

December 3, 2019

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Division Clerk
Rhode Island Division of Public Utilities & Carriers
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Amended Application and Statement by The Narragansett Electric Company d/b/a National Grid Regarding Issuance of New Long-Term Debt
Docket No. D-19-17**

Dear Ms. Massaro:

On behalf of National Grid,¹ I am filing an original and four copies of the Amended Application and Statement by The Narragansett Electric Company d/b/a National Grid Regarding Issuance of New Long-Term Debt (“Amended Application”). The Company is amending its Application and Statement Regarding Issuance of New Long-Term Debt, which the Company initially filed on July 9, 2019, to increase the authorization request from \$850 million to \$900 million, as more particularly described in the enclosed filing.

This filing consists of the Company’s Amended Application and the supplemental testimony of Jonathan Cohen as Exhibit A. For the sake of completeness, the Company is enclosing supporting Exhibits B, C, D, and E; however, there are no changes to these exhibits. For the Hearing Officer’s ease of review, the Company is enclosing a courtesy redlined draft of the Amended Application highlighting changes from the Application originally filed on July 9, 2019.

This filing also includes an attached certificate of service noticing the service of this amended filing on the Department of the Attorney General.

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

Very truly yours,



Jennifer Brooks Hutchinson

Enclosure

cc: Peter Neronha, Attorney General, State of Rhode Island
Christy Hetherington, Esq., Office of Attorney General
Linda George, A/Administrator, Division of Public Utilities & Carriers
John Bell, Division of Public Utilities & Carriers
Cynthia Wilson-Frias, Esq., Public Utilities Commission

¹ The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”).

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DIVISION OF PUBLIC UTILITIES AND CARRIERS

Amended Application and Statement by)
The Narragansett Electric Company)
Regarding Issuance of New) Docket No. D-19-17
Long-Term Debt)

The Applicant, The Narragansett Electric Company (“Narragansett Electric” or the “Company”), respectfully represents that:

(1) The Company seeks authorization to issue and sell one or more series and/or issues of new long-term debt, pursuant to the General Laws of Rhode Island, Sections 39-3-15 and 39-3-17.

(2) The Company filed an Application and Statement Regarding Issuance of New Long-Term Debt on July 9, 2019 and now seeks to amend that filing to increase the authorization request from \$850 million to \$900 million.

(3) The Company is a duly organized and existing corporation of the State of Rhode Island, with a place of business at 280 Melrose Street, Providence, Rhode Island, having been created by Special Act of the General Assembly of the State, passed at its January Session, A.D. 1926, which Act has been amended by further Special Acts of the General Assembly, passed at its January Sessions, A.D., 1927, 1937, 1947, 1956, 1964, 1976, and 1988 (such Act as amended being hereinafter referred to as the “Charter”). The Company is a public utility as defined in the General Laws of Rhode Island, Section 39-1-2, and possesses and is subject to the powers, privileges, duties, and obligations set forth in its Charter, subject to the provisions of the General Laws of the State of Rhode Island. The Company is authorized to do business in the State of Rhode Island. Correspondence and communications to the Company should be addressed to:

Jennifer Brooks Hutchinson, Esq.
National Grid
280 Melrose Street
Providence, Rhode Island 02907

(4) Pursuant to the provisions of its Charter and approval of the Division of Public Utilities and Carriers (the “Division”), or its predecessors, the Company had authorized and outstanding as of March 31, 2019 the following:

<u>Capital Stock</u>		<u>Number of Shares</u>	
Common Stock, \$50 par value		1,132,487	
Cumulative Preferred Stock, \$50 par value 4.50% Series		49,089	
 <u>First Mortgage Bonds (*)</u>			
<u>Series</u>	<u>Percent</u>	<u>Due</u>	<u>Amount</u>
Providence Gas FMB N	9.63%	May 30, 2020	10,000,000
Providence Gas FMB O	8.46%	September 30, 2022	12,500,000
Providence Gas FMB P	8.09%	September 30, 2022	2,500,000
Providence Gas FMB R	7.50%	December 15, 2025	5,250,000

(*) An Indenture, dated as of January 1, 1922, by and between the U.S. Bank National Association (successor to State Street Bank and Trust Company, successor to BankBoston, N.A., successor to Rhode Island Hospital Trust National Bank, successor to Rhode Island Hospital Trust Company), as trustee, and the Company, successor to Southern Union Company, successor to Providence Gas Company, as heretofore supplemented and amended, secures these First Mortgage Bonds assumed by the Company in connection with the acquisition of certain Rhode Island gas assets of Southern Union Company.

