409.2	Income Taxes		( 1,934,813)	( 1,934,813)			
6	410.1-411.2	Provision for Deferred Taxes		8,102,316	8,102,316			
7	411.1-411.2	Provision for Deferred Taxes - Credit						
8	411.5	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
10	411.4-411.3	Investment Tax Credit Adjustment						
11	411.10	Accretion Expense	149,882		149,882			
12	412	Costs and Expenses of Construction or Other Services						
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies						
14	418	Non-operating Rental Income						
15	418.1	Equity in Earnings of Subsidiary Companies						
16	419	Interest and Dividend Income		8,692,950	8,692,950			
17	419.1	Allowance for Other Funds Used During Construction		( 1,749,951)	( 1,749,951)			
18	421	Miscellaneous Income or Loss	( 12,915,622)		( 12,915,622)			
19	421.1	Gain on Disposition of Property						
20	421.2	Loss on Disposition Of Property						
21	425	Miscellaneous Amortization						
22	426.1	Donations	4,942,029		4,942,029			
23	426.2	Life Insurance	( 1,517,205)		( 1,517,205)			
24	426.3	Penalties						
25	426.4	Expenditures for Certain Civic, Political and Related Activities	874,657		874,657			
26	426.5	Other Deductions	1,876,618		1,876,618			
27	427	Interest On Long-Term Debt						
28	428	Amortization of Debt Discount and Expense						
29	429	Amortization of Premium on Debt - Credit						
30	430	Interest on Debt to Associate Companies	6,197		6,197			
31	431	Other Interest Expense		20,198,413	20,198,413			
32	432	Allowance for Borrowed Funds Used During Construction	1,038,555		1,038,555			
33	500-509	Total Steam Power Generation Operation Expenses	59,175		59,175			
34	510-515	Total Steam Power Generation Maintenance Expenses	63,627		63,627			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	517-525	Total Nuclear Power Generation Operation Expenses						
36	528-532	Total Nuclear Power Generation Maintenance Expenses						
37	535-540.1	Total Hydraulic Power Generation Operation Expenses						
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses						
39	545-550.1	Total Other Power Generation Operation Expenses	21,452		21,452			
40	551-554.1	Total Other Power Generation Maintenance Expenses	16,038		16,038			
41	555-557	Total Other Power Supply Operation Expenses						
42	560	Operation Supervision and Engineering	5,284,666		5,284,666			
43	561.1	Load Dispatch-Reliability	222,359		222,359			
44	561.2	Load Dispatch-Monitor and Operate Transmission System	8,265,412		8,265,412			
45	561.3	Load Dispatch-Transmission Service and Scheduling						
46	561.4	Scheduling, System Control and Dispatch Services						
47	561.5	Reliability Planning and Standards Development	875,092		875,092			
48	561.6	Transmission Service Studies						
49	561.7	Generation Interconnection Studies						
50	561.8	Reliability Planning and Standards Development Services						
51	562	Station Expenses (Major Only)	1,620,799		1,620,799			
52	563	Overhead Line Expenses (Major Only)	465,422		465,422			
53	564	Underground Line Expenses (Major Only)						
54	565	Transmission of Electricity by Others (Major Only)						
55	566	Miscellaneous Transmission Expenses (Major Only)	11,463,936		11,463,936			
56	567	Rents	85,019		85,019			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)						
58		Total Transmission Operation Expenses	28,282,705		28,282,705			
59	568	Maintenance Supervision and Engineering (Major Only)	760,849		760,849			
60	569	Maintenance of Structures (Major Only)	2,720		2,720			
61	569.1	Maintenance of Computer Hardware						
62	569.2	Maintenance of Computer Software						
63	569.3	Maintenance of Communication Equipment	60,523		60,523			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant	32,221		32,221			
65	570	Maintenance of Station Equipment (Major Only)	1,338,140		1,338,140			
66	571	Maintenance of Overhead Lines (Major Only)	3,013,658		3,013,658			
67	572	Maintenance of Underground Lines (Major Only)	39,933		39,933			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	56,079		56,079			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
70		Total Transmission Maintenance Expenses	5,304,128		5,304,128			
71	575,1-575.8	Total Regional Market Operation Expenses						
72	576,1-576.5	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	38,540,349		38,540,349			
74	590-598	Total Distribution Maintenance Expenses	6,301,559		6,301,559			
75		Total Electric Operation and Maintenance Expenses	765,611,965	15,923,015	781,534,979			
76	700-798	Production Expenses (Provide selected accounts in a footnote)	9,989		9,989			
77	800-813	Total Other Gas Supply Operation Expenses	1,867		1,867			
78	814-826	Total Underground Storage Operation Expenses						
79	830-837	Total Underground Storage Maintenance Expenses						
80	840-842.3	Total Other Storage Operation Expenses	4,689,099		4,689,099			
81	843,1-843.9	Total Other Storage Maintenance Expenses	7,292		7,292			
82	844,1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses	1,474,548		1,474,548			
83	847,1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses	172,042		172,042			
84	850	Operation Supervision and Engineering	16,115		16,115			
85	851	System Control and Load Dispatching						
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses						
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations						
90	856	Mains Expenses	287,058		287,058			
91	857	Measuring and Regulating Station Expenses	1,736		1,736			
92	858	Transmission and Compression of Gas By Others						
93	859	Other Expenses						
94	860	Rents						
95		Total Gas Transmission Operation Expenses	304,909		304,909			
96	861	Maintenance Supervision and Engineering	1,322,485		1,322,485			
97	862	Maintenance of Structures and Improvements						
98	863	Maintenance of Mains	38,926		38,926			
99	864	Maintenance of Compressor Station Equipment						
100	865	Maintenance of Measuring And Regulating Station Equipment	743		743			
101	866	Maintenance of Communication Equipment						
102	867	Maintenance of Other Equipment						
103		Total Gas Transmission Maintenance Expenses	1,362,154		1,362,154			
104	870-881	Total Distribution Operation Expenses	24,433,758		24,433,758			

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National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	888-884	Total Distribution Maintenance Expenses	9,553,139		9,553,139			
106		Total Natural Gas Operation and Maintenance Expenses	42,008,788		42,008,788			
107	901	Supervision	7,344,720		7,344,720			
108	902	Meter reading expenses	22,966		22,966			
109	903	Customer records and collection expenses	118,578,147		118,578,147			
110	904	Uncollectible accounts	913,682		913,682			
111	905	Miscellaneous customer accounts expenses	9,854,253		9,854,253			
112	906	Total Customer Accounts Operation Expenses	136,713,766		136,713,766			
113	907	Supervision						
114	908	Customer assistance expenses	44,461,146		44,461,146			
115	909	Informational And Instructional Advertising Expenses	3,534,347		3,534,347			
116	910	Miscellaneous Customer Service And Informational Expenses	1,883,814		1,883,814			
117		Total Service and Informational Operation Accounts	49,879,307		49,879,307			
118	911	Supervision						
119	912	Demonstrating and Selling Expenses	4,015,011		4,015,011			
120	913	Advertising Expenses	4,611,389		4,611,389			
121	916	Miscellaneous Sales Expenses						
122		Total Sales Operation Expenses	8,626,400		8,626,400			
123	920	Administrative and General Salaries	444,801,364		444,801,364			
124	921	Office Supplies and Expenses	156,285,638		156,285,638			
125	923	Outside Services Employed	252,043,378		252,043,378			
126	924	Property Insurance	20,057,564		20,057,564			
127	925	Injuries and Damages	25,363,617		25,363,617			
128	926	Employee Pensions and Benefits	489,072,625		489,072,625			
129	928	Regulatory Commission Expenses	9,366,813		9,366,813			
130	930.1	General Advertising Expenses						
131	930.2	Miscellaneous General Expenses	192,337		192,337			
132	931	Rents	30,261,350		30,261,350			
133		Total Administrative and General Operation Expenses	1,427,444,686		1,427,444,686			
134	935	Maintenance of Structures and Equipment	1,324,315		1,324,315			
135		Total Administrative and General Maintenance Expenses	1,623,988,474		1,623,988,474			
136		Total Cost of Service	2,431,609,217	15,923,015	2,447,532,232			

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National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	Dec 31, 2016
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense	13,096,592		13,096,592
2	404-405	Amortization Expense	83,966,603		83,966,603
3	407.3-407.4	Regulatory Debts/Credits – Net			
4	408.1-408.2	Taxes Other Than Income Taxes	571,673,377		571,673,377
5	409.1-409.2	Income Taxes		( 1,934,813)	( 1,934,813)
6	410.1-411.2	Provision for Deferred Taxes		8,102,318	8,102,318
7	411.1-411.2	Provision for Deferred Taxes – Credit			
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense	149,882		149,882
12	412	Costs and Expenses of Construction or Other Services			
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies			
14	418	Non-operating Rental Income			
15	418.1	Equity in Earnings of Subsidiary Companies			
16	419	Interest and Dividend Income		8,692,950	8,692,950
17	419.1	Allowance for Other Funds Used During Construction		( 1,749,951)	( 1,749,951)
18	421	Miscellaneous Income or Loss	( 12,915,622)		( 12,915,622)
19	421.1	Gain on Disposition of Property			
20	421.2	Loss on Disposition Of Property			
21	425	Miscellaneous Amortization			
22	426.1	Donations	4,942,029		4,942,029
23	426.2	Life Insurance	( 1,517,205)		( 1,517,205)
24	426.3	Penalties			
25	426.4	Expenditures for Certain Civic, Political and Related Activities	874,657		874,657
26	426.5	Other Deductions	1,876,618		1,876,618
27	427	Interest On Long-Term Debt			
28	428	Amortization of Debt Discount and Expense			
29	429	Amortization of Premium on Debt – Credit			
30	430	Interest on Debt to Associate Companies	6,197		6,197
31	431	Other Interest Expense		20,198,413	20,198,413
32	432	Allowance for Borrowed Funds Used During Construction	1,038,555		1,038,555
33	500-509	Total Steam Power Generation Operation Expenses	59,175		59,175
34	510-515	Total Steam Power Generation Maintenance Expenses	63,627		63,627