<u>Senior Unsecured Notes</u>			
<u>Series</u>	<u>Percent</u>	<u>Due</u>	<u>Amount</u>
Senior Notes	4.534%	March 15, 2020	250,000,000
Senior Notes	3.919%	August 1, 2028	350,000,000
Senior Notes	5.638%	March 15, 2040	300,000,000
Senior Notes	4.170%	December 10, 2042	250,000,000

(5) It is in the public interest, and the Company hereby seeks Division authorization, to:

(a) issue, from time to time, new long-term debt not to exceed an aggregate principal amount of \$900 million outstanding at any one time through the period ending March 31, 2023

(“New Long-term Debt Issuances”). The purpose of the New Long-term Debt Issuances is to accomplish one or more of the following: (i) to refinance short-term debt with long-term debt; (ii) to finance the Company’s capital needs; (iii) to construct utility plant and properties; (iv) to reimburse the treasury; (v) to fund maturing debt; and (vi) other general corporate purposes, including but not limited to the restructuring of the Company’s capitalization and consisting of taxable bonds, medium or long-term notes, revolving credit loans, and term or bank loans and similar securities, and

(b) enter into evidences of indebtedness and related instruments in connection with New Long-term Debt Issuances, including, but not limited to, loan agreements, indentures, supplemental indentures, promissory notes, credit agreements, participation agreements, underwriting or similar agreements, bond purchase agreements, remarketing agreements, and security agreements and instruments, insurance agreements, or their equivalent and amendments, restatements, modifications, or supplements thereto (collectively, the “Instruments”). The terms of each Instrument will be substantially similar to the terms for comparable transactions available in the credit market, at the time of New Long-term Debt Issuances, to companies having a credit rating substantially equivalent to the Company’s credit rating.

The owners of New Long-term Debt issued to or through third parties may have the right to tender the New Long-term Debt for purchase upon specified notice periods. The New Long-term Debt may be subject to redemption at the option of the Company in accordance with the terms of the applicable agreement and otherwise as required by such agreement.

(6) To ensure adequate flexibility in meeting market conditions at the time of issuance, the Company is requesting authorization to issue New Long-term Debt as secured or unsecured debt, taxable or tax-exempt debt, bonds, medium- or long-term notes, revolving credit loans or

bank loans, or similar securities or some combination thereof. The New Long-term Debt will have a term exceeding one year and maturity dates will not exceed 30 years from the date of issuance with either an adjustable interest rate or a fixed interest rate not exceeding an effective rate of six and a half percent per annum (unless an order of the Division is issued approving a higher rate). Further, the New Long-term Debt may be issued internally to an affiliate or through third parties, in public offerings, private placements, or Rule 144(a) transactions, and with or without investment bankers.

(7) As of March 31, 2019, the Company has approximately \$1.2 billion of long-term debt and \$45.9 million of short-term debt outstanding. The Company may refinance the short-term debt with New Long-term Debt depending upon market conditions and the terms of such debt.

(8) In determining the timing and amount of issuance of the New Long-term Debt, the Company intends to maintain a ratio of total long-term debt to total capitalization (excluding goodwill) of approximately 47 to 50 percent.

(9) In accordance with 815-RICR-00-00-1.14(A)(1)(a) of the Division's Rules of Practice and Procedure, written testimony and supporting exhibits are attached hereto including the written testimony of the Company's Business Partner Director, US Treasury, Jonathan Cohen.

(10) Because of volatility in the debt markets, it is in the public interest that the Company have the flexibility to choose the timing of and to select purchasers of the long-term debt securities on the basis of standards and criteria that in management's judgment will result in benefits to the Company and its customers, including, but not limited to, the terms and interest rate.

Because the precise terms of the proposed New Long-term Debt Issuances are not known at this time, the Company seeks a waiver of the Division's Rules of Practice and Procedure 815-RICR-00-00-1.14(A)(1)(a)(2),(3), and (4) to the extent that it would require the Company to provide investment memoranda, prospectuses, information or registration statements or other documents to describe the transactions or potential funding sources.

(11) It is in the public interest that the Company have the flexibility to adjust the face value of New Long-term Debt Instruments to reflect the final pricing of the security, including a discount to the face value of a particular security.

(12) Exhibit B contains the Company's current estimate of the costs and expenses of issuing New Long-term Debt; however, this is an estimate only and the actual costs and expenses may differ from this estimate. The Company requests that the actual costs and expenses of issuing New Long-term Debt be deferred and amortized over the life of the New Long-term Debt.

(13) The Company currently anticipates issuing New Long-term Debt as early as the first half of calendar year 2020. The Company respectfully requests that the Division act on this Application as expeditiously as possible and issue a final order by December 31, 2019.

(14) Exhibit C of this Application comprises the actual balance sheet of the Company at March 31, 2018.

(15) In accordance with 815-RICR-00-00-1.14(A)(1)(b) of the Division's Rules of Practice and Procedure a copy of this application has been filed with the Rhode Island Office of Attorney General.