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2016
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
35	517-525	Total Nuclear Power Generation Operation Expenses			
36	528-532	Total Nuclear Power Generation Maintenance Expenses			
37	535-540.1	Total Hydraulic Power Generation Operation Expenses			
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses			
39	546-550.1	Total Other Power Generation Operation Expenses	21,452		21,452
40	551-554.1	Total Other Power Generation Maintenance Expenses	16,038		16,038
41	555-557	Total Other Power Supply Operation Expenses			
42	560	Operation Supervision and Engineering	5,284,666		5,284,666
43	561.1	Load Dispatch-Reliability	222,359		222,359
44	561.2	Load Dispatch-Monitor and Operate Transmission System	8,265,412		8,265,412
45	561.3	Load Dispatch-Transmission Service and Scheduling			
46	561.4	Scheduling, System Control and Dispatch Services			
47	561.5	Reliability Planning and Standards Development	875,092		875,092
48	561.6	Transmission Service Studies			
49	561.7	Generation Interconnection Studies			
50	561.8	Reliability Planning and Standards Development Services			
51	562	Station Expenses (Major Only)	1,620,799		1,620,799
52	563	Overhead Line Expenses (Major Only)	465,422		465,422
53	564	Underground Line Expenses (Major Only)			
54	565	Transmission of Electricity by Others (Major Only)			
55	566	Miscellaneous Transmission Expenses (Major Only)	11,463,936		11,463,936
56	567	Rents	85,019		85,019
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	28,282,705		28,282,705
59	568	Maintenance Supervision and Engineering (Major Only)	760,849		760,849
60	569	Maintenance of Structures (Major Only)	2,720		2,720
61	569.1	Maintenance of Computer Hardware			
62	569.2	Maintenance of Computer Software			
63	569.3	Maintenance of Communication Equipment	60,523		60,523
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant	32,221		32,221
65	570	Maintenance of Station Equipment (Major Only)	1,338,140		1,338,140
66	571	Maintenance of Overhead Lines (Major Only)	3,013,658		3,013,658
67	572	Maintenance of Underground Lines (Major Only)	39,933		39,933
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	56,079		56,079

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	5,304,123		5,304,123
71	575.1-575.8	Total Regional Market Operation Expenses			
72	576.1-576.5	Total Regional Market Maintenance Expenses			
73	580-589	Total Distribution Operation Expenses	38,540,349		38,540,349
74	590-598	Total Distribution Maintenance Expenses	6,301,559		6,301,559
75		Total Electric Operation and Maintenance Expenses	765,611,955	15,923,015	781,534,970
76	700-738	Production Expenses (Provide selected accounts in a footnote)	9,989		9,989
77	800-813	Total Other Gas Supply Operation Expenses	1,867		1,867
78	814-826	Total Underground Storage Operation Expenses			
79	830-837	Total Underground Storage Maintenance Expenses			
80	840-842.3	Total Other Storage Operation Expenses	4,689,090		4,689,090
81	843.1-843.9	Total Other Storage Maintenance Expenses	7,292		7,292
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses	1,474,548		1,474,548
83	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses	172,042		172,042
84	850	Operation Supervision and Engineering	16,115		16,115
85	851	System Control and Load Dispatching			
86	852	Communication System Expenses			
87	853	Compressor Station Labor and Expenses			
88	854	Gas for Compressor Station Fuel			
89	855	Other Fuel and Power for Compressor Stations			
90	856	Mains Expenses	287,058		287,058
91	857	Measuring and Regulating Station Expenses	1,736		1,736
92	858	Transmission and Compression of Gas By Others			
93	859	Other Expenses			
94	860	Rents			
95		Total Gas Transmission Operation Expenses	304,909		304,909
96	861	Maintenance Supervision and Engineering	1,322,485		1,322,485
97	862	Maintenance of Structures and Improvements			
98	863	Maintenance of Mains	38,926		38,926
99	864	Maintenance of Compressor Station Equipment			
100	865	Maintenance of Measuring And Regulating Station Equipment	743		743
101	866	Maintenance of Communication Equipment			
102	867	Maintenance of Other Equipment			
103		Total Gas Transmission Maintenance Expenses	1,362,154		1,362,154
104	870-881	Total Distribution Operation Expenses	24,433,758		24,433,758

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2016
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	885-904	Total Distribution Maintenance Expenses	9,553,139		9,553,139
		Total Natural Gas Operation and Maintenance Expenses	42,008,788		42,008,788
106		Expenses			
107	901	Supervision	7,344,720		7,344,720
108	902	Meter reading expenses	22,968		22,968
109	903	Customer records and collection expenses	118,578,147		118,578,147
110	904	Uncollectible accounts	913,682		913,682
111	905	Miscellaneous customer accounts expenses	9,854,251		9,854,251
112	906	Total Customer Accounts Operation Expenses	136,713,768		136,713,768
113	907	Supervision			
114	908	Customer assistance expenses	44,461,146		44,461,146
	909	Informational And Instructional Advertising Expenses	3,534,347		3,534,347
115		Expenses			
	910	Miscellaneous Customer Service And Informational Expenses	1,883,814		1,883,814
116		Expenses			
117		Total Service and Informational Operation Accounts	49,879,307		49,879,307
118	911	Supervision			
119	912	Demonstrating and Selling Expenses	4,015,011		4,015,011
120	913	Advertising Expenses	4,611,389		4,611,389
121	916	Miscellaneous Sales Expenses			
122		Total Sales Operation Expenses	8,626,400		8,626,400
123	920	Administrative and General Salaries	444,801,364		444,801,364
124	921	Office Supplies and Expenses	156,285,638		156,285,638
125	923	Outside Services Employed	252,043,378		252,043,378
126	924	Property Insurance	20,057,564		20,057,564
127	925	Injuries and Damages	25,363,617		25,363,617
128	926	Employee Pensions and Benefits	489,072,625		489,072,625
129	928	Regulatory Commission Expenses	9,366,813		9,366,813
130	930.1	General Advertising Expenses			
131	930.2	Miscellaneous General Expenses	192,337		192,337
132	931	Rents	30,261,350		30,261,350
133		Total Administrative and General Operation Expenses	1,427,444,686		1,427,444,686
134	935	Maintenance of Structures and Equipment	1,324,315		1,324,315
135		Total Administrative and General Maintenance Expenses	1,623,988,474		1,623,988,474
136		Total Cost of Service	2,431,609,217	15,923,015	2,447,532,232

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
National Grid USA Service Company Inc.		(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr) / /		Dec 31, 2016
		(2) <input type="checkbox"/> A Resubmission			
<b>Schedule XVII - Analysis of Billing - Associate Companies (Account 457)</b>					
1. For services rendered to associate companies (Account 457), list all of the associate companies.					
Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Boston Gas Company	200,497,390	3,210,384	645,844	204,353,618
2	Brooklyn Union Gas-KEDNY	388,020,981	4,909,480	1,014,187	393,944,648
3	Colonial Gas Company	46,498,932	745,950	150,065	47,394,947
4	EDA Energy Investment	16,538			16,538
5	GridAmerica Holdings Inc.	5,370			5,370
6	Massachusetts Electric Co	333,911,644	11,339,489	2,147,997	347,399,130
7	Nantucket Electric Co	4,569,645	141,081	26,736	4,737,462
8	Narragansett Electric Co	204,219,476	4,721,036	1,045,177	209,985,689
9	NE Electric Trans Corp	192,810	6,109	917	199,836
10	NE Hydro-Trans Corp	1,113,544	54,482	8,176	1,176,202
11	NE Hydro-Trans Elec Co	5,374,485	59,747	9,016	5,443,247
12	New England Power Company	109,941,119	2,149,306	402,176	112,492,603
13	NG Corporation	6,021,969	4,667	917	6,027,553
14	NG Development Holdings Corp	17,050,363	65,988	13,142	17,129,493
15	NG Energy Management LLC	75,683			75,683
16	NG Energy Trading Svcs	42,534	4,730	917	48,181
17	NG Engineering Svcs, LLC	259,275			259,275
18	NG Gas East Corp-KEDLI	331,052,610	4,369,710	865,838	336,288,158
19	NG Generation LLC	258,494,135	1,398,476	278,370	260,170,981
20	NG Glenwood Energy Center	1,021,061	46,997	8,485	1,076,543
21	NG Holdings, Inc.	33,496			33,496
22	NG LNG LP Regulated Entity	2,007,805	35,346	6,186	2,049,337
23	NG NE Holdings 2 LLC	428,396			428,396
24	NG Portland Energy Center	1,164,576	50,376	9,095	1,224,047
25	NG Services, Inc.	989,165	50,856	9,690	1,049,711
26	NG UK	10,058,068			10,058,068
27	NG USA Parent	69,488,422	1,290,394	254,419	71,033,235
28	Niagara Mohawk Power Corp	433,158,668	10,625,747	2,262,973	446,047,388
29	Transgas Inc	794,515	33,062	6,586	834,163
30	Valley Appliance & Merch	82,911			82,911
31	Wayfinder Group, Inc.	72,893			72,893
32					
33					
34					
35					
36					
37					
38					
39					
40	<b>Total</b>	<b>2,426,658,479</b>	<b>45,313,413</b>	<b>9,166,910</b>	<b>2,481,138,802</b>