Accordingly, the Company, under the General Laws of Rhode Island, Sections 39-3-15 and 39-3-17, requests the entry of an order:

A. Authorizing, approving and consenting to the issuance and sale of the New Long-term Debt by the Company, from time to time (including internally to an affiliate or through third parties, and including, but not limited to, through public offerings or private placements, or Rule 144(a) transactions and with or without investment banks), through the period ending March 31, 2023 not exceeding \$900 million in aggregate principal amount outstanding at any one time, upon such terms, at such rates of interest, with such maturities and at such prices, as the Company may determine, and if the price of any such long-term debt securities is below the face amount of such long-term debt securities, find that the issuance and sale below face amount is in the public interest and if any such long-term debt security is sold at less than face value, authorize and approve the amortization of the discount over the life of such security; provided that, each issue of New Long-term Debt shall (a) mature in not more than 30 years from the date of issuance, (b) bear interest at a fixed rate or an adjustable rate, which will vary with a market index designated at the time of each such issuance, not exceeding an effective rate of 6.5 percent per annum (unless an order of the Division is issued approving a higher rate), and (c) shall be sold through one or more of (i) competitive bidding, (ii) negotiation with underwriters, (iii) negotiation directly with investors, (iv) through one or more agents, (v) to one or more agents as principal for resale to investors, (vi) in private or public offerings, (vii) in connection with the establishment of loan facilities with a bank or syndicate of banks, or (viii) internally to an affiliate;

B. Authorizing, approving and consenting to the execution and delivery by the Company of the Instruments in connection with the issuance and sale of such New Long-term Debt.

C. Authorizing, approving and consenting to the use of the proceeds of the issue and sale of such New Long-term Debt for the repayment or terming out of short-term debt; for the payment of capital expenditures incurred by the Company for the acquisition of property, the construction, completion, extensions, additions, maintenance and improvements to the Company's plant and properties or for the payment of obligations of the Company incurred for such purposes; for the refinancing of existing debt and/or previously redeemed issues of debt (including, without limitation, previously redeemed issues); for general working capital; for reimbursement of the treasury and for other general corporate purposes, including, but not limited to, restructuring of the Company's capitalization in connection therewith.

D. Authorizing, approving and consenting that the Company may, from time to time in one or more transactions, refinance some or all of the New Long-term Debt , in one or more series and/or issues;

E. Authorizing, approving and consenting to the execution and delivery by the Company of such other financing and security agreements or instruments as may be reasonably necessary in the view of the Company in connection with the issuance of the New Long-term Debt described in this Application, and also authorize, approve, and vote that the New Long-term Debt Issuances described in this Application may be guaranteed by a direct or indirect parent of the Company, as necessary and appropriate to complete a debt issuance;

F. Reciting the purposes to which the proceeds of such New Long-term Debt Issuances may be applied and reciting that the money to be procured by such series and/or issues of New Long-term Debt is reasonably required for the purpose specified in such order; and

G. Authorizing, approving and consenting to such other and further orders and approvals as the Division may deem proper in the circumstances.

Respectfully submitted,

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID

By 
Terence M. Sobolewski, President

Dated: November 26, 2019

By _____
Keri Sweet Zavaglia, Secretary

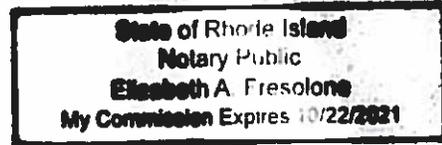
Dated: _____

STATE OF RHODE ISLAND, COUNTY OF PROVIDENCE

Sworn to and subscribed before me this 26th day of November, 2019 by Terence M. Sobolewski, President of The Narragansett Electric Company d/b/a National Grid.

 Notary Public
My Commission Expires: _____

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)



On the _____ day of November, 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared Keri Sweet Zavaglia, Secretary of The Narragansett Electric Company d/b/a National Grid personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Exhibits

Exhibit A - Supplemental Direct Testimony of Jonathan Cohen, Business Partner Director,
US Treasury

Exhibit B - Estimated Expenses of Issue (No Changes)

Exhibit C - Balance Sheet (No Changes)

Exhibit D - Impact of Proposed Financing Plan to Restructure Capitalization (No Changes)

Exhibit E - Interest Rates (No Changes)

Exhibit A
The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-19-17
In Re: New Long-Term Debt
Supplemental Testimony of Jonathan Cohen
December 3, 2019

SUPPLEMENTAL PRE-FILED DIRECT TESTIMONY

OF

JONATHAN COHEN

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III. Conclusion4

1 **I. Introduction and Qualifications**

2 **Q. Please state your name, position, and business address.**

3 A. My name is Jonathan Cohen. I am Director of US Treasury, Planning, and Strategy of
4 National Grid USA Service Company, Inc. (“National Grid”). My business address is
5 One MetroTech Center, Brooklyn, New York 11201.

6
7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of The Narragansett Electric Company d/b/a National Grid
9 (“Narragansett Electric” or the “Company”) in this proceeding.

10
11 **Q. Have you previously submitted testimony in this Docket?**

12 A. Yes. I submitted my pre-filed direct testimony on July 9, 2019 in support of the
13 Company’s Application and Statement by The Narragansett Electric Company d/b/a
14 National Grid Regarding Issuance of New Long-Term Debt (the “Application”).

15
16 **Q. What is the purpose of your supplemental testimony?**

17 A. The purpose of this supplemental testimony is to amend the Company’s Application (i) to
18 increase the authorized debt issuance amount from the originally requested aggregate
19 principle amount of \$850 million to \$900 million; and (ii) to reflect the option to issue the
20 debt as secured or unsecured.

1 **II. Description of the Amended Application**

2 **Q. Mr. Cohen, please describe the basis for the Company's Amended Application.**

3 A. The purpose of this testimony is to support the Company's request to the Division to
4 increase the authorization to issue from time to time, through the period ending
5 March 31, 2023, new long-term debt from a not to exceed an aggregate principal amount
6 of \$850 million in the Company's original Application to a not to exceed an aggregate
7 principle amount of \$900 million ("New Debt"). As stated in my original pre-filed direct
8 testimony, the purpose of the New Debt is to accomplish one or more of the following:
9 (i) to refinance short-term debt with long-term debt; (ii) to finance the Company's capital
10 needs; (iii) to construct utility plant and properties; (iv) to reimburse the treasury; (v) to
11 fund maturing debt; and (vi) other general corporate purposes, including but not limited
12 to the restructuring of the Company's capitalization. New Debt may consist of taxable
13 bonds, medium or long-term notes, revolving credit loans, and term or bank loans and
14 similar securities. During settlement discussions with the Division Staff Advocacy
15 Section, the Company agreed to consider early redemption of the outstanding legacy
16 Providence Gas First Mortgage Bonds. Accordingly, the parties agreed that it was
17 reasonable to increase the authorization amount from \$850 million to \$900 million to
18 include the additional funds needed to redeem the outstanding debt amount along with
19 payment of the make whole redemption call fees. In addition, because the legacy
20 Providence Gas First Mortgage Bonds are secured against the Company's utility assets,

1 the Company has agreed to consider the potential issuance of secured debt for some or all
2 of the New Debt in connection with its consideration of early redemption of the legacy
3 Providence Gas First Mortgage Bonds. The Company will review the costs of early
4 redemption for both customers and shareholders and discuss this with the Division.
5

6 **Q. Have the Company and the Division Advocacy Staff reached a settlement in this**
7 **docket?**

8 A. Yes, the Company and the Division Advocacy Staff have entered into a Settlement
9 Agreement dated as of November 27, 2019 that reflects the increase in the authorized
10 debt issuance amount, among other terms. The Company is simultaneously filing the
11 Settlement Agreement with the Division under separate cover.
12

13 **Q. Except for the authorization amount, did the Company make any other material**
14 **changes to the original Application as filed with the Division on July 9, 2019?**

15 A. Yes. In Paragraph 5 of the Amended Application, the Company added the option to issue
16 the New Debt as secured or unsecured to align with the Settlement Agreement. Also, in
17 Paragraph 13, the Company has updated its anticipated timing for issuing the New Debt
18 from the fourth quarter of 2019 to the first half of 2020. The Company, therefore,
19 respectfully requests that the Division issue a final order by December 31, 2019
20 authorizing the issuance. Finally, as part of the Settlement Agreement, the parties have

1 explicitly agreed that the Company may make use of hedging instruments, subject to
2 certain limitations as set forth in the Settlement Agreement.

3

4 **Q. Does the Amended Application result in any changes to any of the Exhibits included**
5 **with the original Application?**

6 A. No.

7

8 **IV. Conclusion**

9 **Q. Does this conclude your testimony?**

10 A. Yes, it does.

Estimated Expenses of Issue for NECO Debt Expressed as a Percentage of Principal

Maturity in years	2	3	5	7	10	20	30
Underwriting Commissions	0.200%	0.250%	0.350%	0.400%	0.450%	0.750%	0.875%
Other Issuance Expenses*	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%
Total Issuance Expenses	0.260%	0.310%	0.410%	0.460%	0.510%	0.810%	0.935%

* Other issuance expenses are usually approximately \$0.3 million per issue. This equates to 0.06% for a principal amount of \$500 million, but this proportion would rise for smaller issuances.