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016	
<b>Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)</b>						
1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.						
Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	B.U.W.N.E. Inc.- Local #310	17				17
2	B.U.W.N.E. Inc. Local 329	88				88
3	B.U.W.N.E. Inc.- Local #330	2,069				2,069
4	Ibex Local 486 A	303				303
5	Uswa Local 12431-01	481				481
6	Uswa Local 389	1,577				1,577
7	Northeast Utilities	4,200				4,200
8	Sprint Nextel	43,597				43,597
9	T-Mobile USA	48,844				48,844
10	Energy Council of the Northeast	1,800				1,800
11	Liberty Utilities	12,000				12,000
12	Norwood Municipal Light Department	6,000				6,000
13	Peabody Municipal Light Dept.	10,430				10,430
14	Vermont Electric Cooperative, Inc	7,350				7,350
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39						
40	<b>Total</b>	<b>138,756</b>				<b>138,756</b>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
<b>FOOTNOTE DATA</b>			

**Schedule Page: 308 Line No.: 1 Column: b**

Customer	Charges
B.U.W.N.E. Inc. - Local #310	Union Labor Billable work
B.U.W.N.E. Inc. Local 329	Union Labor Billable work
B.U.W.N.E. Inc.- Local #330	Union Labor Billable work
Ibew Local 486 A	Union Labor Billable work
Uswa Local 12431-01	Union Labor Billable work
Uwua Local 369	Union Labor Billable work
Northeast Utilities	Rent - West Bridgewater Communication Tower
Sprint Nextel	Rent - West Bridgewater Communication Tower and Generator
T-Mobile Usa Inc.	Rent - West Bridgewater Communication Tower
Energy Council Of The Northeast (ec	Rent - Milbury Office Training Center
Liberty Utilities	Rent - National Grid Training Center
Norwood Municipal Light Department	Rent - National Grid Training Center
Peabody Municipal Light Dept.	Rent - National Grid Training Center
Vermont Electric Cooperative, Inc	Rent - National Grid Training Center

Name of Respondent National Grid USA Service Company Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2016
<b>Schedule XIX - Miscellaneous General Expenses - Account 930.2</b>				
<p>1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.  2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.</p>				
Line No.	Title of Account (a)	Amount (b)		
1	Misc Telecom	50,866		
2	Misc Employee Related	128,628		
3	Misc Other Expenses	12,843		
4				
5				
6				
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39				
<b>40</b>	<b>Total</b>	<b>192,337</b>		





Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
<b>Schedule XXI - Methods of Allocation</b>			

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.  
2. Include any other allocation methods used to allocate costs.

**I. Cost Allocation Principles**

The following principles guide the allocation of costs of products or services provided by the Service Companies to the Client or Operating Companies. These principles also pertain to transactions among the Operating Companies such as storm restoration services.

- Direct charging or direct assignment is the preferred allocation methodology and should be used if the cost of providing a product or service can be identified with the specific affiliates receiving the benefit of that product or service. Direct charging should only be used if the cost of providing a product or service to an individual Client Company can be isolated and reported separately from costs to provide other products or services and from costs to provide the same product and service to other Client Companies.
- The costs of products and services that cannot be direct charged should be allocated based on cost causative allocation bases representative of the underlying cost drivers of that product or service.
- The cost allocation methodology should be comprehensive, transparent, stable and administratively manageable and cost effective.
- The calculation of the cost allocation bases should be supported by a clearly defined methodology, model and supporting policy and procedure documentation.
- The cost allocation methodology should accommodate changes in the size of the allocation bases from period to period based on changes in the underlying cost drivers; the allocation bases should not vary significantly from period to period for uncontrollable factors not related to the underlying cost drivers. For example, you would not choose an allocation basis that fluctuates significantly from period to period based on changes in weather if weather is not a cost driver for that activity.
- The calculation of the allocation bases should be updated at least annually and more frequently if needed to reflect significant events (e.g., the sale of a significant affiliate).

**II. Services Provided by the Service Company - Description and Allocation Methodology**

The following table lists those services provided by the Service Company and the Client Companies to whom these services are provided. These services are provided in accordance with the service agreements filed with the Commissions. In addition, the provision of these services is governed by the Service Level Agreements described above between the functions and the jurisdictions.