THE NARRAGANSETT ELECTRIC COMPANY
BALANCE SHEETS
(in thousands of dollars)

	March 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,386	\$ 7,803
Restricted cash and special deposits	479	956
Accounts receivable	251,985	212,572
Allowance for doubtful accounts	(25,617)	(25,192)
Accounts receivable from affiliates	22,221	6,354
Unbilled revenues	66,150	57,817
Inventory	23,390	24,216
Regulatory assets	87,297	52,446
Derivative instruments	731	6,189
Prepaid taxes	13,246	9,821
Other	3,362	1,805
Total current assets	449,630	354,787
Property, plant and equipment, net	2,984,346	2,785,811
Other non-current assets:		
Regulatory assets	492,361	464,135
Goodwill	724,810	724,810
Derivative instruments	10	167
Other	37,166	13,905
Total other non-current assets	1,254,347	1,203,017
Total assets	\$ 4,688,323	\$ 4,343,615

The accompanying notes are an integral part of these financial statements.

THE NARRAGANSETT ELECTRIC COMPANY
BALANCE SHEETS
(in thousands of dollars)

	March 31,	
	2018	2017
LIABILITIES AND CAPITALIZATION		
Current liabilities:		
Accounts payable	\$ 170,458	\$ 124,895
Accounts payable to affiliates	14,430	80,085
Current portion of long-term debt	15,839	1,375
Taxes accrued	34,534	29,624
Customer deposits	10,627	12,514
Interest accrued	5,417	5,434
Regulatory liabilities	109,484	106,788
Intercompany money pool	307,520	125,659
Derivative instruments	1,971	392
Renewable energy certificate obligations	5,746	11,841
Other	29,640	20,701
Total current liabilities	705,666	519,308
Other non-current liabilities:		
Regulatory liabilities	553,343	245,856
Asset retirement obligations	9,472	10,150
Deferred income tax liabilities, net	324,161	538,229
Postretirement benefits	83,234	121,799
Environmental remediation costs	137,677	135,529
Derivative instruments	1,394	1,224
Other	15,467	25,230
Other tax liabilities	562	-
Total other non-current liabilities	1,125,310	1,078,017
Capitalization:		
Shareholders' equity	2,030,903	1,904,300
Long-term debt	826,444	841,990
Total capitalization	2,857,347	2,746,290
Total liabilities and capitalization	\$ 4,688,323	\$ 4,343,615

The accompanying notes are an integral part of these financial statements.

The Narragansett Electric Company Capital Structure
(\$000)

	Capital Structure As of 3/31/2019*		Rate-making Adjustments	Capital Structure for Rate-making As of 3/31/2020		Financing Plan	Other Changes	Capital Structure After Financing As of 3/31/2020	
	Balance	Ratio		Balance	Ratio			Balance	Ratio
Long-Term Debt	\$1,180,250	35.91%		\$1,180,250	46.07%	\$500,000	(\$250,000) (b)	\$1,430,250	49.42%
Short-Term Debt	\$45,884	1.40%		\$45,884	1.79%	-	(\$105,768) (c)	-	0.00%
Preferred Stock	\$2,454	0.07%		\$2,454	0.10%			2,454	0.08%
Common Equity	\$2,058,300	62.62%	(\$724,810) (a)	\$1,333,490	52.05%	(\$75,000) (d)	\$202,715	1,461,205	50.49%
Total Capitalization	\$3,286,888	100%		\$2,562,078	100%			\$2,893,909	100%

* Unaudited Balance Sheet from system ledger

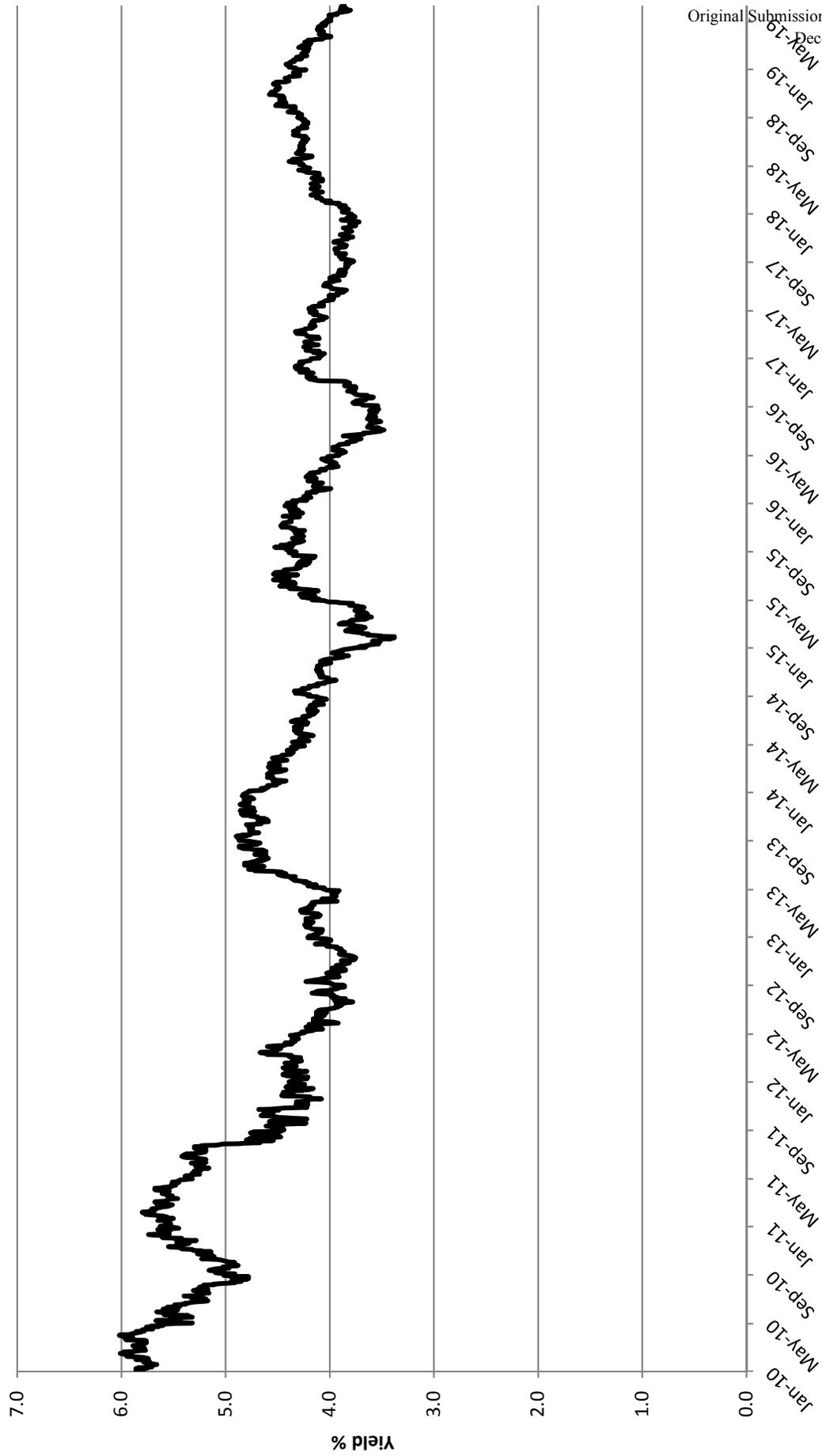
(a) Exclude goodwill

(b) Long-term debt maturity of \$250M

(c) Including forecasted decrease in short-term debt from 3/31/19 to 3/31/20

(d) Including forecasted increase in retained earnings from 3/31/19 to 3/31/20

Historical Movement in 30-Year A-Rated (Moody's) Utility Yields January 1, 2010 through June 14, 2019



REDLINED VERSION

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF PUBLIC UTILITIES AND CARRIERS

Amended Application and Statement by _____)
The Narragansett Electric Company _____)
Regarding Issuance of New _____) Docket No.
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Long-Term Debt _____)

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(1) The Company seeks authorization to issue and sell one or more series and/or issues of new long-term debt, pursuant to the General Laws of Rhode Island, Sections 39-3-15 and 39-3-17.

(2) ~~(2)~~—The Company filed an Application and Statement Regarding Issuance of New Long-Term Debt on July 9, 2019 and now seeks to amend that filing to increase the authorization request from \$850 million to \$900 million.

(3) The Company is a duly organized and existing corporation of the State of Rhode Island, with a place of business at 280 Melrose Street, Providence, Rhode Island, having been created by Special Act of the General Assembly of the State, passed at its January Session, A.D. 1926, which Act has been amended by further Special Acts of the General Assembly, passed at its January Sessions, A.D., 1927, 1937, 1947, 1956, 1964, 1976, and 1988 (such Act as amended being hereinafter referred to as the “Charter”). The Company is a public utility as defined in the General Laws of Rhode Island, Section 39-1-2, and possesses and is subject to the powers, privileges, duties, and obligations set forth in its Charter, subject to the provisions of the General Laws of the State of Rhode Island. The Company is authorized to do business in the State of Rhode Island. Correspondence and communications to the Company should be addressed to:

Jennifer Brooks Hutchinson, Esq.
 National Grid
 280 Melrose Street
 Providence, Rhode Island 02907

~~(3)~~(4) Pursuant to the provisions of its Charter and approval of the Division of Public Utilities and Carriers (the “Division”), or its predecessors, the Company had authorized and outstanding as of March 31, 2019 the following:

<u>Capital Stock</u>	<u>Number of Shares</u>
Common Stock, \$50 par value	1,132,487
Cumulative Preferred Stock, \$50 par value 4.50% Series	49,089

<u>First Mortgage Bonds (*)</u>			
<u>Series</u>	<u>Percent</u>	<u>Due</u>	<u>Amount</u>
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(*) An Indenture, dated as of January 1, 1922, by and between the U.S. Bank National Association (successor to State Street Bank and Trust Company, successor to BankBoston, N.A., successor to Rhode Island Hospital Trust National Bank, successor to Rhode Island Hospital Trust Company), as trustee, and the Company, successor to Southern Union Company, successor to Providence Gas Company, as heretofore supplemented and amended, secures these First Mortgage Bonds assumed by the Company in connection with the acquisition of certain Rhode Island gas assets of Southern Union Company.