**Table 7-1  
Services Provided By Service Company**

<i>Function / Department</i>	<i>Description of Services Provided</i>	<i>Client Companies</i>
<b>Operations</b>		
Resource Planning	Prepare resource work plans; Assist on forecasting of capital spend five year plan; Manage scheduling and work coordination; Manage project control and regulatory reporting of operations projects.	Regulated Companies
Emergency Planning PMO	Develop emergency response plans and support storm restoration activities.	Electric and Gas Companies

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<b>Schedule XXI - Methods of Allocation</b>			

Maintenance and Construction	Provides electric and gas maintenance of facilities and infrastructure and non-complex construction services; Conduct emergency response activities when necessary.	Electric and Gas Companies
Operations Performance	Provides quality assurance and control services for fieldwork; Manage operations metrics; Provide project management and construction services for complex projects; Develop and report of KPIs.	Regulated Companies
Control Center Operations	Operate gas and electric transmission and distribution networks and provide meter data management services.	Electric and Gas Companies
LNG Operations	Operate and maintain LNG and propane air plants; Ensure adequate regulation, compliance and training related to the LNG facilities.	Regulated Gas Companies
Operations Support	Provide fleet, aviation, materials and logistics, technical labs and testing services; Manage connections process for new gas and electric customers; Provide clerical support to all operations.	Regulated Companies
Asset Management	Develop and deliver asset strategies and policies, procedures and work plans to manage the lifecycle of company assets enabling system performance and the reliable energy supplies; Develop strategies and plans around smart grid technologies; Manage vegetation and maintenance programs.	Regulated Companies
Gas Systems Engineering	Provides engineering and design services for gas distribution to deliver new customers connections and asset investment projects; Analyze data to ensure gas supplies are sufficient to support growth and maintain system	Regulated Gas Companies

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	reliability.	
Electric Systems Engineering	Provides planning, engineering and design services for electric transmission and distribution; Work with NERC, FERC and other working committees.	T&D Companies
Investment Planning	Develop capital plans for both electric and gas entities and monitor their long-term investment strategies and work plans; Manage sanctioning process.	Regulated Companies
FERC Operations	Develop strategy impact analyses on assets under FERC jurisdiction.	Companies under FERC Jurisdiction
Standards, Codes and Policies	Develop and communicate work and materials standards for gas and electric transmission and distribution engineering and operations; Provide training of new materials; Write procedures for gas and T&D organizations; Manage third party pole attachments.	Electric and Gas Companies
Regulatory Support and Reporting	Provide Regulatory Rate Case support e.g. technical support, expert witness support and input to discovery questions; Gather information and compile reports for required regulatory reporting.	Regulated Companies
Safety	Manage overall and specific safety programs; ensure field identification of hazards and safety performance; Develop and manage safety communications.	All Companies
Health	Manage the wellness program and related health services; Support the delivery of health services relating to absences due to both occupational (workers comp) and non-occupational illnesses; Provide medical screening services; Administer the drug and alcohol program.	All Companies
Environment	Ensure environmental compliance with all federal, state and local regulations	All Companies
<b>FERC FORM 60 (NEW 12-05)</b>		402.3

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	including developing policies and procedures, training, and reporting; Manage licensing and permitting processes; Responsible for all site investigation and remediation activities.	
<b>Customer</b>		
Energy Solutions Delivery	Responsible for the increase in gas margin and energy efficiency products and solutions sales.	All Companies
Energy Products	Provide product knowledge and technical expertise for all growth programs; Manage the planning and evaluation of electric and gas energy efficiency, demand reduction, and climate change policy initiatives; Design new and manage existing portfolio of customer-focused programs for business and residential markets.	All Companies
Market Strategy and Implementation	Develop and implement market research and intelligence, market strategy, trade marketing, web marketing initiatives and overall communications.	Regulated Companies
Customer and Business Strategy	Design emergency programs for each jurisdiction; Serve as energy efficiency regulatory leader, collecting expenses related to energy efficiency; Manage solar and electric vehicles programs; Conceptualize corporate image; Manage relationships with and supports through economic development activities the local communities in which NG operates.	All Companies
Energy Procurement	Plan for and acquire energy (gas and electric) and related commodities; Manage jurisdictional and seasonal contracts as well as FERC compliance activities including training; Handle RFPs in MA and RI to contract with renewable energy suppliers	Regulated Companies
<b>FERC FORM 60 (NEW 12-05)</b>		
402.4		

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	(Solar, Wind, etc.); Manage long term gas planning processes including planning for peak loads, handling long-haul gas pipeline and market area storage.	
Lead Intake	Contact center for prospective gas conversion customers.	Regulated Gas Companies
Customer Analytics and Risk Management	Provides market analytics, electricity and gas forecasting; Customer Choice studies and administration of CC program, commercial and wholesale electric market policy services; Perform research trends on energy usage.	All Companies
Customer Care	Manage customer inquiries made either in-person, by telephone, by mail and by email; Manage emergency contact center; Manage outsourcing and move/connect inbound and outbound calls.	All Companies
Customer Operations Support	Manage connections process for new gas and electric customers; Provide clerical support to all operations.	All Companies
<b>US Regulation &amp; Pricing</b>		
Regulatory Strategy	Assess revenue requirements, design pricing structures, and file and defend rate cases. Compile earnings reports, compliance filings, special filings and any other filings required by the PUC on a yearly basis.	Regulated Companies