<u>Senior Unsecured Notes</u>			
<u>Series</u>	<u>Percent</u>	<u>Due</u>	<u>Amount</u>
Senior Notes	4.534%	March 15, 2020	250,000,000
Senior Notes	3.919%	August 1, 2028	350,000,000
Senior Notes	5.638%	March 15, 2040	300,000,000
Senior Notes	4.170%	December 10, 2042	250,000,000

~~(4)(5)~~ It is in the public interest, and the Company hereby seeks Division authorization, to:

(a) issue, from time to time, new long-term debt not to exceed an aggregate principal amount of \$~~850~~900 million outstanding at any one time through the period ending March 31, 2023 (“New Long-term Debt Issuances”). The purpose of the New Long-term Debt Issuances is to accomplish one or more of the following: (i) to refinance short-term debt with long-term debt; (ii) to finance the Company’s capital needs; (iii) to construct utility plant and properties; (iv) to reimburse the treasury; (v) to fund maturing debt; and (vi) other general corporate purposes, including but not limited to the restructuring of the Company’s capitalization and consisting of taxable bonds, medium or long-term notes, revolving credit loans, and term or bank loans and similar securities, and

(b) enter into evidences of indebtedness and related instruments in connection with New Long-term Debt Issuances, including, but not limited to, loan agreements, indentures, supplemental indentures, promissory notes, credit agreements, participation agreements, underwriting or similar agreements, bond purchase agreements, remarketing agreements, and security agreements and instruments, insurance agreements, or their equivalent and amendments, restatements, modifications, or supplements thereto (collectively, the “Instruments”). The terms of each Instrument will be substantially similar to the terms for comparable transactions available in the credit market, at the time of New Long-term Debt Issuances, to companies having a credit rating substantially equivalent to the Company’s credit rating.

The owners of New Long-term Debt issued to or through third parties may have the right to tender the New Long-term Debt for purchase upon specified notice periods. The New Long-

term Debt may be subject to redemption at the option of the Company in accordance with the terms of the applicable agreement and otherwise as required by such agreement.

~~(5)~~(6) To ensure adequate flexibility in meeting market conditions at the time of issuance, the Company is requesting authorization to issue New Long-term Debt as secured or unsecured debt, taxable or tax-exempt debt, bonds, medium- or long-term notes, revolving credit loans or bank loans, or similar securities or some combination thereof. The New Long-term Debt will have a term exceeding one year and maturity dates will not exceed 30 years from the date of issuance with either an adjustable interest rate or a fixed interest rate not exceeding an effective rate of six and a half percent per annum (unless an order of the Division is issued approving a higher rate). Further, the New Long-term Debt may be issued internally to an affiliate or through third parties, in public offerings, private placements, or Rule 144(a) transactions, and with or without investment bankers.

~~(6)~~(7) As of March 31, 2019, the Company has approximately \$1.2 billion of long-term debt and \$45.9 million of short-term debt outstanding. The Company may refinance the short-term debt with New Long-term Debt depending upon market conditions and the terms of such debt.

~~(7)~~(8) In determining the timing and amount of issuance of the New Long-term Debt, the Company intends to maintain a ratio of total long-term debt to total capitalization (excluding goodwill) of approximately 47 to 50 percent.

~~(8)~~(9) In accordance with 815-RICR-00-00-1.14(A)(1)(a) of the Division's Rules of Practice and Procedure, written testimony and supporting exhibits are attached hereto including the written testimony of the Company's Business Partner Director, US Treasury, Jonathan Cohen.

~~(9)~~(10) Because of volatility in the debt markets, it is in the public interest that the Company have the flexibility to choose the timing of and to select purchasers of the long-term debt securities on the basis of standards and criteria that in management's judgment will result in benefits to the Company and its customers, including, but not limited to, the terms and interest rate. Because the precise terms of the proposed New Long-term Debt Issuances are not known at this time, the Company seeks a waiver of the Division's Rules of Practice and Procedure 815-RICR-00-00-1.14(A)(1)(a)(2),(3), and (4) to the extent that it would require the Company to provide investment memoranda, prospectuses, information or registration statements or other documents to describe the transactions or potential funding sources.

~~(10)~~(11) It is in the public interest that the Company have the flexibility to adjust the face value of New Long-term Debt Instruments to reflect the final pricing of the security, including a discount to the face value of a particular security.

~~(11)~~(12) Exhibit B contains the Company's current estimate of the costs and expenses of issuing New Long-term Debt; however, this is an estimate only and the actual costs and expenses may differ from this estimate. The Company requests that the actual costs and expenses of issuing New Long-term Debt be deferred and amortized over the life of the New Long-term Debt.