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Pricing and Federal Affairs	Develop long-term regulatory goals and filing plans consistent with business plans, trends, pricing and policy; Manage regulatory relationships; and provide strategic and policy advice to the regulated entities.	Regulated Companies
<b>US Human Resources</b>		
Labor & Employee Relations	Advise and assist the all companies with: <ul style="list-style-type: none"> <li>• Labor contract negotiations and administration</li> <li>• Investigations into specific instances of misconduct or malfeasance</li> <li>• Employee grievances, arbitration and external complaint administration and management</li> <li>• Litigation</li> </ul>	All Companies
US HR Business Partner	Assist with the development of the annual and five-year human resources plan and workforce strategy; Facilitate the succession planning process and organizational design; Drive the performance management process.	All Companies
Recruiting, Inclusion & Diversity	Identify recruitment needs and create regional recruiting strategies to source those needs, including external sourcing management, internal sourcing management and the testing and hiring and testing of union employees; Advise and assist operating companies in the administration of the design and implementation of diversity and EEO programs.	All Companies
HR Operations	Provide overall direction and leadership for the HR function while managing internal HR metrics and performance management.	All Companies

FERC FORM 60 (NEW 12-05)	402.6
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<b>Schedule XXI - Methods of Allocation</b>			

Compensation, Benefits & Pensions	Provide central administration for payroll and employee benefit and pension plans including: <ul style="list-style-type: none"> <li>• Design and implementation of Total Rewards packages</li> <li>• Compliance with requirements of regulatory bodies.</li> </ul>	All Companies
Technical Training	Assist with the design and delivery of technical training programs for Gas, Electric, Safety, Process support and Professional development.	All Companies
<b>US Finance</b>		
Employee Services (SDC)	Provide employee services including: <ul style="list-style-type: none"> <li>• Manage employee data within the HRIS</li> <li>• Provide employees and retirees with information and services related to payroll and year-end tax reporting; medical, dental and life insurance; retirement and pensions</li> <li>• Maintain and administer payments to current and retired employees</li> </ul>	All Companies
Procure to Pay (SDC)	Maintain and administer the non-inventory procurement process; Maintain vendor master files; and administer the P-Card process, processing of invoices and review of expenses.	All Companies
Response Team (SDC)	Responsible for intake of incoming contact center calls for procurement, vendors.	All Companies
Billing Operations (SDC)	Process, review and issue customer invoices for retail and wholesale electric and gas sales; Provide maintenance of customer systems; Process billing exceptions, shared metering and mixed metering; Process special billing related to line extensions, pole rentals, water heaters, DOT work (outside companies).	All Companies

FERC FORM 60 (NEW 12-05) 402.7

Name of Respondent National Grid USA Service Company Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
<b>Schedule XXI - Methods of Allocation</b>			

Credit and Collections (SDC)	Process employee services transactions, commercial and industrial credit and collections, and collections invoices; Devise strategy for field collections and residential collections.	All Companies
Business Process Excellence	Develop and implement reporting/communications, quality and benchmarking strategies for Shared Services; Develop and provide Training programs for shared services; Lead all continuous improvement activities; Develop and coordinate the US Service Level Agreement governance process.	All Companies
Property Strategy	Recommend strategies to optimize the use of the property portfolio.	All Companies
Facilities Management	Provide building maintenance services; provide capital improvements to NG USA facilities.	All Companies
Accounting Services	Maintain the general ledger for regulated companies; Carry out specialized accounting; Produce external reports for regulated utilities as well as PSC and FERC reports; Maintain plant accounting, billing systems, revenue accounting and reconciliations.	All Companies
Finance Business Partnering	Provide decision support at the functional level which includes: <ul style="list-style-type: none"> <li>• Provide operating and capital budgets decisions and management reporting activities</li> <li>• Perform economic and financial analysis, and short and long-term financial forecasting</li> <li>• Align financial support functions with strategic plans, policies, procedures and internal controls</li> </ul>	All Companies
<b>FERC FORM 60 (NEW 12-05)</b>		<b>402.8</b>

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National Grid USA Service Company Inc.			2016
<b>Schedule XXI - Methods of Allocation</b>			
	<ul style="list-style-type: none"> <li>Perform benchmarking and monitoring of operations metrics to help the business achieve targeted results</li> <li>Identify savings and potential efficiencies</li> </ul> Provide financial services at jurisdictional level which includes: <ul style="list-style-type: none"> <li>Provide variance reporting and variance forecasting on income statement</li> <li>Perform regulatory strategy/rate of return analyses</li> <li>Perform revenue/margin analysis</li> <li>Manage PSEG TSA, i.e. financial statements, variance analysis, contract costs and updates to contract profitability when necessary</li> <li>Provide support to rate filings and rate cases</li> </ul>		
IS Finance	Provide decision support related to IS initiatives; Manage IS project planning, budgeting, forecasting and accounting; Maintain hardware and ongoing infrastructure services.	All Companies	
Corporate Planning and Reporting	Develop corporate Balance Sheets and Cash Flows used to develop forecasts, budget and variance reports; Report on financial statements; Manage business planning process including calendar and deliverables.	Mostly Regulated companies; consolidated US operations and internal customers	
<b>US Jurisdictions</b>			
US Jurisdictions (NY, MA, RI, Fed, and LI)	Provide financial services at jurisdictional level which includes: <ul style="list-style-type: none"> <li>Provide variance reporting and variance forecasting on income statement</li> <li>Perform regulatory strategy/rate of return analyses</li> </ul>	All Companies	
FERC FORM 60 (NEW 12-05)		402.9	

Name of Respondent National Grid USA Service Company Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
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	<ul style="list-style-type: none"> <li>Perform revenue/margin analysis</li> <li>Manage PSEG TSA, i.e. financial statements, variance analysis, contract costs and updates to contract profitability when necessary</li> <li>Provide support to rate filings and rate cases</li> </ul>	
<b>US IS</b>		
Solution Delivery	Provides centralized IS project management, application development and application support services.	All Companies
Service Delivery	Manages all IT infrastructure including data centers and voice and data networks.	All Companies
Relationship Management	Manages the relationships between IS and its internal customers.	All Companies
IS Security	Provides IS security services.	All Companies
<b>US Legal</b>		
Corporate Counsel	Provide advice and support related to financing activity such as debt issuances, mergers and acquisitions, and commercial activities such as contracting and procurement.	All Companies
Litigation, Environment and Employment	Provide legal advice and counsel regarding litigation, environment, labor and employment issues, including issues related to National Grid's TSA with PSEG.	All Companies

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Federal and State Regulatory	Provide legal strategic guidance and support on all regulatory issues related to jurisdictional operations on matters before state utility commissions and related regulators, FERC and other federal agencies.	Regulated Companies
<b>Global Human Resources</b>		
Technical Training	Assist with the design and delivery of technical training programs for Gas, Electric, Safety, Process support and Professional development.	All Companies
HR Business Partners	Assist with the development of the annual and five-year human resources plan and workforce strategy; Facilitate the succession planning process and organizational design; Drive the performance management process.	All Companies
<b>Global Finance</b>		
US Treasury	Provide services related to cash management, capital markets and compliance; pension and 401k investment management; and energy risk management and reporting (Regulated entities only).	All Companies
US Tax	Provide income tax compliance; income tax audit defense and controversy resolution; income tax accounting and financial reporting; income tax budgeting and forecasting; and income tax research and planning.	All Companies
US Insurance	Manage the overall purchase and procurement of different types of insurance.	All Companies
Business Resiliency	Devise and implement business resiliency efforts.	All Companies

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<b>Schedule XXI - Methods of Allocation</b>			

US Investor Relations	Manage relationship with the investment community including results communications and investor outreach.	All Companies
<b>Global Legal</b>		
Ethics and Business Conduct	Provide advice and counsel related to business ethics and compliance.	All Companies
Records Management	Provides records management services to meet business needs and ensure regulatory compliance.	All Companies
<b>Senior Counsel Corporate</b>		
Real Estate	Provide legal advice and counsel in connection with real property matters affecting National Grid's businesses.	All Companies
Corporate Counsel	Provide advice and support related to financing activity such as debt issuances, mergers and acquisitions, and commercial activities such as contracting and procurement.	All Companies
<b>Global Procurement</b>		
Procurement Strategy	Provide strategic direction and oversight for the procurement function.	All Companies
Sourcing	Responsible for procuring and contracting for goods and services.	All Companies
<b>Corporate Affairs</b>		
Communications and Brand	Formulate and assist with communication programs and administer corporate philanthropic programs.	All Companies

FERC FORM 60 (NEW 12-05)	402.12
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2016
<b>Schedule XXI - Methods of Allocation</b>			

Federal Affairs	Manage relationships with the Federal government, agencies and legislative bodies.	Regulated Entities
Government Relations	Manage relationships with State and local governments, agencies and legislative bodies.	Regulated Companies
Media Relations	Manage the relationship with the media including crisis and risk communications.	All Companies
<b>Audit</b>		
Internal Audit	Periodically conduct operating audits and audits of the accounting records and other records maintained by the operating companies. Issue audit reports and provide recommendations, as appropriate, on improving processes and the internal control framework.	All Companies
<b>Strategy and Business Development</b>		
Business Development	Devise and implement business development efforts (Direct charged to the US Holding Companies).	All Companies
Strategy	Coordinate development of US strategic plan.	All Companies