~~(12)~~(13) The Company currently anticipates issuing New Long-term Debt as early as the ~~last~~first half of calendar year ~~2019~~2020. The Company respectfully requests that the Division act on this Application as expeditiously as possible and issue a final order by ~~October~~15~~December 31~~, 2019.

~~(13)~~(14) Exhibit C of this Application comprises the actual balance sheet of the Company at March 31, 2018.

~~(14)~~(15) In accordance with 815-RICR-00-00-1.14(A)(1)(b) of the Division's Rules of Practice and Procedure a copy of this application has been filed with the Rhode Island Office of Attorney General.

Accordingly, the Company, under the General Laws of Rhode Island, Sections 39-3-15 and 39-3-17, requests the entry of an order:

A. Authorizing, approving and consenting to the issuance and sale of the New Long-term Debt by the Company, from time to time (including internally to an affiliate or through third parties, and including, but not limited to, through public offerings or private placements, or Rule 144(a) transactions and with or without investment banks), through the period ending March 31, 2023 not exceeding \$~~850~~900 million in aggregate principal amount outstanding at any one time, upon such terms, at such rates of interest, with such maturities and at such prices, as the Company may determine, and if the price of any such long-term debt securities is below the face amount of such long-term debt securities, find that the issuance and sale below face amount is in the public interest and if any such long-term debt security is sold at less than face value, authorize and approve the amortization of the discount over the life of such security; provided that, each issue of New Long-term Debt shall (a) mature in not more than 30 years from the date of issuance, (b) bear interest at a fixed rate or an adjustable rate, which will vary with a market index designated at the time of each such issuance, not exceeding an effective rate of 6.5 percent per annum (unless an order of the Division is issued approving a higher rate), and (c) shall be sold through one or more of (i) competitive bidding, (ii) negotiation with underwriters, (iii) negotiation directly with investors, (iv) through one or more agents, (v) to one or more agents as principal for resale to investors, (vi) in private or public offerings, (vii) in connection with the

establishment of loan facilities with a bank or syndicate of banks, or (viii) internally to an affiliate;

B. Authorizing, approving and consenting to the execution and delivery by the Company of the Instruments in connection with the issuance and sale of such New Long-term Debt.

C. Authorizing, approving and consenting to the use of the proceeds of the issue and sale of such New Long-term Debt for the repayment or terming out of short-term debt; for the payment of capital expenditures incurred by the Company for the acquisition of property, the construction, completion, extensions, additions, maintenance and improvements to the Company's plant and properties or for the payment of obligations of the Company incurred for such purposes; for the refinancing of existing debt and/or previously redeemed issues of debt (including, without limitation, previously redeemed issues); for general working capital; for reimbursement of the treasury and for other general corporate purposes, including, but not limited to, restructuring of the Company's capitalization in connection therewith.

D. Authorizing, approving and consenting that the Company may, from time to time in one or more transactions, refinance some or all of the New Long-term Debt , in one or more series and/or issues;

E. Authorizing, approving and consenting to the execution and delivery by the Company of such other financing and security agreements or instruments as may be reasonably necessary in the view of the Company in connection with the issuance of the New Long-term Debt described in this Application, and also authorize, approve, and vote that the New Long-term Debt Issuances described in this Application may be guaranteed by a direct or indirect parent of the Company, as necessary and appropriate to complete a debt issuance;

F. Reciting the purposes to which the proceeds of such New Long-term Debt Issuances may be applied and reciting that the money to be procured by such series and/or issues of New Long-term Debt is reasonably required for the purpose specified in such order; and

G. Authorizing, approving and consenting to such other and further orders and approvals as the Division may deem proper in the circumstances.

Respectfully submitted,

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID

By _____
Terence M. Sobolewski, President

Dated: _____

By _____
Keri Sweet Zavaglia, Secretary

Dated: _____

STATE OF RHODE ISLAND, COUNTY OF PROVIDENCE

Sworn to and subscribed before me this ____ day of ~~July~~November, 2019 by Terence M. Sobolewski, President of The Narragansett Electric Company d/b/a National Grid.

Notary Public
My Commission Expires: _____

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the ____ day of ~~July~~November, 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared Keri Sweet Zavaglia, Secretary of The Narragansett Electric Company d/b/a National Grid personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Application and Statement by
The Narragansett Electric Company
d/b/a National Grid
Regarding the Issuance of
New Long-Term Debt
Original Submission: July 9, 2019
December 3, 2019

Exhibits

Exhibit A - Supplemental Direct Testimony of Jonathan Cohen, Business Partner Director, US Treasury

Exhibit B - Estimated Expenses of Issue (No Changes)

Exhibit C - Balance Sheet (No Changes)

Exhibit D - Impact of Proposed Financing Plan to Restructure Capitalization (No Changes)

Exhibit E - Interest Rates (No Changes)